UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-09712

UNITED STATES CELLULAR CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	**62-1147325**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

8410 West Bryn Mawr, Chicago, Illinois 60631

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (773) 399-8900

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, $1 par value	USM	New York Stock Exchange
6.95% Senior Notes Due 2060	UZA	New York Stock Exchange
7.25% Senior Notes Due 2063	UZB	New York Stock Exchange
7.25% Senior Notes Due 2064	UZC	New York Stock Exchange
6.25% Senior Notes Due 2069	UZD	New York Stock Exchange
5.50% Senior Notes Due 2070	UZE	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	Yes	☐	No	☒
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.	Yes	☐	No	☒
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	Yes	☒	No	☐
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).	Yes	☒	No	☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.	☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).	Yes	☐	No	☒

As of June 30, 2020, the aggregate market value of the registrant's Common Shares held by non-affiliates was approximately $463 million, based upon the closing price of the Common Shares on June 30, 2020, of $30.87, as reported by the New York Stock Exchange. For purposes hereof, it was assumed that each director, executive officer and holder of 10% or more of any class of voting equity security of UScellular is an affiliate.

The number of shares outstanding of each of the registrant's classes of common stock, as of January 31, 2021, is 53,085,400 Common Shares, $1 par value, and 33,005,900 Series A Common Shares, $1 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Those sections or portions of the registrant's 2020 Annual Report to Shareholders (Annual Report), filed as Exhibit 13 hereto, and of the registrant's Notice of Annual Meeting of Shareholders and Proxy Statement (Proxy Statement) to be filed prior to April 30, 2021, for the 2021 Annual Meeting of Shareholders scheduled to be held May 18, 2021, are herein incorporated by reference into Parts II and III of this report.

United States Cellular Corporation

Annual Report on Form 10-K
For the Period Ended December 31, 2020

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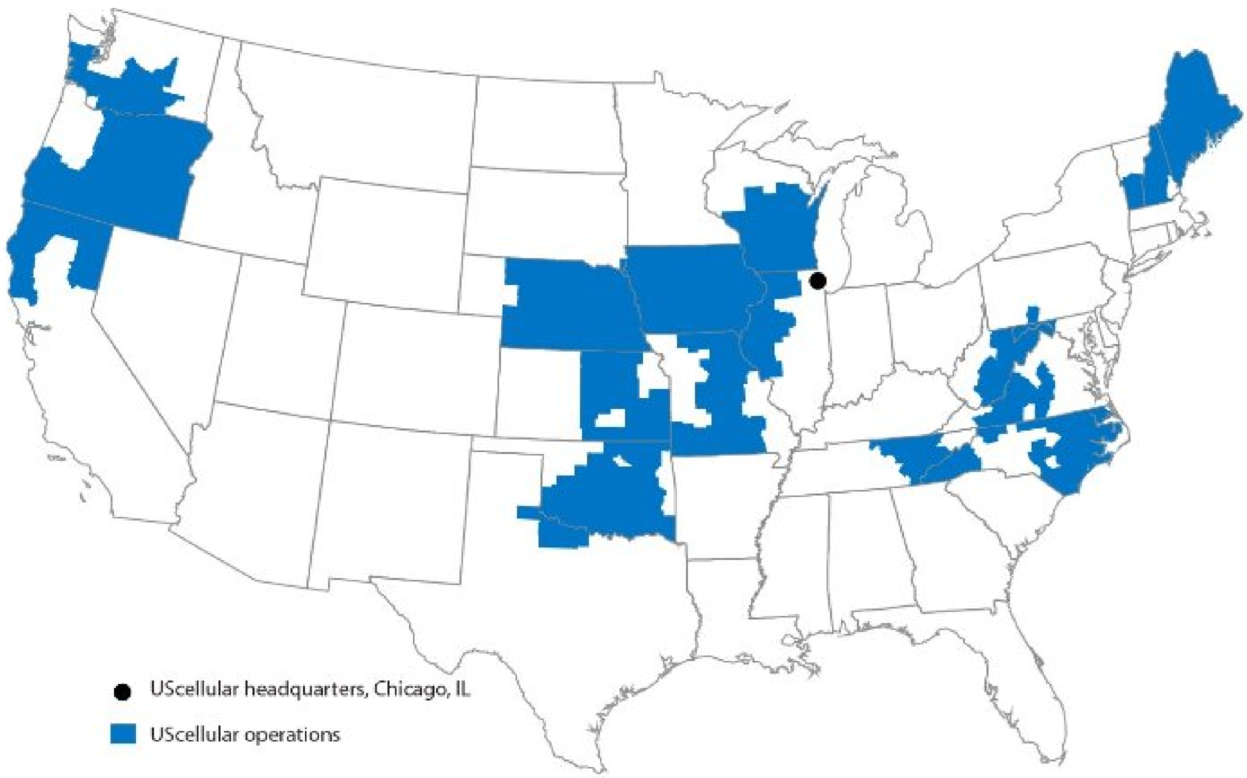
PART I

Item 1. Business

General

United States Cellular Corporation (UScellular) provides wireless telecommunications services to customers with 5.0 million connections in portions of 21 states collectively representing a total population of 31 million. UScellular operates in one reportable segment, and all of its wireless operating markets are in the United States. UScellular is a majority-owned subsidiary of Telephone and Data Systems, Inc. As of December 31, 2020, TDS owns 82% of UScellular's Common Shares, has the voting power to elect all of the directors of UScellular and controls 96% of the voting power in matters other than the election of directors of UScellular.

The map below highlights areas of operation of UScellular's wireless operating markets.



Business Development and Community Focus

UScellular's strategy is to attract and retain customers through a value proposition comprising a high-quality network, outstanding customer service, and competitive devices, plans and pricing - all provided with a community focus.

UScellular operates a regional wireless network. UScellular's interests in wireless spectrum licenses include both direct interests whereby UScellular is the licensee and investment interests in entities which are licensees; together, these direct and investment interests involve operating and non-operating wireless spectrum licenses covering portions of 30 states and a total population of approximately 51 million at December 31, 2020.

As part of its business development strategy, UScellular may periodically be engaged in negotiations relating to strategic partnerships and/or the acquisition, exchange or disposition of companies, strategic properties, investment interests or wireless spectrum, including through FCC auctions. The FCC conducts auctions through which additional spectrum is made available for the provision of wireless services. Historically, UScellular has participated in certain FCC auctions both directly and indirectly through its limited partnership interests.

UScellular has a longstanding commitment to supporting its local communities through donations and volunteerism. UScellular focuses its Corporate Social Responsibility program on philanthropic investments and volunteer engagement activities on K-12 STEM (Science, Technology, Engineering and Math) to support youth in the communities UScellular serves through exclusive partnerships with organizations such as Boys & Girls Clubs of America and JASON Learning. Since 2015, The Future of Good program has demonstrated UScellular's commitment to the communities that it serves by highlighting and supporting young humanitarians that have taken extraordinary actions to make their communities a better place. In 2020, UScellular began exploring ways to leverage its assets, brand, partnerships, and resources to begin to close the digital divide with a focus on ensuring all youth in its markets have reliable and fast internet access in school and at home.

Customers, Services, Products and Seasonality

Customers. UScellular focuses on consumer, business and government customers located in its operating markets. These customers are served primarily through UScellular's retail and direct sales channels.

Services. UScellular provides a wide variety of wireless services accessible on a broad range of devices. Customers can obtain wireless services on a postpaid or prepaid basis. A single account may include monthly wireless services for a variety of handsets and connected devices. A postpaid connection represents an individual line of service for a device for which a customer is generally billed one month in advance for a monthly access charge in return for access to and usage of network services. UScellular's prepaid service enables individuals to obtain services without credit verification by paying for all services in advance. Approximately 90% of retail connections were postpaid connections as of December 31, 2020.

UScellular offers various service plans tailored to the needs of customers. Depending on those needs at a particular time, service plans may include features related to, among other things: unlimited or metered voice and data; high definition video features; the ability to use a device as a Wi-Fi hotspot; and varying data rates depending on the plan and usage on that plan. Service offerings vary from time to time based on customer needs, technology changes and market conditions - and may be provided as standard plans or as part of limited time promotional offers.

UScellular offers advanced wireless solutions to consumers and business and government customers, including a fast-growing and expansive suite of connected Internet of things (IoT) solutions and software applications across the categories of monitor and control (e.g., sensors and cameras), business automation/operations (e.g., e-forms), communication (e.g., enterprise messaging, back-up router for business continuity services), asset management (e.g., navigation system, fleet management), smart water solutions, and custom, bespoke end-to-end IoT solutions et al. Additionally, for first responders, UScellular offers both Wireless Priority Services (WPS) and Quality Priority and Preemption (QPP) options. UScellular intends to continue to further enhance these offerings for customers in 2021 and beyond.

Products. UScellular offers a comprehensive range of devices such as smartphones and other handsets, tablets, wearables, mobile hotspots, routers, and IoT devices. In addition, UScellular also offers a wide range of accessories, including wireless essentials such as cases, screen protectors, chargers, and memory cards as well as an assortment of consumer electronics such as headphones, smart speakers, and home automation and business management solutions (e.g., cameras, video doorbells, networking and monitoring devices). UScellular allows customers to purchase certain devices and accessories on installment plans, allowing for customers to pay over a specified period of time.

UScellular also offers services that enable customers to replace or repair their devices, including the Device Protection+ program, which provides as soon as next-day delivery of a replacement device for damaged, lost and stolen devices, and AppleCare services for Apple iOS customers. Its Device Protection+ Advanced program also includes local or on-demand repair for eligible devices. In addition, UScellular offers a Trade-In program through which UScellular buys customers' used equipment.

UScellular purchases devices and accessory products from a number of original equipment manufacturers and distributors. UScellular manages relationships with its suppliers to ensure best possible pricing and identifies opportunities for promotional support from its suppliers. UScellular does not own significant product warehousing and distribution infrastructure; rather, it contracts with third party providers for the majority of its product warehousing, distribution and direct customer fulfillment activities. UScellular also contracts with third party providers for services related to its device service programs.

Seasonality. Seasonality in operating expenses may cause operating income to vary from quarter to quarter. UScellular's operating expenses tend to be higher in the fourth quarter due to increased marketing and promotional activities during the holiday season.

Sales and Distribution Channels

UScellular supports a multi-faceted distribution program, including retail sales, direct sales, telesales, ecommerce, independent agents and third-party national retailers.

Company retail store locations are designed to market wireless services and products to the consumer and small business segments in a setting familiar to these types of customers. Direct sales representatives sell traditional wireless services as well as IoT and machine-to-machine (M2M) products and solutions to medium and large-sized businesses and governmental entities. Additionally, the telesales and ecommerce channels enable customers to purchase services and devices via phone and online, respectively.

UScellular has relationships with exclusive and non-exclusive agents (collectively “agents”), which are independent businesses that obtain customers for UScellular on a commission basis. UScellular provides support and training to its agents to increase customer satisfaction and to ensure a consistent customer experience. UScellular's agents are generally in the business of selling wireless devices, wireless service plans and other related products.

In order to expand its retail presence, UScellular also maintains relationships with national retailers. National retailers sell prepaid devices, and some also sell postpaid devices.

Competition

The wireless telecommunication industry is highly competitive. UScellular competes directly with several wireless service providers in each of its markets. In general, there are between two and four competitors in each wireless market in which UScellular provides service, excluding resellers and mobile virtual network operators (MVNOs). In its footprint, UScellular competes to varying degrees against each of the national wireless companies: Verizon, AT&T, T-Mobile USA, and an emerging Dish as the fourth national carrier, in addition to smaller regional carriers in specific areas of its footprint. In addition, UScellular competes with other companies that use alternative communication technology and services to provide similar services and products.

Since each of these competitors operates on systems using spectrum licensed by the FCC and has comparable technology and facilities, competition among wireless service providers for customers is principally on the basis of types of services and products, price, size of area covered, network quality, network speed and responsiveness of customer service. Types of services and products include non–wireless related services such as content offerings that are bundled with wireless services.

Technology

Network Technology. Wireless telecommunication systems transmit voice and data signals over networks of radio towers using radio spectrum licensed by the FCC. Access to local, regional, national and worldwide telecommunications networks is provided through system interconnections. A high-quality network, supported by continued investments in that network, is an important factor for UScellular to remain competitive.

UScellular continues to devote efforts to enhance its network capabilities. UScellular has completed its deployment of VoLTE technology. VoLTE technology allows customers to utilize a 4G LTE network for both voice and data services and offers enhanced services such as high definition voice and simultaneous voice and data sessions.

5G technology helps address customers' growing demand for data services and creates opportunities for new services requiring high speed and reliability as well as low latency. UScellular's 5G deployment is initially focused on mobility services using its low band spectrum. UScellular has acquired high band spectrum, which it will deploy in the future to further enable the delivery of 5G services. UScellular has launched commercial 5G services in portions of California, Illinois, Iowa, Kansas, Maine, Maryland, Missouri, Nebraska, New Hampshire, North Carolina, Oklahoma, Oregon, Tennessee, Texas, Virginia, Washington, West Virginia and Wisconsin and will continue to launch in additional areas in the coming years. In addition to the deployment of 5G technology, UScellular is also modernizing its 4G LTE network to further enhance 4G LTE speeds.

Roaming. Inter-carrier roaming agreements are negotiated between wireless operators to enable customers who are in a service area other than the customer's home service area to use wireless services in that service area. UScellular has entered into 4G LTE and VoLTE roaming agreements with national wireless companies and, as a result, customers have access to these services on a nationwide basis. In addition, UScellular offers a variety of international roaming options. UScellular is pursuing and expects to introduce 5G roaming in 2021.

Regulation

UScellular's operations are subject to federal, state and local regulation. Key regulatory considerations are discussed below.

The construction, operation and transfer of wireless systems in the United States are regulated to varying degrees by the FCC pursuant to the Communications Act of 1934, as amended (Communications Act). The FCC currently does not require wireless carriers to comply with a number of statutory provisions otherwise applicable to common carriers that provide, originate or terminate interstate or international telecommunications. However, the FCC has enacted regulations governing construction and operation of wireless systems, licensing (including renewal of wireless spectrum licenses) and technical standards for the provision of wireless services under the Communications Act.

Wireless spectrum licenses segmented by geographic areas are granted by the FCC. The completion of acquisitions, involving the transfer of control of all or a portion of a wireless system, requires prior FCC approval. The FCC determines on a case-by-case basis whether an acquisition of wireless spectrum licenses is in the public interest. Wireless spectrum licenses are granted generally for a ten-year term or, in some cases, for a twelve-year or fifteen-year term. The FCC establishes the standards for conducting comparative renewal proceedings between a wireless license holder seeking renewal of its license and challengers filing competing applications. All of UScellular's wireless spectrum licenses for which it applied for renewal since 1995 have been renewed. UScellular expects to continue to meet the criteria of the FCC's license renewal process.

As part of its data services, UScellular provides internet access. Such internet access services may be subject to different regulatory requirements than other wireless services.

Although the Communications Act generally pre-empts state and local governments from regulating the entry of, or the rates charged by, wireless carriers, certain state and local governments regulate other terms and conditions of wireless services, including billing, termination of service arrangements, imposition of early termination fees, advertising, network outages, the use of handsets while driving, zoning, land use, privacy, data security and consumer protection. Further, the Federal Aviation Administration also regulates the siting, lighting and construction of transmitter towers and antennae.

Reference is made to Exhibit 13 to this Form 10-K under "Regulatory Matters" for information regarding any significant recent developments and proposals relating to the foregoing regulatory matters.

Human Capital Resources

UScellular had approximately 5,300 full-time and part-time employees as of December 31, 2020. Employee engagement and development is critical to the success of UScellular. UScellular periodically surveys its employees; those surveys have consistently shown that employees have strong engagement and high overall job satisfaction. UScellular offers education assistance, development assignments, and mentoring programs to assist in employee development. Additionally, UScellular sponsors various employee resource groups to build small, connected communities within its workforce and promote diverse, inclusive experiences. UScellular supports the communities it serves and encourages employees to volunteer and support local organizations and community groups.

Company Information

UScellular's website address is www.uscellular.com. UScellular files with, or furnishes to, the Securities and Exchange Commission (SEC) annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, as well as various other information. Investors may access, free of charge, through the Investor Relations portion of the website, UScellular's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), as soon as reasonably practical after such material is filed electronically with the SEC. The public may also view electronic filings of UScellular by accessing SEC filings at www.sec.gov.

Item 1A. Risk Factors

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 SAFE HARBOR CAUTIONARY STATEMENT

This Annual Report on Form 10-K, including exhibits, contains statements that are not based on historical facts and represent forward-looking statements, as this term is defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, that address activities, events or developments that UScellular intends, expects, projects, believes, estimates, plans or anticipates will or may occur in the future are forward-looking statements. The words "believes," "anticipates," "estimates," "expects," "plans," "intends," "projects" and similar expressions are intended to identify these forward-looking statements, but are not the exclusive means of identifying them. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include those set forth below under "Risk Factors" in this Form 10-K. Each of the following risks could have a material adverse effect on UScellular's business, financial condition or results of operations. However, such factors are not necessarily all of the important factors that could cause actual results, performance or achievements to differ materially from those expressed in, or implied by, the forward-looking statements contained in this document. Other unknown or unpredictable factors also could have material adverse effects on future results, performance or achievements. UScellular undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. The reader should carefully consider the following risk factors and other information contained in, or incorporated by reference into, this Form 10-K to understand the material risks relating to UScellular's business.

Operational Risk Factors

1) Intense competition involving products, services, pricing and network speed and technologies could adversely affect UScellular's revenues or increase its costs to compete.

Competition in the wireless industry is intense and is expected to intensify in the future due to multiple factors such as increasing market penetration, introduction of new products, new competitors and changing prices. There is competition in service plan pricing; handsets and other devices; network quality, coverage, speed and technologies, including 5G technology; distribution; new entrants; bundled services and products, such as content; and other categories. In particular, wireless competition includes aggressive service plan and device pricing, including pricing for unlimited plans, which could result in switching activity and churn and limit UScellular's ability to monetize future growth in data usage. In addition, competition based on network speed may increase as customer demand for higher speeds increases. UScellular anticipates that these competitive factors may cause the prices for services and products to decline and the costs to compete to increase.

UScellular's primary competitors are national or global telecommunications companies that are larger than UScellular, possess greater financial and other resources, possess more extensive coverage areas and more spectrum within their coverage areas, and market other services with their communications services that UScellular does not offer. UScellular and its competitors are actively marketing their deployment of 5G and, as a result, are raising consumer awareness of the technology. If UScellular cannot keep pace with its competitors in deploying 5G or other comparable offerings, or if UScellular's deployment of 5G technology does not result in significant incremental revenues, UScellular's financial condition, results of operations or ability to do business could be adversely affected. In addition, new technologies, services and products that are more commercially effective than the technologies, services and products offered by UScellular may be developed and create new sources of competition. Further, new technologies may be proprietary such that UScellular is not able to adopt such technologies. There can be no assurance that UScellular will be able to compete successfully in this environment.

Sources of competition to UScellular's business typically include two to four competing wireless telecommunications service providers in each market, wireline telecommunications service providers, cable companies, resellers (including MVNOs), and providers of alternative telecommunications services. Many of UScellular's wireless competitors and other competitors have substantially greater financial, technical, marketing, sales, purchasing and distribution resources than UScellular.

2) Changes in roaming practices or other factors could cause UScellular's roaming revenues to decline from current levels, roaming expenses to increase from current levels and/or impact UScellular's ability to service its customers in geographic areas where UScellular does not have its own network, which could have an adverse effect on UScellular's business, financial condition or results of operations.

UScellular's service revenues include roaming revenues related to the use of UScellular's network by other carriers' customers who travel within UScellular's coverage areas. Changes in FCC rules or actions, industry practices or the network footprints of carriers due to mergers, acquisitions or network expansions could have an adverse effect on UScellular's roaming revenues. For example, consolidation among other carriers which have network footprints that currently overlap UScellular's network could decrease the amount of roaming revenues for UScellular.

Similarly, UScellular's customers can access another carrier's network automatically only if the other carrier allows UScellular's customers to roam on its network. UScellular relies on roaming agreements with other carriers to provide roaming capability to its customers in areas of the U.S. and internationally outside of its service areas and to improve coverage within selected areas of UScellular's network footprint. Although UScellular has entered into roaming agreements with national carriers, there is no assurance that UScellular will be able to maintain these agreements and/or enter into new agreements with other carriers to provide roaming services or that it will be able to do so on reasonable or cost-effective terms.

Some competitors may be able to obtain lower roaming rates than UScellular is able to obtain because they have larger data usage or call volumes or may be able to reduce roaming charges by providing service principally over their own networks. In addition, the quality and availability of services that a wireless carrier delivers to a UScellular customer while roaming may be inferior or limited in comparison to the service UScellular provides. UScellular's rate of adoption of new technologies, such as those enabling high-speed data and voice services, could affect its ability to enter into or maintain roaming agreements with other carriers. In addition, UScellular's wireless technology may not be compatible with technologies used by other carriers, which may limit the ability of UScellular to enter into voice or data roaming agreements with such other carriers. Carriers whose customers roam on UScellular's network could switch their business to new operators, limit their high-speed usage or, over time, move traffic to their own networks. Changes in roaming usage patterns, rates for roaming usage, or roaming relationships with other carriers could have an adverse effect on UScellular's roaming revenues and/or expenses.

To the extent that other carriers expand their networks in UScellular's service areas, the roaming arrangements between UScellular and these other carriers could become less strategic for them. That is, these other carriers will have fewer or less extensive geographic areas where roaming services are required by their customers and, as a result, the roaming arrangements could become less critical to serving their customer base. This presents a risk to UScellular in that, to the extent UScellular is not able to enter into economically viable roaming arrangements with these other carriers, this could impact UScellular's ability to service its customers in geographic areas where UScellular does not have its own network.

3) A failure by UScellular to obtain access to adequate radio spectrum to meet current or anticipated future needs and/or to accurately predict future needs for radio spectrum could have an adverse effect on UScellular's business, financial condition or results of operations.

UScellular's business depends on the ability to use portions of the radio spectrum licensed by the FCC. UScellular could fail to obtain access to sufficient spectrum capacity, including spectrum needed to support 5G technology, in new or existing markets, whether through FCC auctions or other transactions, in order to meet the anticipated spectrum requirements associated with increased demand for existing services, especially increases in customer demand for data services and network speed, and to enable deployment of next-generation services. UScellular believes that this increased demand for data services and network speed reflects a trend that will continue for the foreseeable future. Data usage, including usage under unlimited plans, could exceed current forecasts resulting in a need for increased investment in spectrum or other network components. UScellular could fail to accurately forecast its future spectrum requirements considering changes in plan offerings, customer usage patterns, technology requirements and the expanded demands of new services. Such a failure could have an adverse impact on the quality of UScellular's services or UScellular's ability to roll out such future services in some markets, or could require that UScellular curtail existing services in order to make spectrum available for next-generation services. Spectrum constrained providers could be effectively capped in increasing market share. As spectrum constrained providers gain customers, they use up their network capacity. Since they lack spectrum, they can respond to demand only by adding cell sites, which is capital intensive, adds fixed operating costs, is limited by zoning considerations, and ultimately may not be cost effective. Further, a spectrum constrained provider will generally not be able to achieve the data speeds that other competitors with more spectrum are able to provide.

UScellular may acquire access to spectrum through a number of alternatives, including acquisitions, exchanges and participation in spectrum auctions. UScellular may participate in spectrum auctions conducted by the FCC in the future. As required by law, the FCC has conducted auctions for wireless spectrum licenses to use some parts of the radio spectrum. The decision to conduct auctions, and the determination of what spectrum frequencies will be made available for auction and the determination of geographic size of wireless spectrum licenses, are made by the FCC pursuant to laws that it administers. The FCC may not be able to allocate spectrum sufficient to meet the demands of all those wishing to obtain wireless spectrum licenses for new market entry or to expand their spectrum holdings to meet the expanding demand for data services or to address other spectrum constraints. Due to factors such as geographic size of wireless spectrum licenses and auction bidders that may raise prices beyond acceptable levels, UScellular may not be successful in FCC auctions in obtaining access to the spectrum that it believes is necessary to implement its business and technology strategies.

In addition, newly auctioned spectrum may not be compatible with existing spectrum, and vendors may not create suitable products to use such spectrum. Further, access to wireless spectrum licenses won in FCC auctions may not be available on a timely basis. Such access is dependent upon the FCC actually granting wireless spectrum licenses won, which can be delayed for various reasons. Furthermore, newly licensed spectrum may not be available for immediate use since the radio operations of incumbent users, including in some cases government agencies, may need to be relocated to other portions of the radio spectrum, and/or the newly licensed spectrum may be subject to sharing and coordination obligations. UScellular also may seek to acquire radio spectrum through purchases and exchanges with other spectrum licensees. However, UScellular may not be able to acquire sufficient spectrum through these types of transactions, and UScellular may not be able to complete any of these transactions on favorable terms.

4) An inability to attract people of outstanding talent throughout all levels of the organization, to develop their potential through education and assignments, and to retain them by keeping them engaged, challenged and properly rewarded could have an adverse effect on UScellular's business, financial condition or results of operations.

UScellular's business is highly technical and competition for skilled talent in the wireless industry is intense. Due to competition and/or limited supply for qualified management, technical, sales and other personnel, there can be no assurance that UScellular will be able to continue to attract and/or retain people of outstanding potential for the development of its business. The loss of the services of existing key personnel due to competition and/or retirements as well as the failure to recruit additional qualified personnel in a timely manner could have an adverse effect on UScellular's business, financial condition or results of operations.

The market for highly skilled leaders in the wireless industry also is extremely competitive. The future success of UScellular and its business depends in substantial part on UScellular's ability to recruit, hire, motivate, develop, and retain talented and highly skilled leaders for all areas of its organization. The loss of any of UScellular's key leaders could have an adverse effect on its business, financial condition or results of operations. Effective succession planning is also important to UScellular's long-term success. Failure to ensure effective transfer of knowledge and smooth transition involving key employees could also adversely affect UScellular's business, financial condition and results of operations.

5) UScellular's smaller scale relative to larger competitors that may have greater financial and other resources than UScellular could cause UScellular to be unable to compete successfully, which could adversely affect its business, financial condition or results of operations.

There has been a trend in the telecommunications and related industries towards consolidation of service providers through acquisitions, reorganizations and joint ventures. This trend could continue, leading to larger competitors over time. UScellular has smaller scale efficiencies compared to larger competitors. UScellular may be unable to compete successfully with larger companies that have substantially greater financial, technical, marketing, sales, purchasing and distribution resources or that offer more services than UScellular, which could adversely affect UScellular's revenues and costs of doing business. Specifically, UScellular's smaller scale relative to most of its competitors could have the following impacts, among others:

- Low profit margins and returns on investment that are below UScellular's cost of capital;
- Increased operating costs due to lack of leverage with vendors;
- Inability to successfully deploy 5G or other wireless technologies, or to realize significant incremental revenues from their deployment;
- Limited opportunities for strategic partnerships as potential partners are focused on wireless companies with greater scale and scope;
- Limited access to content, as well as limited ability to obtain acceptably priced content;
- Consumer expectations that UScellular provides lower-priced offerings relative to larger competitors;
- Limited ability to influence industry standards;
- Reduced ability to invest in research and development of new services and products;
- Lower risk tolerance when evaluating new markets;
- Vendors may deem UScellular non-strategic and not develop or sell services and products to UScellular, particularly where technical requirements differ from those of larger companies;
- Limited access to intellectual property; and
- Other limited opportunities such as for software development or third party distribution.

UScellular's business depends on access to content for data and access to new wireless devices being developed by vendors. UScellular's ability to obtain such access depends in part on other parties. If UScellular is unable to obtain timely access to new content or wireless devices being developed by vendors, its business, financial condition or results of operations could be adversely affected.

6) Changes in various business factors, including changes in demand, consumer preferences and perceptions, price competition, churn from customer switching activity and other factors, could have an adverse effect on UScellular's business, financial condition or results of operations.

Changes in any of several factors could have an adverse effect on UScellular's business, financial condition or results of operations. These factors include, but are not limited to:

- Demand for or usage of services, particularly data services;
- Consumer preferences, including type of wireless devices;
- Consumer perceptions of network quality and performance;
- Consumer expectations for self-service options through digital means;
- Competitive pressure to deliver higher speed;
- The pricing of services, including an increase in price-based competition;
- The overall size and growth rate of UScellular's customer base;
- Penetration rates;
- Churn rates;
- Selling expenses;
- Net customer acquisition and retention costs;
- Customers' ability to pay for wireless service and the potential impact on bad debts expense;
- Roaming agreements and rates;
- Third-party vendor support;

- Capacity constraints;
- The mix of services and products offered by UScellular and purchased by customers; and
- The costs of providing services and products.

7) Advances or changes in technology could render certain technologies used by UScellular obsolete, could put UScellular at a competitive disadvantage, could reduce UScellular's revenues or could increase its costs of doing business.

The telecommunications industry is experiencing significant changes in technologies and services expected by customers, as evidenced by evolving industry standards, ongoing improvements in the capacity and quality of digital technology, shorter development cycles for new services and products, and enhancements and changes in end-user requirements and preferences. Further, fixed-mobile convergence services that combine wireline broadband services with mobile services represent a competitive threat. If the trend toward convergence continues, UScellular is at a competitive disadvantage to larger competitors, including the national wireless carriers and other potential large new entrants with much greater financial and other resources in adapting to such convergence. Future technological changes or advancements may enable other wireless technologies to equal or exceed UScellular's current levels of service and render its system infrastructure obsolete. UScellular may not be able to respond to such changes and implement new technology on a timely or cost-effective basis, which could reduce its revenues or increase its costs of doing business.

8) Complexities associated with deploying new technologies present substantial risk and UScellular investments in unproven technologies may not produce the benefits that UScellular expects.

UScellular has begun to deploy 5G technology in its network and has launched commercial 5G services in selected markets. The continued deployment of 5G technology will require substantial investments in UScellular's wireless networks to remain competitive in the industry. Transition to 5G or other new technologies involves significant time, cost and risk, and anticipated products and revenues may not be realized. Furthermore, the wireless business experiences rapid technology changes and new services and products. If UScellular fails to effectively deploy new wireless technologies, services or products on a timely basis, this could have an adverse impact on UScellular's business, financial condition and results of operations.

Furthermore, it is not certain that UScellular's investments in various new, unproven technologies and the related service and product offerings will be effective. The markets for some of these services, products and solutions may still be emerging and the overall potential for these markets, including revenues to be realized, may be uncertain. If customer demand for these new services, products and solutions does not develop as expected, UScellular's business, financial condition or results of operations could be adversely affected.

9) Costs, integration problems or other factors associated with acquisitions, divestitures or exchanges of properties or wireless spectrum licenses and/or expansion of UScellular's business could have an adverse effect on UScellular's business, financial condition or results of operations.

As part of UScellular's operating strategy, UScellular from time to time may be engaged in the acquisition, divestiture or exchange of companies, businesses, strategic properties, wireless spectrum or other assets. UScellular may change the markets in which it operates and the services that it provides through such acquisitions, divestitures and/or exchanges. In general, UScellular may not disclose the negotiation of such transactions until a definitive agreement has been reached.

These transactions commonly involve a number of risks, including:

- Identification of attractive companies, businesses, properties, spectrum or other assets for acquisition or exchange, and/or the selection of UScellular's businesses or assets for divestiture or exchange;
- Competition for acquisition targets and the ability to acquire or exchange businesses at reasonable prices;
- Inability to make acquisitions that would achieve sufficient scale to be competitive with competitors with greater scale;
- Possible lack of buyers for businesses or assets that UScellular desires to divest and the ability to divest or exchange such businesses or assets at reasonable prices;
- Ability to negotiate favorable terms and conditions for acquisitions, divestitures and exchanges;
- Significant expenditures associated with acquisitions, divestitures and exchanges;
- Risks associated with integrating new businesses or markets, including risks relating to cybersecurity and privacy;
- Ability to enter markets in which UScellular has limited or no direct prior experience and competitors have stronger positions;
- Ability to integrate and manage businesses that are engaged in activities other than traditional wireless service;
- Uncertain revenues and expenses associated with acquisitions, with the result that UScellular may not realize the growth in revenues, anticipated cost structure, profitability, or return on investment that it expects;
- Difficulty of integrating the technologies, services, products, operations and personnel of the acquired businesses, or of separating such matters for divested businesses or assets;
- Diversion of management's attention;
- Disruption of ongoing business;
- Impact on UScellular's cash and available credit lines for use in financing future growth and working capital needs;
- Inability to retain key personnel;
- Inability to successfully incorporate acquired assets and rights into UScellular's service offerings;
- Inability to maintain uniform standards, controls, procedures and policies;
- Possible conditions to approval by the FCC, the Federal Trade Commission and/or the Department of Justice; and
- Impairment of relationships with employees, customers or vendors.

No assurance can be given that UScellular will be successful with respect to its acquisition, divestiture or exchange strategies or initiatives.

10) A failure by UScellular to complete significant network construction and systems implementation activities as part of its plans to improve the quality, coverage, capabilities and capacity of its network, support and other systems and infrastructure could have an adverse effect on its operations.

UScellular’s business plan includes significant construction activities and enhancements to its network, support and other systems and infrastructure. Additionally, the deployment of new wireless technologies, including 5G, may require substantial investments in UScellular's wireless network. As UScellular deploys, expands and enhances its network, it may need to acquire additional spectrum. Also, as UScellular continues to build out and enhance its network, UScellular must, among other things, continue to:

- Lease, acquire or otherwise obtain rights to cell and switch sites;
- Obtain zoning variances or other local governmental or third-party approvals or permits for network construction;
- Complete and update the radio frequency design, including cell site design, frequency planning and network optimization, for each of UScellular’s markets; and
- Improve, expand and maintain customer care, network management, billing and other financial and management systems.

Any difficulties encountered in completing these activities, as well as problems in vendor equipment availability, technical resources, system performance or system adequacy, could delay implementation and deployment of new technologies, delay expansion of operations and product capabilities in new or existing markets or result in increased costs. Failure to successfully deploy new technologies, including 5G, and/or build-out and enhance UScellular’s network, support facilities and other systems and infrastructure in a cost-effective manner, and in a manner that satisfies consumers' expectations for quality and coverage, could have an adverse effect on UScellular’s business, business prospects, financial condition or results of operations.

11) Difficulties involving third parties with which UScellular does business, including changes in UScellular's relationships with or financial or operational difficulties of key suppliers or independent agents and third-party national retailers who market UScellular’s services, could adversely affect UScellular's business, financial condition or results of operations.

UScellular has relationships with independent agents and third-party national retailers who market UScellular services.

UScellular depends upon certain vendors to provide it with equipment (including wireless devices), services and content that meet its quality and cost requirements on a timely basis to continue its network construction and upgrades, and to operate its business. UScellular does not have operational or financial control over such key suppliers and has limited influence with respect to the manner in which these key suppliers conduct their businesses. If these key suppliers (i) experience financial difficulties or file for bankruptcy or experience other operational difficulties or (ii) deem UScellular non-strategic and not develop or sell services and products to UScellular, particularly where technical requirements differ from those of larger companies, they may not provide equipment, services or content to UScellular on a timely basis, or at all, or they may otherwise fail to honor their obligations to UScellular. Furthermore, consolidation among key suppliers may result in less competition and higher prices or the discontinuation of support for equipment owned by UScellular.

Operation of UScellular’s supply chain and management of its inventory require accurate forecasting of customer growth and demand. If overall demand for wireless devices or the mix of demand for wireless devices is significantly different than UScellular’s expectations, UScellular could face inadequate or excess supplies of particular models of wireless devices. This could result in lost sales opportunities or an excess supply of inventory. Further, UScellular's supply chain could be disrupted unexpectedly by raw material shortages, wars, natural disasters, disease or other factors.

Also, UScellular has other arrangements with third parties, including arrangements pursuant to which UScellular outsources certain support functions to third-party vendors. Operational problems associated with such functions, including any failure by the vendor to provide the required level of service under the outsourcing arrangements, including possible cyber-attacks or other breaches of network or information technology security or privacy, could have adverse effects on UScellular’s business, financial condition or results of operations.

12) A failure by UScellular to maintain flexible and capable telecommunication networks or information technology, or a material disruption thereof, could have an adverse effect on UScellular’s business, financial condition or results of operations.

UScellular relies extensively on its telecommunication networks and information technology to operate and manage its business, process transactions and summarize and report results. These networks and technology are subject to obsolescence and, consequently, must be upgraded, replaced and/or otherwise enhanced over time. Enhancements must be more flexible and dependable than ever before. All of this is capital intensive and challenging.

The increased provision of data services has introduced significant new demands on UScellular’s network and also has increased complexities related to network management. Further, the increased provision of data services on UScellular’s networks has created an increased level of risk related to quality of service. This is due to the fact that many customers increasingly rely on data communications to execute and validate transactions. As a result, redundancy and geographical diversity of UScellular’s network facilities are critical to providing uninterrupted service. Also, the speed of repair and maintenance procedures in the event of network interruptions is critical to maintaining customer satisfaction. UScellular’s ability to maintain high-quality, uninterrupted service to its customers is critical, particularly given the increasingly competitive environment and customers’ ability to choose other service providers.

In addition, UScellular’s networks and information technology and the networks and information technology of vendors on which UScellular relies are subject to damage or interruption due to various events, including power outages, computer, network and telecommunications failures, computer viruses, security breaches, hackers and other cyber security risks, catastrophic events, natural disasters, errors or unauthorized actions by employees and vendors, flawed conversion of systems, disruptive technologies and technology changes.

Financial Risk Factors

13) Uncertainty in UScellular’s future cash flow and liquidity or the inability to access capital, deterioration in the capital markets, other changes in UScellular’s performance or market conditions, changes in UScellular’s credit ratings or other factors could limit or restrict the availability of financing on terms and prices acceptable to UScellular, which could require UScellular to reduce its construction, development or acquisition programs, reduce the amount of wireless spectrum licenses acquired, and/or reduce or cease share repurchases.

UScellular operates a capital-intensive business. Historically, UScellular has used internally-generated funds and also has obtained substantial funds from external sources for general corporate purposes. In the past, UScellular’s existing cash and investment balances, funds available under its revolving credit and receivables securitization agreements, funds from other financing sources, including a term loan and other long-term debt, and cash flows from operating and certain investing and financing activities, including sales of assets or businesses, provided sufficient liquidity and financial flexibility for UScellular to meet its normal day-to-day operating needs and debt service requirements, to finance the build-out and enhancement of markets and to fund acquisitions. There is no assurance that this will be the case in the future. It may be necessary from time to time to increase the amount of permissible borrowings under the existing revolving credit and receivables securitization agreements, to put in place new credit agreements, or to obtain other forms of financing in order to fund potential expenditures. UScellular’s liquidity would be adversely affected if, among other things, UScellular is unable to obtain short or long-term financing on acceptable terms, UScellular makes significant spectrum license purchases, UScellular makes significant capital investments, UScellular makes significant business acquisitions, the Los Angeles SMSA Limited Partnership (LA Partnership) discontinues or significantly reduces distributions compared to historical levels, or Federal USF and/or other regulatory support payments decline.

UScellular’s credit rating currently is sub-investment grade. UScellular has incurred negative free cash flow (defined as Cash flows from operating activities less Cash paid for additions to property, plant and equipment) at times in the past and this could occur in the future. UScellular may require substantial additional capital for, among other uses, funding day-to-day operating needs including working capital, acquisitions of providers of wireless telecommunications services, spectrum license or system acquisitions, capital expenditures, debt service requirements, the repurchase of shares, or making additional investments. There can be no assurance that sufficient funds will continue to be available to UScellular or its subsidiaries on terms or at prices acceptable to UScellular. Insufficient cash flows from operating activities, changes in UScellular's credit ratings, defaults of the terms of debt or credit agreements, uncertainty of access to capital, deterioration in the capital markets, reduced regulatory capital at banks which in turn limits their ability to borrow and lend, other changes in the performance of UScellular or in market conditions or other factors could limit or restrict the availability of financing on terms and prices acceptable to UScellular, which could require UScellular to reduce its acquisition, capital expenditure and business development programs, reduce the acquisition of wireless spectrum licenses, and/or reduce or cease share repurchases. UScellular cannot provide assurance that circumstances that could have a material adverse effect on its liquidity or capital resources will not occur.

14) UScellular has a significant amount of indebtedness which could adversely affect its financial performance and in turn adversely affect its ability to make payments on its indebtedness, comply with terms of debt covenants and incur additional debt.

UScellular has a significant amount of indebtedness and may need to incur additional indebtedness. UScellular’s level of indebtedness could have important consequences. For example, it (i) may limit UScellular’s ability to obtain additional financing for working capital, capital expenditures or general corporate purposes, particularly if the ratings assigned to its debt securities by rating organizations are revised downward; (ii) will require UScellular to dedicate a substantial portion of its cash flow from operations to the payment of interest and principal on its debt, thereby reducing the funds available to UScellular for other purposes including expansion through acquisitions, capital expenditures, marketing spending and expansion of its business; and (iii) may limit UScellular’s flexibility to adjust to changing business and market conditions and make UScellular more vulnerable to a downturn in general economic conditions as compared to UScellular’s competitors. UScellular’s ability to make scheduled payments on its indebtedness or to refinance it will depend on its financial and operating performance which, in turn, is subject to prevailing economic and competitive conditions and other factors beyond its control. In addition, UScellular’s leverage may put it at a competitive disadvantage to some of its competitors that are not as leveraged.

UScellular’s revolving credit agreement, term loan agreement and receivables securitization agreement require UScellular to comply with certain affirmative and negative covenants, including certain financial covenants. Depending on the actual financial performance of UScellular, there is a risk that UScellular could fail to satisfy the required financial covenants. If UScellular breaches a financial or other covenant of any of these agreements, it would result in a default under that agreement, and could involve a cross-default under other debt instruments. This could in turn cause the affected lenders to accelerate the repayment of principal and accrued interest on any outstanding debt under such agreements and, if they choose, terminate the agreement. If appropriate, UScellular may request the applicable lenders for an amendment of financial covenants in the UScellular agreements, in order to provide additional financial flexibility to UScellular, and may also seek other changes to such agreements. There is no assurance that the lenders will agree to any amendments. If the lenders agree to amendments, this may result in additional payments or higher interest rates payable to the lenders and/or additional restrictions. Restrictions in such debt instruments may limit UScellular’s operating and financial flexibility.

As a result, UScellular's level of indebtedness, restrictions contained in debt instruments and/or possible breaches of covenants, defaults, and acceleration of indebtedness could have an adverse effect on UScellular's business, financial condition, revenues, results of operations and cash flows.

15) UScellular's assets and revenue are concentrated in the U.S. wireless telecommunications industry. Consequently, its operating results may fluctuate based on factors related primarily to conditions in this industry.

The U.S. wireless telecommunications industry is facing significant change and an uncertain operating environment. UScellular's focus on the U.S. wireless telecommunications industry, together with its positioning relative to larger competitors with greater resources within the industry, may represent increased risk for investors due to the lack of diversification. This could have an adverse effect on UScellular's ability to attain and sustain long-term, profitable revenue growth and could have an adverse effect on its business, financial condition or results of operations.

16) UScellular has significant investments in entities that it does not control. Losses in the value of such investments could have an adverse effect on UScellular's financial condition or results of operations.

UScellular has significant investments in entities that it does not control, including equity investments and interests in certain variable interest entities. UScellular's interests in such entities do not provide UScellular with control over the business strategy, financial goals, network build-out plans or other operational aspects of these entities. UScellular cannot provide assurance that these entities will operate in a manner that will increase or maintain the value of UScellular's investments, that UScellular's proportionate share of income from these investments will continue at the current level in the future or that UScellular will not incur losses from the holding of such investments. Losses in the values of such investments or a reduction in income from these investments could adversely affect UScellular's financial condition or results of operations. In addition, certain investments have historically contributed significant cash flows to UScellular and a reduction or suspension of such cash flows could adversely affect UScellular's financial condition.

Regulatory, Legal and Governance Risk Factors

17) Failure by UScellular to timely or fully comply with any existing applicable legislative and/or regulatory requirements or changes thereto could adversely affect UScellular's business, financial condition or results of operations.

UScellular's operations are subject to varying degrees of regulation by the FCC, state public utility commissions and other federal, state and local regulatory agencies and legislative bodies. Changes in the administration of the various regulatory agencies and legislative bodies could result in different policies with respect to many federal laws and regulations, including but not limited to changes to fiscal and tax policies, trade policies and tariffs on import goods. New or amended regulatory requirements could increase UScellular's costs and divert resources from other initiatives. Adverse decisions, increased regulation, or changes to existing regulation by regulatory bodies could negatively impact UScellular's operations by, among other things, permitting greater competition or limiting UScellular's ability to engage in certain sales or marketing activities, or retention and recruitment of skilled resources. New regulatory mandates or enforcement may require unexpected or increased capital expenditures, lost revenues, higher operating expenses or other changes. Court decisions and rulemakings could have a substantial impact on UScellular's operations, including rulemakings on broadband access to the internet, intercarrier access compensation and state and federal support funding. Litigation and different objectives among federal and state regulators could create uncertainty and delay UScellular's ability to respond to new regulations. Further, wireless spectrum licenses are subject to renewal by the FCC and could be revoked in the event of a violation of applicable laws or regulatory requirements. Also, although FCC rules relating to net neutrality have been repealed, the new administration may seek to reinstate net neutrality in some form and state legislators and regulators are seeking to or have already enacted state net neutrality laws and regulations. Interpretation and application of these rules, including conflicts between federal and state laws, may result in additional costs for compliance and may limit opportunities to derive profits from certain business practices or resources. For additional information related to UScellular's regulatory environment, see Risk Factor Number 20 below and "Regulatory Matters" in Exhibit 13 to this Form 10-K.

UScellular attempts to timely and fully comply with all regulatory requirements. However, UScellular is unable to predict the future actions of the various legislative and regulatory bodies that govern UScellular, but such actions could have adverse effects on UScellular's business.

18) UScellular receives significant regulatory support, and is also subject to numerous surcharges and fees from federal, state and local governments – the applicability and the amount of the support and fees are subject to great uncertainty, including the ability to pass through certain fees to customers, and this uncertainty could have an adverse effect on UScellular's business, financial condition or results of operations.

Telecommunications companies may be designated by states, or in some cases by the FCC, as an Eligible Telecommunications Carrier (ETC) to receive universal service support payments if they provide specified services in "high cost" areas. UScellular has been designated as an ETC in certain states and received $92 million in high cost support for service to high cost areas in 2020. There is no assurance that regulatory support payments will continue. If regulatory support is discontinued or reduced from current levels, or if receipt of future regulatory support is contingent upon making certain network-related expenditures, this could have an adverse effect on UScellular's business, financial condition or operating results. For additional information related to UScellular's regulatory environment, see "Regulatory Matters" in Exhibit 13 to this Form 10-K.

Telecommunications providers pay a variety of surcharges and fees on their gross revenues from interstate and intrastate services, including USF fees and common carrier regulatory fees. The division of services between interstate services and intrastate services, including the divisions associated with Federal USF fees, is a matter of interpretation and in the future may be contested by the FCC or state authorities. The FCC in the future also may change the basis on which Federal USF fees are charged. The Federal government and many states also apply transaction-based taxes to sales of telecommunications services and products and to purchases of telecommunications services from various carriers. In addition, state regulators and local governments have imposed and may continue to impose various surcharges, taxes and fees on telecommunications services. The applicability of these surcharges and fees to UScellular’s services is uncertain in many cases and jurisdictions may contest whether UScellular has assessed and remitted those monies correctly. Periodically, state and federal regulators may increase or change the surcharges and fees UScellular currently pays. In some instances, UScellular passes through these charges to its customers. However, Congress, the FCC, state regulatory agencies or state legislatures may limit the ability to pass through transaction-based tax liabilities, regulatory surcharges and regulatory fees imposed on UScellular to customers. UScellular may or may not be able to recover some or all of those taxes from its customers and the amount of taxes may deter demand for its services or increase its cost to provide service.

19) Settlements, judgments, restraints on its current or future manner of doing business and/or legal costs resulting from pending and future litigation could have an adverse effect on UScellular’s business, financial condition or results of operations.

UScellular is regularly involved in a number of legal and policy proceedings before the FCC and various state and federal courts. Such legal and policy proceedings can be complex, costly, protracted and highly disruptive to business operations by diverting the attention and energies of management and other key personnel.

The assessment of legal and policy proceedings is a highly subjective process that requires judgments about future events. Additionally, amounts ultimately received or paid upon settlement or resolution of litigation and other contingencies may differ materially from amounts accrued in the financial statements. Depending on a range of factors, these or similar proceedings could impose restraints on UScellular’s current or future manner of doing business.

20) The possible development of adverse precedent in litigation or conclusions in professional studies to the effect that radio frequency emissions from wireless devices and/or cell sites cause harmful health consequences, including cancer or tumors, or may interfere with various electronic medical devices such as pacemakers, could have an adverse effect on UScellular's business, financial condition or results of operations.

Media reports and certain professional studies have suggested that certain radio frequency emissions from wireless devices may be linked to various health problems, including cancer or tumors, and may interfere with various electronic medical devices, including hearing aids and pacemakers. UScellular is a party to and may in the future be a party to lawsuits against wireless carriers and other parties claiming damages for alleged health effects, including cancer or tumors, arising from wireless phones or radio frequency transmitters. Concerns over radio frequency emissions may discourage use of wireless devices or expose UScellular to potential litigation. In addition, the FCC or other regulatory authorities may adopt regulations in response to concerns about radio frequency emissions. Any resulting decrease in demand for wireless services, costs of litigation and damage awards or regulation could have an adverse effect on UScellular’s business, financial condition or results of operations.

In addition, some studies have indicated that some aspects of using a wireless device while driving may impair a driver's attention in certain circumstances, making accidents more likely. These concerns could lead to potential litigation relating to accidents, deaths or serious bodily injuries.

21) Claims of infringement of intellectual property and proprietary rights of others, primarily involving patent infringement claims, could prevent UScellular from using necessary technology to provide products or services or subject UScellular to expensive intellectual property litigation or monetary penalties, which could have an adverse effect on UScellular’s business, financial condition or results of operations.

UScellular faces possible effects of industry litigation relating to patents, other intellectual property or otherwise, that may restrict UScellular’s access to devices or network equipment critical to providing services to customers. If technology that UScellular uses in products or services were determined by a court to infringe a patent or other intellectual property right held by another person, UScellular could be precluded from using that technology and could be required to pay significant monetary damages. UScellular also may be required to pay significant royalties to such person to continue to use such technology in the future. The successful enforcement of any intellectual property rights, or UScellular’s inability to negotiate a license for such rights on acceptable terms, could force UScellular to cease using the relevant technology and offering services incorporating the technology. Any litigation to determine the validity of claims that UScellular’s products or services infringe or may infringe intellectual property rights of another, regardless of their merit or resolution, could be costly and divert the effort and attention of UScellular’s management and technical personnel. Regardless of the merits of any specific claim, UScellular cannot give assurance that it would prevail in litigation because of the complex technical issues and inherent uncertainties in intellectual property litigation. Although UScellular generally seeks to obtain indemnification agreements from vendors that provide it with technology, there can be no assurance that any claim of infringement will be covered by an indemnity or that UScellular will be able to recover all or any of its losses and costs under any available indemnity agreements. Any claims of infringement of intellectual property and proprietary rights of others could prevent UScellular from using necessary technology to provide its services or subject UScellular to expensive intellectual property litigation or monetary penalties.

22) There are potential conflicts of interests between TDS and UScellular.

TDS owns over 80% of the combined total of both classes of common stock of UScellular, including a majority of the outstanding Common Shares and 100% of the Series A Common Shares, and controls 96% of their combined voting power. As a result, TDS is effectively able to elect all of UScellular's eleven directors and otherwise control the management and operations of UScellular. Six of the eleven directors of UScellular are also directors of TDS and/or executive officers of TDS and/or UScellular. Directors and officers of TDS who are also directors or officers of UScellular, and TDS as UScellular's controlling shareholder, are in positions involving the possibility of conflicts of interest with respect to certain transactions concerning UScellular. When the interests of TDS and UScellular diverge, TDS may exercise its influence in its own best interests.

UScellular and TDS have entered into contractual arrangements governing certain transactions and relationships between them. Some of these agreements were executed prior to the initial public offering of UScellular's Common Shares and were not the result of arm's-length negotiations. Accordingly, there is no assurance that the terms and conditions of these agreements are as favorable to UScellular as could have been obtained from unaffiliated third parties. See "Certain Relationships and Related Transactions" in this Form 10-K.

Conflicts of interest may arise between TDS and UScellular when faced with decisions that could have different implications for UScellular and TDS, including technology decisions, financial decisions, the payment of distributions by UScellular, agreements or transactions between TDS and UScellular, business activities and other matters. TDS also may take action that favors its other businesses and the interests of its shareholders over UScellular's wireless business and the interests of UScellular shareholders and debt holders. Because TDS controls UScellular, conflicts of interest could be resolved in a manner adverse to UScellular and its other shareholders or its debt holders.

The UScellular Restated Certificate of Incorporation provides that, so long as not less than 500,000 Series A Common Shares are outstanding, UScellular, without the written consent of TDS, shall not, directly or indirectly own, invest or otherwise have an interest in, lease, operate or manage any business other than a business engaged solely in the construction of, the ownership of interests in and/or the management of wireless telephone systems. This limitation on the scope of UScellular's potential business could hurt the growth of UScellular's business. This restriction would preclude UScellular from pursuing attractive related or unrelated business opportunities unless TDS consents in writing. TDS has no obligation to consent to any business opportunities proposed by UScellular and may withhold its consent in its own best interests.

23) Certain matters, such as control by TDS and provisions in the UScellular Restated Certificate of Incorporation, may serve to discourage or make more difficult a change in control of UScellular or have other consequences.

The control of UScellular by TDS may tend to deter non-negotiated tender offers or other efforts to obtain control of UScellular and thereby deprive shareholders of opportunities to sell shares at prices higher than those prevailing in the market.

The UScellular Restated Certificate of Incorporation also contains provisions which may serve to discourage or make more difficult a change in control of UScellular without the support of TDS or without meeting various other conditions. In particular, the authorization of multiple classes of capital stock with different voting rights could prevent shareholders from profiting from an increase in the market value of their shares as a result of a change in control of UScellular by delaying or preventing such change in control.

The UScellular Restated Certificate of Incorporation also authorizes the UScellular Board of Directors to designate and issue Preferred Shares in one or more classes or series from time to time. Generally, no further action or authorization by the shareholders is necessary prior to the designation or issuance of the additional Preferred Shares authorized pursuant to the UScellular Restated Certificate of Incorporation unless applicable laws or regulations would require such approval in a given instance. Such Preferred Shares could be issued in circumstances that would serve to preserve TDS' control of UScellular.

The provisions of the UScellular Restated Certificate of Incorporation and the existence of different classes of capital stock and voting rights could result in the exclusion of UScellular Common Shares from certain major stock indices at some point in the future, unless UScellular is grandfathered by such stock indices or qualifies for some other exception.

General Risk Factors

24) UScellular has experienced, and in the future expects to experience, cyber-attacks or other breaches of network or information technology security of varying degrees on a regular basis, which could have an adverse effect on UScellular's business, financial condition or results of operations.

UScellular experiences cyber-attacks of varying degrees on a regular basis. These include cyber-attacks intended to wrongfully obtain private and valuable information, or cause other types of malicious events, including denial of service attacks which may cause UScellular's services to be disrupted or unavailable to customers. UScellular maintains administrative, technical and physical controls, as well as other preventative actions, to reduce the risk of security breaches. Although to date UScellular has not discovered a material security breach, these efforts may be insufficient to prevent a material security breach stemming from future cyber-attacks. If UScellular’s or its vendors’ networks and information technology are not adequately adapted to changes in technology or are damaged or fail to function properly, and/or if UScellular’s or its vendors’ security is breached or otherwise compromised, UScellular could suffer adverse consequences, including theft, destruction or other loss of critical and private data, including customer and/or employee data, interruptions or delays in its operations, inaccurate billings, inaccurate financial reporting, and significant costs to remedy the problems. If UScellular’s or its vendors’ systems become unavailable or suffer a security breach of customer or other data, UScellular may be required to expend significant resources and take various actions to address the problems, including notification under data privacy laws and regulations, may be subject to fines, sanctions and litigation, and its reputation and operating results could be adversely affected. UScellular continues to experience denial of service attacks. Although UScellular has implemented and continues to enhance its protection and recovery measures in response to such attacks, these efforts may be insufficient to prevent a material denial of service attack in the future.

25) Disruption in credit or other financial markets, a deterioration of U.S. or global economic conditions or other events could, among other things, impede UScellular’s access to or increase the cost of financing its operating and investment activities and/or result in reduced revenues and lower operating income and cash flows, which would have an adverse effect on UScellular’s business, financial condition or results of operations.

Disruptions in the credit and financial markets, declines in consumer confidence, increases in unemployment, declines in economic growth, increased tariffs on import goods and uncertainty about corporate earnings could have a significant negative impact on the U.S. and global financial and credit markets and the overall economy. Such events could have an adverse impact on financial institutions resulting in limited access to capital and credit for many companies. Furthermore, economic uncertainties make it very difficult to accurately forecast and plan future business activities. Changes in economic conditions, changes in financial markets, changes in U.S. trade policies, deterioration in the capital markets or other factors could have an adverse effect on UScellular’s business, financial condition, revenues, results of operations and cash flows.

26) The impact of public health emergencies, such as the COVID-19 pandemic, on UScellular's business is uncertain, but depending on duration and severity could have a material adverse effect on UScellular's business, financial condition or results of operations.

The impact of the global spread of COVID-19 on UScellular's future operations is uncertain. Public health emergencies, such as COVID-19, pose the risk that UScellular 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. UScellular's ability to attract customers, maintain an 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 and an economic downturn, both of which could negatively impact UScellular. The extent of the impact of COVID-19 on UScellular's 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.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

UScellular has properties located throughout the United States. UScellular’s corporate headquarters is located in Chicago, IL. UScellular's local business offices, cell sites, cell site equipment, connectivity centers, data centers, call centers and retail stores are located primarily in UScellular’s operating markets. These properties are either owned or leased by UScellular, one of its subsidiaries, or the partnership, limited liability company or corporation which holds the license issued by the FCC.

As of December 31, 2020, UScellular’s gross investment in property, plant and equipment was $8,785 million.

Item 3. Legal Proceedings

UScellular is involved or may be involved from time to time in legal proceedings before the FCC, other regulatory authorities, and/or various state and federal courts. If UScellular believes that a loss arising from such legal proceedings is probable and can be reasonably estimated, an amount is accrued in the financial statements for the estimated loss. If only a range of loss can be determined, the best estimate within that range is accrued; if none of the estimates within that range is better than another, the low end of the range is accrued. The assessment of the expected outcomes of legal proceedings is a highly subjective process that requires judgments about future events. The legal proceedings are reviewed at least quarterly to determine the adequacy of accruals and related financial statement disclosures. The ultimate outcomes of legal proceedings could differ materially from amounts accrued in the financial statements. See Note 13 — Commitments and Contingencies in the Notes to Consolidated Financial Statements for further information.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market, holder, dividend and performance graph information is incorporated by reference from Exhibit 13 to this Form 10-K Annual Report section entitled "Shareholder Information."

UScellular has not paid any cash dividends in recent periods and currently intends to retain all earnings for use in UScellular's business.

Information relating to Issuer Purchases of Equity Securities is set forth below.

In November 2009, UScellular announced by Form 8-K that the Board of Directors of UScellular authorized the repurchase of up to 1,300,000 Common Shares on an annual basis beginning in 2009 and continuing each year thereafter, on a cumulative basis. In December 2016, the UScellular Board of Directors amended this authorization to provide that, beginning on January 1, 2017, the authorized repurchase amount with respect to a particular year will be any amount from zero to 1,300,000 Common Shares, as determined by the Pricing Committee of the Board of Directors, and that if the Pricing Committee did not specify an amount for any year, such amount would be zero for such year. The Pricing Committee has not specified any increase in the authorization since that time. The Pricing Committee also was authorized to decrease the cumulative amount of the authorization at any time, but has not taken any action to do so at this time. The authorization provides that share repurchases will be made pursuant to open market purchases, block purchases, private purchases, or otherwise, depending on market prices and other conditions. This authorization does not have an expiration date. UScellular did not determine to terminate the foregoing Common Share repurchase program, as amended, or cease making further purchases thereunder, during the fourth quarter of 2020.

The maximum number of shares that may yet be purchased under this program was 4,507,000 as of December 31, 2020. There were no purchases made by or on behalf of UScellular, and no open market purchases made by any "affiliated purchaser" (as defined by the SEC) of UScellular, of UScellular Common Shares during the quarter ended December 31, 2020.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Incorporated by reference from Exhibit 13 to this Form 10-K Annual Report section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Incorporated by reference from Exhibit 13 to this Form 10-K Annual Report section entitled "Market Risk."

Item 8. Financial Statements and Supplementary Data

Incorporated by reference from Exhibit 13 to this Form 10-K Annual Report sections entitled "Consolidated Statement of Operations," "Consolidated Statement of Cash Flows," "Consolidated Balance Sheet," "Consolidated Statement of Changes in Equity," "Notes to Consolidated Financial Statements," "Management's Report on Internal Control Over Financial Reporting," and "Report of Independent Registered Public Accounting Firm." The Consolidated Statement of Comprehensive Income was not included because comprehensive income for the years ended December 31, 2020, 2019 and 2018 equaled net income.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

UScellular maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to UScellular's management, including its principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As required by SEC Rule 13a-15(b), UScellular carried out an evaluation, under the supervision and with the participation of management, including its principal executive officer and principal financial officer, of the effectiveness of the design and operation of UScellular's disclosure controls and procedures as of the end of the period covered by this Annual Report. Based on this evaluation, the principal executive officer and principal financial officer have concluded that UScellular's disclosure controls and procedures were effective as of December 31, 2020, at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. UScellular's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (GAAP). UScellular's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and, where required, the board of directors of the issuer; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the issuer's assets that could have a material effect on the interim or annual consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of UScellular's management, including its principal executive officer and principal financial officer, UScellular conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2020, based on the criteria established in the 2013 version of *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management has concluded that UScellular maintained effective internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 version of *Internal Control — Integrated Framework* issued by the COSO.

The effectiveness of UScellular's internal control over financial reporting as of December 31, 2020, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in the firm's report which is incorporated by reference into Item 8 of this Annual Report on Form 10-K from Exhibit 13 filed herewith.

Changes in Internal Control Over Financial Reporting

There were no changes in UScellular's internal control over financial reporting during the fourth quarter of 2020 that have materially affected, or are reasonably likely to materially affect, UScellular's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Incorporated by reference from Proxy Statement sections entitled “Election of Directors,” “Corporate Governance” and “Executive Officers.”

Item 11. Executive Compensation

Incorporated by reference from Proxy Statement section entitled “Executive and Director Compensation.”

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Incorporated by reference from Proxy Statement sections entitled “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance under Equity Compensation Plans.”

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated by reference from Proxy Statement sections entitled “Corporate Governance” and “Other Relationships and Related Transactions.”

Item 14. Principal Accountant Fees and Services

Incorporated by reference from Proxy Statement section entitled “Fees Paid to Principal Accountants.”

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Financial Statements

Consolidated Statement of Operations	Annual Report*
Consolidated Statement of Cash Flows	Annual Report*
Consolidated Balance Sheet	Annual Report*
Consolidated Statement of Changes in Equity	Annual Report*
Notes to Consolidated Financial Statements	Annual Report*
Management's Report on Internal Control Over Financial Reporting	Annual Report*
Report of Independent Registered Public Accounting Firm — PricewaterhouseCoopers LLP	Annual Report*

*Incorporated by reference from Exhibit 13.

(2) Exhibits

The exhibits set forth below are filed as a part of this Report. Compensatory plans or arrangements are identified below with an asterisk.

Exhibit Number	Description of Documents
3.1	Restated Certificate of Incorporation, is hereby incorporated by reference to Exhibit 3.1 to UScellular’s Current Report on Form 8-K dated November 10, 2014.
3.2	Restated Bylaws, as amended, are hereby incorporated by reference to Exhibit 3.1 to UScellular’s Current Report on Form 8-K dated May 21, 2019.
4.1	Restated Certificate of Incorporation incorporated herein as Exhibit 3.1.
4.2	Restated Bylaws, as amended, are incorporated herein as Exhibit 3.2.
4.3(a)	Indenture for Senior Debt Securities dated June 1, 2002, between UScellular and The Bank of New York Mellon Trust Company, N.A., formerly known as BNY Midwest Trust Company of New York (BNY) is hereby incorporated by reference to Exhibit 4.1 to Form S-3 dated May 31, 2013 (File No. 333-188971).
4.3(b)	Form of Third Supplemental Indenture dated December 3, 2003, between UScellular and BNY Midwest Trust Company, relating to $444,000,000 of UScellular’s 6.7% Senior Notes due 2033, is hereby incorporated by reference to Exhibit 4.1 to UScellular’s Current Report on Form 8-K dated December 3, 2003.
4.3(c)	Form of Fifth Supplemental Indenture dated June 21, 2004, between UScellular and BNY Midwest Trust Company, relating to $100,000,000 of UScellular’s 6.7% Senior Notes due 2033, is hereby incorporated by reference to Exhibit 4.1 to UScellular’s Current Report on Form 8-K dated June 21, 2004.
4.3(d)	Form of Sixth Supplemental Indenture dated as of May 9, 2011, between UScellular and BNY Midwest Trust Company, related to $342,000,000 of UScellular’s 6.95% Senior Notes due 2060, is hereby incorporated by reference to Exhibit 4.1 to UScellular’s Current Report on Form 8-K dated May 9, 2011.
4.3(e)	Form of Seventh Supplemental Indenture dated as of December 8, 2014, between UScellular and BNY Midwest Trust Company, related to $275,000,000 of UScellular’s 7.25% Senior Notes due 2063, is hereby incorporated by reference to Exhibit 2 to UScellular’s Registration Statement on Form 8-A dated December 2, 2014.
4.3(f)	Form of Eighth Supplemental Indenture dated as of November 23, 2015, between UScellular and BNY Midwest Trust Company, related to $300,000,000 of UScellular’s 7.25% Senior Notes due 2064, is hereby incorporated by reference to Exhibit 2 to UScellular’s Registration Statement on Form 8-A dated November 17, 2015.
4.3(g)	Form of Ninth Supplemental Indenture dated as of August 12, 2020, between UScellular and The Bank of New York Mellon Trust Company, N.A., related to $500,000,000 of UScellular's 6.25% Senior Notes due 2069, is hereby incorporated by reference to Exhibit 2 to UScellular's Registration Statement on Form 8-A dated August 12, 2020.
4.3(h)	Form of Tenth Supplemental Indenture dated as of December 2, 2020, between UScellular and The Bank of New York Mellon Trust Company, N.A., related to $500,000,000 of UScellular's 5.5% Senior Notes due 2070 is hereby incorporated by reference to Exhibit 2 to UScellular's Registration Statement on Form 8-A dated December 2, 2020.
4.4	Indenture for Subordinated Debt Securities between UScellular and BNY is hereby incorporated by reference to Exhibit 4.1 to UScellular’s Current Report on Form 8-K dated September 16, 2013.
4.5(a)	Master Indenture for asset-backed notes by and among USCC Master Note Trust, USCC Services, LLC and U.S. Bank National Association, as Indenture Trustee, dated December 20, 2017, is hereby incorporated by reference to Exhibit 4.1 to UScellular’s Form 8-K dated December 20, 2017.
4.5(b)***	Omnibus Amendment No. 1 to Master Indenture, Series 2017-VFN Indenture Supplement, Note Purchase Agreement, Receivables Purchase Agreement and Transfer and Servicing Agreement dated September 30, 2019 among USCC Master Note Trust, U.S. Bank National Association, as Indenture Trustee, USCC Services, LLC, USCC Receivables Funding LLC, USCC EIP LLC, and Royal Bank of Canada, as administrative agent for owners of the notes is hereby incorporated by reference to Exhibit 4.3 to UScellular's Quarterly Report on Form 10-Q for the period ended September 30, 2019.
4.6(a)	Supplemental Indenture for Series 2017-VFN Floating Rate Asset-Backed Notes by and among USCC Master Note Trust, USCC Services, LLC and U.S. Bank National Association, dated December 20, 2017, is hereby incorporated by reference to Exhibit 4.2 to UScellular’s Form 8-K dated December 20, 2017.
4.6(b)	Supplemental Indenture No. 2 by and among USCC Master Note Trust, USCC Services LLC, U.S. Bank National Association, as Indenture Trustee, dated October 23, 2020, is hereby incorporated by reference to Exhibit 4.2 from UScellular's Form 8-K dated October 23, 2020.
4.7	Revolving Credit Agreement, among UScellular, Toronto Dominion (Texas) LLC, as administrative agent, and the other lenders thereto, dated as of March 2, 2020, including the form of the subsidiary Guaranty and Subordination Agreement, is hereby incorporated by reference to Exhibit 4.1 to UScellular's Form 8-K dated March 2, 2020.
4.8	Second Amended and Restated Credit Agreement, among UScellular and CoBank, ACB, as administrative agent, and the other lenders thereto, dated as of June 11, 2020, is hereby incorporated by reference to Exhibit 4.1 to UScellular's Form 8-K dated June 11, 2020.

4.9	Amended and Restated Series 2017-VFN Indenture Supplement by and among USCC Master Note Trust, as Issuer, USCC Services, LLC, as Servicer, and U.S. Bank National Association, as Indenture Trustee, dated October 23, 2020, is hereby incorporated by reference to Exhibit 4.1 from UScellular's Form 8-K dated October 23, 2020.
4.10	Description of UScellular's Securities.
9.1	Amendment and Restatement (dated April 22, 2005) of Voting Trust Agreement dated June 30, 1989 is hereby incorporated by reference to the Exhibit filed on Amendment No. 3 to the Schedule 13D dated May 2, 2005, filed by the trustees of such voting trust with respect to TDS Common Shares.
10.1**	Tax Allocation Agreement between UScellular and TDS is hereby incorporated by reference to an exhibit to UScellular's Registration Statement on Form S-1 (Registration No. 33-16975).
10.2	Cash Management Agreement between UScellular and TDS dated December 15, 2017, is hereby incorporated by reference to Exhibit 10.2 to UScellular's Annual Report on Form 10-K for the year ended December 31, 2017.
10.3**	Registration Rights Agreement between UScellular and TDS is hereby incorporated by reference to an exhibit to UScellular's Registration Statement on Form S-1 (Registration No. 33-16975).
10.4**	Exchange Agreement between UScellular and TDS, as amended, is hereby incorporated by reference to an exhibit to UScellular's Registration Statement on Form S-1 (Registration No. 33-16975).
10.5**	Intercompany Agreement between UScellular and TDS is hereby incorporated by reference to an exhibit to UScellular's Registration Statement on Form S-1 (Registration No. 33-16975).
10.6**	Employee Benefit Plans Agreement between UScellular and TDS is hereby incorporated by reference to an exhibit to UScellular's Registration Statement on Form S-1 (Registration No. 33-16975).
10.7**	Insurance Cost Sharing Agreement between UScellular and TDS is hereby incorporated by reference to an exhibit to UScellular's Registration Statement on Form S-1 (Registration No. 33-16975).
10.8(a)*	TDS Supplemental Executive Retirement Plan, as amended and restated, effective January 1, 2009, is hereby incorporated by reference to Exhibit 10.1 to TDS' Current Report on Form 8-K dated August 27, 2008.
10.8(b)*	Amendment Number One to the TDS Supplemental Executive Retirement Plan, is hereby incorporated by reference to Exhibit 10.2 to TDS' Current Report on Form 8-K dated March 15, 2012.
10.8(c)*	Amendment Number Two to the TDS Supplemental Executive Retirement Plan, is hereby incorporated by reference to Exhibit 10.3 to TDS' Current Report on Form 8-K dated November 3, 2014.
10.9*	UScellular Amended and Restated Compensation Plan for Non-Employee Directors, is hereby incorporated by reference to Exhibit 10.7 to UScellular's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017.
10.10*	UScellular 2005 Long-Term Incentive Plan is hereby incorporated by reference to Exhibit C to the UScellular Notice of Annual Meeting of Shareholders and Proxy Statement dated April 15, 2009, which was filed with the SEC on Schedule 14A on April 15, 2009.
10.11(a)*	UScellular 2013 Long-Term Incentive Plan is hereby incorporated by reference to Exhibit B to the UScellular Notice of Annual Meeting of Shareholders and Proxy Statement dated April 12, 2016, which was filed with the SEC on Schedule 14A on April 12, 2016.
10.11(b)*	Amendment No. 1 to UScellular 2013 Long-Term Incentive Plan is hereby incorporated by reference to Exhibit A to the UScellular Notice of Annual Meeting of Shareholders and Proxy Statement dated April 12, 2016, which was filed with the SEC on Schedule 14A on April 12, 2016.
10.11(c)*	Amendment No. 2 to UScellular 2013 Long-Term Incentive Plan is hereby incorporated by reference to Exhibit 10.11(c) to UScellular's Annual Report on Form 10-K for the year ended December 31, 2018.
10.11(d)*	Amendment No. 3 to UScellular 2013 Long-Term Incentive Plan.
10.12(a)*	UScellular Form of Long-Term Incentive Plan Executive Deferred Compensation Agreement — Phantom Stock Account for officers is hereby incorporated by reference to Exhibit 10.5 to UScellular's Current Report on Form 8-K dated May 14, 2013.
10.12(b)*	UScellular Form of Long-Term Incentive Plan Executive Deferred Compensation Agreement — Phantom Stock Account
10.13(a)*	UScellular Executive Deferred Compensation Interest Account Plan is hereby incorporated by reference to Exhibit 10.1 to UScellular's Current Report on Form 8-K dated December 10, 2007.
10.13(b)*	First Amendment to UScellular Executive Deferred Compensation Interest Account Plan is hereby incorporated by reference to Exhibit 10.6 to UScellular's Current Report on Form 8-K dated December 9, 2008.
10.13(c)*	Second Amendment to UScellular Executive Deferred Compensation Interest Account Plan is hereby incorporated by reference to Exhibit 10.12(c) to UScellular's Annual Report on Form 10-K for the year ended December 31, 2012.

10.13(d)*	Election Form for UScellular Executive Deferred Compensation Interest Account Plan is hereby incorporated by reference to Exhibit 10.12(d) to UScellular's Annual Report on Form 10-K for the year ended December 31, 2012.
10.13(e)*	Third Amendment to UScellular Executive Deferred Compensation Interest Account Plan.
10.13(f)*	Fourth Amendment to UScellular Executive Deferred Compensation Interest Account Plan.
10.13(g)*	Fifth Amendment to UScellular Executive Deferred Compensation Interest Account Plan.
10.13(h)*	Sixth Amendment to UScellular Executive Deferred Compensation Interest Account Plan.
10.14*	UScellular Form of Long-Term Incentive Plan 2017 Performance Award Agreement for Officers other than the President and CEO, is hereby incorporated by reference to Exhibit 10.1 to UScellular's Current Report on Form 8-K dated March 13, 2017.
10.15*	UScellular Form of Long-Term Incentive Plan 2018 Performance Award Agreement for Officers other than the President and CEO, is hereby incorporated by reference to Exhibit 10.1 to UScellular's Current Report on Form 8-K dated March 12, 2018.
10.16*	UScellular Form of Long-Term Incentive Plan 2019 Performance Award Agreement for Officers other than the President and CEO, is hereby incorporated by reference to Exhibit 10.1 to UScellular's Current Report on Form 8-K dated March 12, 2019.
10.17*	UScellular Form of Long-Term Incentive Plan Restricted Stock Unit Award Agreement for the President and CEO, is hereby incorporated by reference to Exhibit 10.2 to UScellular's Current Report on Form 8-K dated April 3, 2017.
10.18*	UScellular Form of 2013 Long-Term Incentive Plan Restricted Stock Unit Award Agreement for Officers other than the President and CEO, is hereby incorporated by reference to Exhibit 10.2 to UScellular's Current Report on Form 8-K dated March 13, 2017.
10.19*	Guidelines for the Determination of Annual Bonus for President and Chief Executive Officer of UScellular, are hereby incorporated by reference to Exhibit 10.2 to UScellular's Current Report on Form 8-K dated August 19, 2014.
10.20*	Letter Agreement dated July 25, 2013, between UScellular and Kenneth R. Meyers is hereby incorporated by reference to Exhibit 10.1 to UScellular's Current Report on Form 8-K dated July 25, 2013.
10.21***	2019 Master Service Agreement effective October 1, 2019 between USCC Services, LLC, and Amdocs Tethys Limited is hereby incorporated by reference to Exhibit 10.6 to UScellular's Quarterly Report on Form 10-Q for the period ended September 30, 2019.
10.22***	Amended and Restated Software License and Maintenance Agreement effective October 1, 2019 between USCC Services, LLC and Amdocs Tethys Limited is hereby incorporated by reference to Exhibit 10.9 to UScellular's Quarterly Report on Form 10-Q for the period ended September 30, 2019.
10.23***	2019 Master Statement of Work for Managed Services, effective October 1, 2019 between USCC Services, LLC and Amdocs Tethys Limited is hereby incorporated by reference to Exhibit 10.7 to UScellular's Quarterly Report on Form 10-Q for the period ended September 30, 2019.
10.24***	2019 Managed Services Statement of Work No. 1 effective October 1, 2019 between USCC Services, LLC and Amdocs Tethys Limited is hereby incorporated by reference to Exhibit 10.8 to UScellular's Quarterly Report on Form 10-Q for the period ended September 30, 2019.
10.25	Performance Guaranty and Parent Undertaking Agreement by UScellular in favor of the Guaranteed Parties defined therein, dated December 20, 2017, is hereby incorporated by reference to Exhibit 10.2 to UScellular's Form 8-K dated December 20, 2017.
10.26	Amended and Restated Trust Agreement between USCC Receivables Funding LLC, as transferor, and Wilmington Trust, National Association, as Trustee, is hereby incorporated by reference to Exhibit 10.3 to UScellular's Form 8-K dated December 20, 2017.
10.27*	Form of Retention Agreement for Steven T. Campbell and Jay M. Ellison, is hereby incorporated by reference to Exhibit 10.1 to UScellular's Current Report on Form 8-K dated May 1, 2018.
10.28*	Form of Letter Agreement effective May 22, 2018, between UScellular and Deirdre C. Drake is hereby incorporated by reference to Exhibit 10.1 to UScellular's Current Report on Form 8-K dated May 22, 2018.
10.29*	Letter Agreement between UScellular and Douglas W. Chambers is hereby incorporated by reference to Exhibit 10.1 to UScellular's Current Report on Form 8-K/A dated May 21, 2019.
10.30***	Omnibus Amendment No. 1 to Master Indenture, Series 2017-VFN Indenture Supplement, Note Purchase Agreement, Receivables Purchase Agreement and Transfer and Servicing Agreement dated September 30, 2019, among USCC Master Note Trust, U.S. Bank National Association, as Indenture Trustee, USCC Services, LLC, USCC Receivables Funding LLC, USCC EIP LLC, and Royal Bank of Canada, as administrative agent for owners of the notes is hereby incorporated by reference to Exhibit 4.3 to UScellular's Quarterly Report on Form 10-Q for the period ended September 30, 2019.

10.31*	Amendment to Retention Agreement between USCC Services, LLC and Steven T. Campbell dated December 20, 2019, is hereby incorporated by reference to Exhibit 10.33 to UScellular's Annual Report on Form 10-K for the year ended December 31, 2019.
10.32*	Amendment to Retention Agreement between USCC Services, LLC and Jay M. Ellison dated January 7, 2020, is hereby incorporated by reference to Exhibit 10.34 to UScellular's Annual Report on Form 10-K for the year ended December 31, 2019.
10.33*	UScellular 2020 Executive Officer Annual Incentive Plan effective January 1, 2020, is hereby incorporated by reference to Exhibit 10.1 to UScellular's Current Report on Form 8-K dated March 23, 2020.
10.34*	Letter Agreement between UScellular and Michael S. Irizarry dated March 31, 2020, is hereby incorporated by reference to Exhibit 10.1 to UScellular's Current Report on Form 8-K dated March 30, 2020.
10.35*	UScellular Form of 2013 Long-Term Incentive Plan 2020 Performance Award Agreement for Officers other than the President and CEO, is hereby incorporated by reference to Exhibit 10.4 to UScellular's Quarterly Report on Form 10-Q for the period ended June 30, 2020.
10.36*	UScellular 2013 Long-Term Incentive Plan 2020 Restricted Stock Award Agreement for the President and CEO, is hereby incorporated by reference to Exhibit 10.5 to UScellular's Quarterly Report on Form 10-Q for the period ended June 30, 2020.
10.37*	Letter Agreement between UScellular and Laurent C. Therivel dated June 1, 2020, is hereby incorporated by reference to Exhibit 10.6 to UScellular's Quarterly Report on Form 10-Q for the period ended June 30, 2020.
10.38*	Consulting Agreement between UScellular and Steven T. Campbell dated June 19, 2020, is hereby incorporated by reference to Exhibit 10.7 to UScellular's Quarterly Report on Form 10-Q for the period ended June 30, 2020.
10.39*	2013 Long-Term Incentive Plan 2020 Accomplishment Award Agreement for UScellular's President and CEO, is hereby incorporated by reference to Exhibit 10.1 to UScellular's Quarterly Report on Form 10-Q for the period ended September 30, 2020.
10.40	Amended and Restated Series 2017-VFN Note Purchase Agreement by and among USCC Receivables Funding LLC, as Transferor, USCC Master Note Trust, as Issuer, USCC Services, LLC, as Servicer, UScellular as Performance Guarantor, and Royal Bank of Canada, as Administrative Agent for owners of the notes, dated October 23, 2020, is hereby incorporated by reference to Exhibit 10.1 from UScellular's Form 8-K dated October 23, 2020.
10.41*	Consulting Agreement effective January 1, 2021, between UScellular and Jay M. Ellison.
13	Incorporated portions of 2020 Annual Report to Shareholders.
21	Subsidiaries of UScellular.
23.1	Consent of Independent Registered Public Accounting Firm—PricewaterhouseCoopers LLP.
31.1	Principal executive officer certification pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.
31.2	Principal financial officer certification pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.
32.1	Principal executive officer certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Principal financial officer certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the inline document.
*	Indicates a management contract or compensatory plan or arrangement.
**	Indicates a paper filing prior to the adoption of EDGAR.
***	Portions of this Exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K promulgated under the Exchange Act.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED STATES CELLULAR CORPORATION

By: /s/ Laurent C. Therivel
Laurent C. Therivel
President and Chief Executive Officer
(principal executive officer)

By: /s/ Douglas W. Chambers
Douglas W. Chambers
Executive Vice President, Chief Financial Officer and Treasurer
(principal financial officer)

By: /s/ Anita J. Kroll
Anita J. Kroll
Chief Accounting Officer
(principal accounting officer)

By: /s/ Jeffrey S. Hoersch
Jeffrey S. Hoersch
Vice President and Controller

Dated: February 18, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ LeRoy T. Carlson, Jr. LeRoy T. Carlson, Jr.	Director	February 18, 2021
/s/ Laurent C. Therivel Laurent C. Therivel	Director	February 18, 2021
/s/ Walter C. D. Carlson Walter C. D. Carlson	Director	February 18, 2021
/s/ J. Samuel Crowley J. Samuel Crowley	Director	February 18, 2021
/s/ Ronald E. Daly Ronald E. Daly	Director	February 18, 2021
/s/ Harry J. Harczak, Jr. Harry J. Harczak, Jr.	Director	February 18, 2021
/s/ Michael S. Irizarry Michael S. Irizarry	Director	February 18, 2021
/s/ Gregory P. Josefowicz Gregory P. Josefowicz	Director	February 18, 2021
/s/ Peter L. Sereda Peter L. Sereda	Director	February 18, 2021
/s/ Cecelia D. Stewart Cecelia D. Stewart	Director	February 18, 2021
/s/ Kurt B. Thaus Kurt B. Thaus	Director	February 18, 2021

Exhibit 4.10

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2020, United States Cellular Corporation has six classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our Common Stock; (2) our 6.95% Senior Notes due 2060; (3) our 7.25% Senior Notes due 2063; (4) our 7.25% Senior Notes due 2064; (5) our 6.25% Senior Notes due 2069; and (6) our 5.50% Senior Notes due 2070.

Description of Common Stock

The following description of our Common Stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Restated Certificate of Incorporation (the "Certificate of Incorporation") and our Restated Bylaws, as amended (the "Bylaws"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.10 is a part. We encourage you to read our Certificate of Incorporation, our Bylaws and the applicable provisions of Delaware General Corporation Law, as amended, for additional information.

Authorized Capital Shares

Our authorized capital shares consist of 140,000,000 shares of common stock, $1.00 par value per share ("Common Stock"), 50,000,000 shares of series A common stock, $1.00 par value per share ("Series A Stock"), 5,000,000 shares of preferred stock, $1.00 par value per share ("Preferred Stock"). The outstanding shares of our Common Stock are fully paid and nonassessable.

Voting Rights

The holders of Common Stock have one vote per share and the holders of Series A Stock have ten votes per share. In the election of directors, holders of Common Stock vote in the election of 25% of the total number of directors for the UScellular Board of Directors rounded up to the next whole number. The holders of Series A Stock elect the remaining directors. If the number of Series A Stock issued and outstanding at any time falls below 12.5% of the number of outstanding shares of Common Stock, because of the conversion of Series A Common Stock into Common Stock or otherwise, the holders of Series A Stock would lose the right to vote as a separate class, and thereafter, the holders of Series A Stock, with ten votes per share, and the holders of Common Stock, with one vote per share, would vote as a single class in the election of all directors.

In addition, Telephone and Data Systems, Inc. ("TDS") controls a majority of the voting power of UScellular through its ownership of 100% of the issued and outstanding Series A Stock and approximately 70% of the issued and outstanding Common Stock. In general, only the affirmative vote of TDS will be required to amend the UScellular Restated Certificate of Incorporation, approve the sale of substantially all of the assets of UScellular, approve the dissolution of UScellular or approve any other matter required to be voted on by shareholders, except as required under the UScellular Restated Certificate of Incorporation or the Delaware General Corporation Law.

Our Common Stock does not have cumulative voting rights.

Dividend Rights

The holders of Common Stock are entitled to receive dividends, if any, as may be declared from time to time by the Board of Directors in its discretion out of funds legally available for the payment of dividends.

Liquidation Rights

Holders of Common Stock and Series A Stock will share ratably in all assets legally available for distribution to our stockholders in the event of dissolution.

Other Rights and Preferences

Our Common Stock has no sinking fund provisions or preemptive, conversion or exchange rights.

Our Common Stock may be subject to redemption if, in the judgment of the Board such action is necessary to prevent the loss or secure the reinstatement of any license of franchise from any governmental agency held by UScellular or any of its subsidiaries. The redemption price is the lesser of the fair market value of such Common Stock or the purchase price if held by a "disqualified holder" as described in Section J of Article IV and Article IX of the Certificate of Incorporation.

Holders of Common Stock may act by written consent if shares representing not less than the minimum voting power of the shares that would be necessary to authorize or take such action at a meeting at which all shares of capital stock of UScellular entitled to vote thereon were present and voted.

Limitation of Liability

Our Certificate of Incorporation provides that, to the full extent authorized by the Delaware General Corporation Law, directors of UScellular will not be personally liable to the UScellular or its shareholders for monetary damages for breach of fiduciary duty as a director.

Listing

The Common Stock is traded on The New York Stock Exchange under the trading symbol “USM.”

Description of the Notes

The following description of our 6.95% Senior Notes due 2060 (the “2060 Notes”), our 7.25% Senior Notes due 2063 (the “2063 Notes”), our 7.25% Senior Notes due 2064 (the “2064 Notes”), our 6.25% Senior Notes due 2069 (the “2069 Notes”), and our 5.50% Senior Notes due 2070 (the “2070 Notes” and, together with our 2060 Notes, 2063 Notes, 2064 Notes, and 2069 Notes, the “notes”), is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the Indenture for Senior Debt Securities between UScellular and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), formerly known as The Bank of New York Trust Company, N.A., as successor to BNY Midwest Trust Company dated June 1, 2002 (the “Base Indenture”), as supplemented in the case of the 2060 Notes by the sixth supplemental indenture dated May 9, 2011, as supplemented in the case of the 2063 Notes by the seventh supplemental indenture dated December 8, 2014, as supplemented in the case of the 2064 Notes by the eighth supplemental indenture dated November 23, 2015, as supplemented in the case of the 2069 Notes by the ninth supplemental indenture dated August 12, 2020, and as supplemented in the case of the 2070 Notes by the tenth supplemental indenture dated December 2, 2020 (the Base Indenture, as supplemented by the sixth, seventh, eighth, ninth, and tenth supplemental indentures, the “indenture”), which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.10 is a part. The 2060 Notes, the 2063 Notes, the 2064 Notes, the 2069 Notes, and the 2070 Notes are each traded on The New York Stock Exchange under the trading symbols of “UZA,” “UZB,” “UZC,” “UZD,” and “UZE,” respectively.

We encourage you to read the above referenced indenture, as supplemented, for additional information.

General

The following is a description of certain of the specific terms and conditions of the indenture supplements with respect to each of the notes.

The 2060 Notes were issued in an aggregate principal amount of $342,000,000, which remains the aggregate principal amount outstanding. The 2063 Notes were issued in an aggregate principal amount of $275,000,000, which remains the aggregate principal amount outstanding. The 2064 Notes were issued in an aggregate principal amount of $300,000,000, which remains the aggregate principal amount outstanding. The 2069 Notes were issued in an aggregate principal amount of $500,000,000, which remains the aggregate principal amount outstanding. The 2070 Notes were issued in an aggregate principal amount of $500,000,000, which remains the aggregate principal amount outstanding.

The notes are senior unsecured obligations and rank equally with our other unsecured and unsubordinated debt from time to time outstanding. However, in certain circumstances the notes may become effectively subordinated to the claims of the holders of certain other indebtedness of UScellular, of which approximately $544 million is outstanding as of December 31, 2020. This certain other indebtedness has the benefit of covenants limiting secured debt and sale and leaseback transactions similar to, but more restrictive than, the limitations on secured debt and sale and leaseback transactions of the notes. In the event USM incurs secured debt or enters into a sale and leaseback transaction that is excepted from the covenant protection provided to the holders of the notes but not the holders of this other indebtedness, the notes may become effectively subordinated to the claims of the holders of the other indebtedness up to the value of the assets subject to the lien or sale and leaseback transaction. In addition, because UScellular is a holding company which conducts substantially all of its operations through subsidiaries, the right of UScellular, and therefore, the right of creditors of UScellular, including the holders of the notes, to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is subject to the prior claims of creditors of the subsidiary, except to the extent that claims of UScellular itself as a creditor of the subsidiary may be recognized. As of December 31, 2020, our subsidiaries had approximately $28 million of other long-term debt.

The maturity date of the 2060 Notes is May 15, 2060. The maturity date of the 2063 Notes is December 1, 2063. The maturity date of the 2064 Notes is December 1, 2064. The maturity date of the 2069 Notes is September 1, 2069. The maturity date of the 2070 Notes is March 1, 2070.

The notes will be subject to legal defeasance and covenant defeasance as provided under the “Discharge, Defeasance and Covenant Defeasance” section set forth below.

The notes were issued in a form of one or more fully registered global securities, without coupons, in the name of a nominee of The Depository Trust Company (the “Depositary”), in denominations of $25.

UScellular may redeem the notes, in whole or in party, at any time at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date. UScellular is not required to establish a sinking fund prior to redemption.

The Base Indenture does not limit the amount of debt securities that we may issue under the Base Indenture and provides that debt securities may be issued from time to time in one or more series.

Interest and Principal

The 2060 Notes bear interest at a fixed rate of 6.95% per annum and interest is paid quarterly on March 15, June 15, September 15 and December 15 of each year until maturity. The 2063 Notes bear interest at a fixed rate of 7.25% per annum and interest is paid quarterly on March 1, June 1, September 1 and December 1 of each year until maturity. The 2064 Notes bear interest at a fixed rate of 7.25% per annum and interest is paid quarterly on March 1, June 1, September 1 and December 1 of each year until maturity. The 2069 Notes bear interest at a fixed rate of 6.25% per annum and interest is paid quarterly on March 1, June 1, September 1 and December 1 of each year until maturity. The 2070 Notes bear interest at a fixed rate of 5.50% per annum and interest is paid quarterly on March 1, June 1, September 1 and December 1 of each year until maturity. Each of the above dates is referred to as an "interest payment date". We will pay interest on the notes to the persons in whose names the notes are registered at the close of business on the day immediately preceding the related interest payment date. Interest on the notes will be computed on the basis of twelve 30-day months and a 360-day year. If any interest payment date falls on a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York are authorized by law to close, then payment of interest will be made on the next succeeding business day and no additional interest will accrue because of the delayed payment, except that, if such business day is in the next succeeding calendar year, such payment will be made on the immediately preceding business day, with the same force and effect as if made on such date.

Optional Redemption

At any time prior to the maturity date of the notes, we will have the right at our option to redeem the notes, in whole or in part, at any time or from time to time, on at least 30 days' but not more than 60 days' prior notice, at a redemption price, calculated by us, equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date. The notes are not subject to any sinking fund provision.

Book-Entry and Settlement

The notes were issued in book-entry form through the facilities of the Depositary. Book-entry debt securities represented by a global security are not be exchangeable for certificated notes and will not otherwise be issuable as certificated notes.

Beneficial interests in the global securities are represented, and transfers of such beneficial interest are effected, through accounts of the Depositary acting on behalf of beneficial owners as direct or indirect participants.

Beneficial interests in the global securities will be shown on, and transfers of beneficial interests in the global securities are made only through, records maintained by the Depositary.

So long as the Depositary or its nominee is the registered owner of the global security, the Depositary or its nominee will be considered the sole owner or holder of the notes represented by such global security for all purposes under the notes and the Base Indenture and supplemental indenture pursuant to which the notes were issued. Except as provided below or as we may otherwise agree in our sole discretion, owners of beneficial interests in a global security will not be entitled to have notes represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form and will not be considered the owners or holders thereof under the Base Indenture or supplemental indenture pursuant to which the notes were issued. Accordingly, each person owning a beneficial interest in the global security must rely on the procedures of the Depositary and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under the Base Indenture or supplemental indenture. Principal and interest payments on notes registered in the name of the Depositary or its nominee will be made to the Depositary or its nominee, as the case may be, as the registered owner of the global security representing such notes. None of UScellular, the Trustee, any paying agent or the registrar for the Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in such global security for such notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Trustee, Paying Agents and Security Registrar

The Bank of New York Mellon Trust Company, N.A. is the trustee under the indentures governing the notes. The Trustee is a national banking association organized under and governed by the laws of the United States of America, and provides trust services and acts as indenture trustee for numerous corporate securities issuances, including for other series of debt securities of which we are the issuer. The Trustee is an affiliate of The Bank of New York Mellon Corp., which is one of a number of banks with which UScellular and its subsidiaries maintain ordinary banking relationships including, in certain cases, credit facilities. In connection therewith, we utilize or may utilize some of the banking and other services offered by The Bank of New York Mellon Corp. or its affiliates, including The Bank of New York Mellon Trust Company, N.A., in the normal course of business, including securities custody services.

Base Indenture Provisions:

Governing Law

The Base Indenture and the notes are governed by, and construed in accordance with, the laws of the State of Illinois.

Modification of the Indenture

With the Consent of Security holders. The Base Indenture contains provisions permitting UScellular and the Trustee, with the consent of the holders of not less than a majority in principal amount of debt securities of each series that are affected by the modification, to modify the Base Indenture or any supplemental indenture affecting that series or the rights of the holders of that series of debt securities.

However, no such modification, without the consent of the holder of each outstanding security affected thereby, may:

- extend the fixed maturity of any debt securities of any series;
- reduce the principal amount of any debt securities of any series;
- reduce the rate or extend the time of payment of interest on any debt securities of any series;
- reduce any premium payable upon the redemption of any debt securities of any series;
- reduce the amount of the principal of a discount security that would be due and payable upon a declaration of acceleration of the maturity of any debt securities of any series;
- reduce the percentage of holders of aggregate principal amount of debt securities which are required to consent to any such supplemental indenture; or
- reduce the percentage of holders of aggregate principal amount of debt securities which are required to waive any default and its consequences.

Without the Consent of Security holders. In addition, UScellular and the Trustee may execute, without the consent of any holder of debt securities, any supplemental indenture for certain other usual purposes, including:

- to evidence the succession of another person to UScellular or a successor to UScellular, and the assumption by any such successor of the covenants of UScellular contained in the Base Indenture or otherwise established with respect to the debt securities;
- to add to the covenants of UScellular further covenants, restrictions, conditions or provisions for the protection of the holders of the debt securities of all or any series, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions, conditions or provisions a default or an Event of Default, as described below, with respect to such series permitting the enforcement of all or any of the several remedies provided in the Indenture;
- to cure any ambiguity or to correct or supplement any provision contained in the Base Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in the Indenture or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the Indenture as are not inconsistent with the provisions of the Base Indenture and will not adversely affect the rights of the holders of the notes of any series which are outstanding in any material respect;
- to change or eliminate any of the provisions of the Base Indenture or to add any new provision to the Base Indenture, except that such change, elimination or addition will become effective only as to debt securities issued pursuant to or subsequent to such supplemental indenture unless such change, elimination or addition does not adversely affect the rights of any security holder of outstanding debt securities in any material respect;

- to establish the form or terms of debt securities of any series as permitted by the Indenture;
- to add any additional Events of Default with respect to all or any series of outstanding debt securities;
- to add guarantees with respect to debt securities or to release a guarantor from guarantees in accordance with the terms of the applicable series of debt securities;
- to secure a series of debt securities by conveying, assigning, pledging or mortgaging property or assets to the Trustee as collateral security for such series of debt securities;
- to provide for uncertificated debt securities in addition to or in place of certificated debt securities;
- to provide for the authentication and delivery of bearer debt securities and coupons representing interest, if any, on such debt securities, and for the procedures for the registration, exchange and replacement of such debt securities, and for the giving of notice to, and the solicitation of the vote or consent of, the holders of such debt securities, and for any other matters incidental thereto;
- to evidence and provide for the acceptance of appointment by a separate or successor Trustee with respect to the debt securities and to add to or change any of the provisions of the Base Indenture as may be necessary to provide for or facilitate the administration of the trusts by more than one Trustee;
- to change any place or places where:
  - the principal of and premium, if any, and interest, if any, on all or any series of debt securities will be payable,
  - all or any series of debt securities may be surrendered for registration of transfer,
  - all or any series of debt securities may be surrendered for exchange, and
  - notices and demands to or upon UScellular in respect of all or any series of debt securities and the Base Indenture may be served, which must be located in New York, New York or be the principal office of UScellular;
- to provide for the payment by UScellular of additional amounts in respect of certain taxes imposed on certain holders and for the treatment of such additional amounts as interest and for all matters incidental thereto;
- to provide for the issuance of debt securities denominated in a currency other than dollars or in a composite currency and for all matters incidental thereto; or
- to comply with any requirements of the SEC or the Trust Indenture Act of 1939, as amended.

Consolidation, Merger and Sale of Assets

The Base Indenture does not contain any covenant that restricts our ability to merge or consolidate with or into any other corporation, sell or convey all or substantially all of our assets to any person, firm or corporation or otherwise engage in restructuring transactions.

Events of Default

The Base Indenture provides that any one or more of the following described events, which has occurred and is continuing, constitutes an ‘‘Event of Default’’ with respect to each series of debt securities:

- failure for 30 days to pay interest on debt securities of that series when due and payable; or
- failure for three business days to pay principal or premium, if any, on debt securities of that series when due and payable whether at maturity, upon redemption, pursuant to any sinking fund obligation, by declaration or otherwise; or
- failure by UScellular to observe or perform any other covenant (other than those specifically relating to another series) contained in the Indenture for 90 days after written notice to UScellular from the Trustee or the holders of at least 33% in principal amount of the outstanding debt securities of that series; or
- certain events involving bankruptcy, insolvency or reorganization of UScellular; or
- any other event of default provided for in a series of debt securities.

Except as may otherwise be set forth in a prospectus supplement, the Trustee or the holders of not less than 33% in aggregate outstanding principal amount of any particular series of debt securities may declare the principal due and payable immediately upon an Event of Default with respect to such series. Holders of a majority in aggregate outstanding principal amount of such series may annul any such declaration and waive the default with respect to such series if the default has been cured and a sum sufficient to pay all matured installments of interest and principal otherwise than by acceleration and any premium has been deposited with the Trustee.

The holders of a majority in aggregate outstanding principal amount of any series of debt securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee for that series.

Subject to the provisions of the Base Indenture relating to the duties of the Trustee in case an Event of Default will occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Base Indenture at the request or direction of any of the holders of the debt securities, unless such holders will have offered to the Trustee indemnity satisfactory to it.

The holders of a majority in aggregate outstanding principal amount of any series of debt securities affected thereby may, on behalf of the holders of all debt securities of such series, waive any past default, except as discussed in the following paragraph.

The holders of a majority in aggregate outstanding principal amount of any series of debt securities affected thereby may not waive a default in the payment of principal, premium, if any, or interest when due otherwise than by

- acceleration, unless such default has been cured and a sum sufficient to pay all matured installments of interest and principal otherwise than by acceleration and any premium has been deposited with the Trustee; or

- a call for redemption or any series of debt securities.

We are required to file annually with the trustee a certificate as to whether or not we are in compliance with all the conditions and covenants under the Base Indenture.

Discharge, Defeasance and Covenant Defeasance

Debt securities of any series may be defeased in accordance with their terms and, unless the supplemental indenture or company order establishing the terms of such series otherwise provides, as set forth below.

We at any time may terminate as to a series our obligations with respect to the debt securities of that series under any restrictive covenant which may be applicable to that particular series, commonly known as ‘‘covenant defeasance.’’ All of our other obligations would continue to be applicable to such series.

We at any time may also terminate as to a series substantially all of our obligations with respect to the debt securities of such series and the Base Indenture, commonly known as ‘‘legal defeasance.’’ However, in legal defeasance, certain of our obligations would not be terminated, including our obligations with respect to the defeasance trust and obligations to register the transfer or exchange of a security, to replace destroyed, lost or stolen debt securities and to maintain agencies in respect of the debt securities.

We may exercise our legal defeasance option notwithstanding our prior exercise of any covenant defeasance option.

If we exercise a defeasance option, the particular series will not be accelerated because of an event that, prior to such defeasance, would have constituted an Event of Default.

To exercise either of our defeasance options as to a series, we must irrevocably deposit in trust with the Trustee or any paying agent money, certain eligible obligations as specified in the Base Indenture, or a combination thereof, in an amount sufficient to pay when due the principal of and premium, if any, and interest, if any, due and to become due on the debt securities of such series that are outstanding.

Such defeasance or discharge may occur only if, among other things, we have delivered to the Trustee an opinion of counsel stating that:

- the holders of such debt securities will not recognize gain, loss or income for federal income tax purposes as a result of the satisfaction and discharge of the Base Indenture with respect to such series, and

- that such holders will realize gain, loss or income on such debt securities, including payments of interest thereon, in the same amounts and in the same manner and at the same time as would have been the case if such satisfaction and discharge had not occurred.

The amount of money and eligible obligations on deposit with the Trustee may not be sufficient to pay amounts due on the debt securities of that series at the time of an acceleration resulting from an Event of Default if:

- we exercise our option to effect a covenant defeasance with respect to the debt securities of any series, and
- the debt securities of that series are thereafter declared due and payable because of the occurrence of any Event of Default.

In such event, we would remain liable for such payments.

Exhibit 10.12(b)

EXECUTIVE DEFERRED COMPENSATION AGREEMENT
PHANTOM STOCK ACCOUNT— ______ BONUS YEAR

THIS AGREEMENT, entered into this day of __________, 20___, by and between _(hereinafter referred to as the "Executive") and United States Cellular Corporation (hereinafter referred to as the "Company"), a Delaware corporation, located at 8410 West Bryn Mawr Avenue, Suite 700, Chicago, IL 60631-3486.

W I T N E S S E T H:

WHEREAS, the Executive is now and will in the future be rendering valuable services to the Company, and the Company desires to ensure the continued loyalty, service and counsel of the Executive; and

WHEREAS, the Executive desires to defer a portion of his or her annual bonus for services to be performed in calendar year _____ (the "Bonus Year") until separation from service, permanent disability, death, a specified date in [BONUS YEAR PLUS FOUR] or later or unforeseeable emergency.

NOW, THEREFORE, in consideration of the covenants and agreements herein set forth, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto covenant and agree as follows:

1. **Deferred Compensation Account.** The Company agrees to establish and maintain a book reserve (the "Deferred Compensation Account") for the purpose of measuring the amount of deferred compensation payable to the Executive under this Agreement. Credits shall be made to the Deferred Compensation Account as follows:

(a) **Annual Bonus Deferral.** On each issuance of a check in full or partial payment of the Executive's annual bonus, if any, for services to be performed in the Bonus Year, there shall be deducted an amount equivalent to the percent indicated of the gross bonus payment which will be credited to the Deferred Compensation Account as of the date on which such check is to be issued.

The bonus deferral selected in this paragraph 1(a) shall be irrevocable except in the event that, prior to the date that the bonus is to be paid, the Executive receives a withdrawal due to the Executive's unforeseeable emergency (as defined in paragraph 3(g)) from a nonqualified deferred compensation arrangement maintained by the Company or any affiliate thereof. In such event, the bonus deferral shall be cancelled in its entirety.

Bonus % ______

(b) **Company Match.** As of each date on which an amount is credited to the Deferred Compensation Account pursuant to paragraph 1(a), there also shall be credited to the Deferred Compensation Account a Company Match amount equal to 33 1/3% of such amount credited to the Deferred Compensation Account.

(c) **Deemed Investment of Deferred Compensation Account.** An amount credited to the Deferred Compensation Account pursuant to paragraph 1(a) or 1(b) shall be deemed to be invested in whole and fractional shares of common stock of the Company at the closing sale price on the principal national stock exchange on which such stock is traded on the date as of which the amount is credited to the Deferred Compensation Account or, if there is no reported sale for such date, on the next preceding date for which a sale was reported.

2. **Vesting of Deferred Compensation.**

(a) **Annual Bonus Deferral.** The bonus deferral amount credited to the Deferred Compensation Account pursuant to paragraph 1(a) (as adjusted for deemed investment returns) shall be 100% vested at all times.

(b) **Company Match.** One-third of the Company Match amount credited to the Executive's Deferred Compensation Account pursuant to paragraph 1(b) (as adjusted for deemed investment returns) shall become vested on each of the first three annual anniversary dates of December 31, [BONUS YEAR], provided that the Executive remains continuously employed by the Company or an affiliate thereof until such date and the related amount credited to the Deferred Compensation Account pursuant to paragraph 1(a) has not been withdrawn or distributed before such date. Any Company Match amount (as adjusted for deemed investment returns) that is not vested as of the date that the related bonus amount credited to the Deferred Compensation Account is withdrawn or distributed shall be forfeited as of the date of such withdrawal or distribution. Notwithstanding the foregoing, the Company Match amount (as adjusted for deemed investment returns), to the extent not forfeited previously, shall become 100% vested upon (i) the Executive's separation from service by reason of the Executive's retirement or death or (ii) the Executive suffering a permanent disability prior to the Executive's separation from service.

For all purposes of this Agreement, "separation from service" shall have the meaning set forth in the United States Cellular Corporation 2013 Long-Term Incentive Plan, as it may be amended from time to time (or any successor thereto) (the "LTIP"). "Retirement" shall mean the Executive's separation from service on or after his or her Early or Normal Retirement Date (as defined in the Telephone and Data Systems, Inc. Pension Plan). "Permanent disability" shall mean (i) the Executive's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months or (ii) the Executive's receipt, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, of income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Executive's employer.

(c) **Competition, Misappropriation, Solicitation, Disparagement or Separation due to Negligence or Willful Misconduct.** Notwithstanding the provisions of paragraph 2(b), if the Executive engages in (i) Competition, (ii) Misappropriation, (iii) Solicitation or (iv) Disparagement, or if the Executive separates from service on account of the Executive's negligence or willful misconduct, in each case as determined by the Company in its sole discretion, then the Company Match amount credited to the Executive's Deferred Compensation Account pursuant to paragraph 1(b) (as adjusted for deemed investment returns) immediately shall be forfeited, irrespective of whether such amount otherwise was considered vested.

For this purpose, "Competition" shall mean that the Executive, directly or indirectly, individually or in conjunction with any Person, during the Executive's employment with the Company and its affiliates and for the twelve (12) months after the termination of that employment for any reason, other than on the Company's or an affiliate's behalf (i) has contact with any customer of the Company or any affiliate or with any prospective customer which has been contacted or solicited by or on behalf of the Company or any affiliate for the purpose of soliciting or selling to such customer or prospective customer the same or a similar (such that it could substitute for) product or service provided by the Company or an affiliate during the Executive's employment with the Company and its affiliates or (ii) becomes employed in the business or engages in the business of providing wireless products or services in any county or county contiguous to a county in which the Company or an affiliate provided such products or services during the Executive's employment with the Company and its affiliates or had plans to do so within the twelve (12) month period immediately following the Executive's termination of employment.

For this purpose, "Misappropriation" shall mean that the Executive (i) uses confidential information (as defined below) for the benefit of anyone other than the Company or an affiliate, as the case may be, or discloses the confidential information to anyone not authorized by the Company or an affiliate, as the case may be, to receive such information, (ii) upon termination of employment, makes any summaries of, takes any notes with respect to or memorizes any confidential information or takes any confidential information or reproductions thereof from the facilities of the Company or an affiliate or (iii) upon termination of employment or upon the request of the Company or an affiliate, fails to return all confidential information then in the Executive's possession. For the avoidance of doubt, "Misappropriation" does not include disclosure of Confidential Information to a governmental regulatory agency, such as the U.S. Securities and Exchange Commission, provided that the Executive informs the agency that the Company and its affiliates deem the information to be confidential. "Confidential Information" shall mean any confidential and proprietary drawings, reports, sales and training manuals, customer lists, computer programs and other material embodying trade secrets or confidential technical, business or financial information of the Company or an affiliate thereof.

For this purpose, "Solicitation" shall mean that the Executive, directly or indirectly, individually or in conjunction with any Person, during the Executive's employment with the Company and its affiliates and for the twelve (12) months after the termination of that employment for any reason, other than on the Company's or an affiliate's behalf, solicits, induces or encourages (or attempts to solicit, induce or encourage) any individual away from the Company's or an affiliate's employ or from the faithful discharge of such individual's contractual and fiduciary obligations to serve the Company's and its affiliate's interests with undivided loyalty.

For this purpose, "Disparagement" shall mean that the Executive has made a statement (whether oral, written, or electronic) to any Person other than to an officer of the Company or an affiliate that disparages or demeans the Company or an affiliate or any of their respective owners, directors, officers, employees, products or services. For the avoidance of doubt, "Disparagement" does not include making truthful statements to any governmental regulatory agency or to testimony in any legal proceeding.

3. **Payment of Deferred Compensation.**

(a) **Medium of Payment.** All payments of deferred compensation hereunder shall be made in whole shares of common stock of the Company and cash equal to the fair market value of any fractional share.

(b) **<u>Election of Payment Date.</u>** The Executive must elect in this paragraph 3(b) the date on which his or her vested Deferred Compensation Account for the Bonus Year (the "Distributable Balance") becomes payable. The Executive may elect payment either upon his or her separation from service, or in January of a specified year in [BONUS YEAR PLUS FOUR] or later (a "Specified Date") (choose one option); <u>provided</u>, <u>however</u>, if the Executive elects a Specified Date for payment and separates from service prior to such date, the Executive's Distributable Balance shall be distributed (or commence to be distributed, in the case of installments) to the Executive upon such separation from service. The election under this paragraph 3(b) must be made at the time of execution of this Agreement, will apply to the entire Distributable Balance and is irrevocable.

<u>Check one below:</u>

☐ **Election to Receive upon Separation from Service**

☐ **Election to Receive at a Specified Date** **January of _______**
(must be [BONUS YEAR PLUS FOUR] or later)

If the Executive fails to make a valid election regarding the date on which his or her Distributable Balance becomes payable, the Executive shall be deemed to have elected payment upon his or her separation from service.

(c) **<u>Election of Form of Payment.</u>** The Executive must elect in this paragraph 3(c) the form of payment for receiving his or her Distributable Balance. The Executive may elect payment either in a lump sum or in an indicated number of annual installments. The election under this paragraph 3(c) must be made at the time of execution of this Agreement, will apply to the entire Distributable Balance and is irrevocable.

<u>Check one below:</u>

☐ **Lump Sum Distribution**

☐ **Annual Installments** _____ **(insert number of years up to a maximum of 5; to be paid annually in January)**

If the Executive fails to make a valid election regarding the form of payment of his or her Distributable Balance, the Executive shall be deemed to have elected a lump sum distribution.

(d) **<u>Distribution Upon Permanent Disability.</u>** If the Executive becomes permanently disabled prior to the commencement of the payment of his or her Distributable Balance, the Executive's Distributable Balance immediately shall become payable to the Executive (irrespective of the payment date elected by the Executive in paragraph 3(b)). Payment shall be made in a lump sum (irrespective of the form of payment elected by the Executive in paragraph 3(c)) at the time determined by the Company within sixty (60) days following the Executive's disability. If the Executive is a specified employee who incurs a permanent disability after he or she has separated from service, payment of the Distributable Balance shall be subject to any delay required by paragraph 3(b).

(e) **<u>Distribution at Death.</u>** If the Executive dies prior to the total distribution of his or her Distributable Balance, the Executive's unpaid Distributable Balance immediately shall become payable in full to the Executive's Designated Beneficiary (as determined under paragraph 4) (irrespective of the payment date elected by the Executive in paragraph 3(b)). Payment shall be made in a lump sum (irrespective of the form of payment elected by the Executive in paragraph 3(c)) at the time determined by the Company within sixty (60) days following the Executive's death.

(f) **<u>Timing of Distribution Upon Occurrence of Distribution Event.</u>** If the Executive elected distribution of his or her Distributable Balance in the form of a lump sum, the Distributable Balance shall be paid at the time determined by the Company within sixty (60) days after the occurrence of the event causing such balance to be payable (the payment date described in paragraph 3(b) or the Executive's permanent disability, as applicable). If the Executive elected distribution of his or her Distributable Balance in the form of installments, the Distributable Balance shall be paid annually, commencing in January of the calendar year following the calendar year of the occurrence of the event causing such balance to be payable. Annual installments then will be paid in January of each succeeding calendar year until the entire Distributable Balance has been paid. For purposes of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the entitlement to a series of installment payments under this Agreement shall be treated as the entitlement to a single payment as of the date the first installment is scheduled to be paid.

Notwithstanding the foregoing or any other provision within this Agreement, if the Executive is a specified employee (as determined under the Section 409A Specified Employee Policy of Telephone and Data Systems, Inc. and its Affiliates) as of the date of his or her separation from service and is entitled to payment hereunder by reason of such separation from service, no payment (including on account of the Executive's permanent disability or unforeseeable emergency) shall be made from the Deferred Compensation Account before the date which is six (6) months after the date of the Executive's separation from service (or, if earlier than the end of such six (6) month period, the date of the Executive's death). Any payment delayed pursuant to the immediately preceding sentence shall be paid in a lump sum during the seventh (7^{th}) calendar month following the calendar month during which the Executive separates from service.

(g) **Withdrawals for an Unforeseeable Emergency.** In the event that the Executive experiences an unforeseeable emergency and as a result thereof requests in writing payment of all or a portion of his or her Distributable Balance, the Long-Term Incentive Compensation Committee of the Company (the "Committee") may direct such payment to the Executive. An unforeseeable emergency means a severe financial hardship to the Executive resulting from (i) an illness or accident of the Executive, the Executive's spouse, the Executive's Designated Beneficiary or the Executive's dependent, (ii) the loss of the Executive's property due to casualty or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Executive. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, payment may not exceed an amount reasonably necessary to satisfy such unforeseeable emergency plus amounts necessary to pay taxes and penalties reasonably anticipated as a result of such payment after taking into account the extent to which such unforeseeable emergency is or may be relieved (a) through reimbursement or compensation by insurance or otherwise, (b) by liquidation of the Executive's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (c) by cessation of deferrals hereunder or under any other nonqualified deferred compensation plan maintained by the Company or its affiliates. Examples of what may be considered to be unforeseeable emergencies include (i) the imminent foreclosure of or eviction from the Executive's primary residence, (ii) the need to pay for medical expenses, including non-refundable deductibles and the cost of prescription drug medication and (iii) the need to pay for funeral expenses of the Executive's spouse, Designated Beneficiary or dependent.

In the event that the Committee approves a withdrawal due to an unforeseeable emergency, such payment shall be made to the Executive in a lump sum as soon as practicable following such approval, but in no event later than sixty (60) days after the occurrence of the unforeseeable emergency. If the Executive is a specified employee and has separated from service, the Executive's request for an unforeseeable emergency withdrawal shall be subject to any payment delay required by paragraph 3(b).

4. **Designation of Beneficiaries.**

(a) **In General.** The Executive may designate one or more beneficiaries to receive any amount payable pursuant to paragraph 3(e) (a "Designated Beneficiary") by executing and filing with the Company during his or her lifetime, a beneficiary designation in the form attached hereto. The Executive may change or revoke any such designation by executing and filing with the Company during his or her lifetime a new beneficiary designation in such form as prescribed by the Company. If the Executive is married and names someone other than his or her spouse (e.g., a child) as a primary beneficiary, the designation is invalid unless the spouse consents by signing the designated area of the beneficiary designation form in the presence of a Notary Public.

(b) **No Designated Beneficiary.** If all Designated Beneficiaries predecease the Executive, or, in the case of corporations, partnerships, trusts or other entities which are Designated Beneficiaries, are terminated, dissolved, become insolvent or are adjudicated bankrupt prior to the date of the Executive's death, or if the Executive fails to designate a beneficiary (including by failure to return such form to the appropriate Company representative during the Executive's lifetime), then the following persons in the order set forth below shall be the Executive's beneficiary or beneficiaries:

i) Executive's spouse, if living; or if none
ii) Executive's then living descendants, per stirpes; or if none
iii) Executive's estate.

5. **Miscellaneous.**

(a) **Clawback.** To the maximum extent permitted under applicable law, the Executive's Deferred Compensation Account and any shares of common stock of the Company distributed to the Executive or his/her Designated Beneficiary attributable to such account are subject to forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

(b) **Assignment.** Except as provided in paragraph 4, the right of the Executive or any other person to any payment of benefits under this Agreement may not be assigned, transferred, pledged or encumbered.

(c) **Distributions to Minors and Incapacitated Individuals.** If a payment hereunder is to be made to a minor or to an individual who, in the opinion of the Company, is unable to manage his or her affairs by reason of illness, accident or mental incompetency, such payment may be made to or for the benefit of such individual in such of the following ways as the legal representative of such individual shall direct: (i) directly to any such minor individual, if in the opinion of such legal representative, such individual is able to manage his or her affairs, (ii) to such legal representative, (iii) to a custodian under a Uniform Gifts to Minors Act for any such minor individual, or (iv) to some near relative of any such individual to be used for the latter's benefit. The Company shall not be required to see to the application by any third party other than the legal representative of an individual of any payment made to or for the benefit of such individual pursuant to this paragraph. Any such payment shall be a complete discharge of the liability of the Company under this Agreement for such payment.

(d) **Inability to Locate Executive or Designated Beneficiary.** If, as of the Latest Payment Date, the Company is unable to make payment of all or a portion of the Executive's Distributable Balance to the Executive or his or her Designated Beneficiary because the whereabouts of such person cannot be ascertained (notwithstanding the mailing of notice to any last known address or addresses and the exercise by the Company of other reasonable diligence), then the Executive's Distributable Balance, or portion thereof, as applicable, shall be forfeited. For this purpose, the "Latest Payment Date" shall be the latest date on which the Executive's Distributable Balance, or portion thereof, as applicable, may be paid to the Executive or the Executive's Designated Beneficiary without the imposition of taxes and other penalties under section 409A of the Code.

(e) **Applicable Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware (without giving effect to principles of conflicts of laws) to the extent that the latter are not preempted by the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or other federal law.

(f) **Source of Payment.** Amounts payable under this Agreement shall be paid from the general funds of the Company, and the Executive shall be no more than an unsecured general creditor of the Company with no right to any specific assets of the Company (whose claim may be subordinated to those of other creditors of the Company). Nothing contained in this Agreement shall be deemed to create a trust of any kind for the benefit of the Executive, or create any fiduciary relationship between the Company and the Executive with respect to any assets of the Company.

(g) **Withholding.** Appropriate amounts shall be withheld from any payment made hereunder or from an Executive's compensation as may be required for purposes of complying with Federal, state, local or other tax withholding requirements applicable to the benefits provided hereunder.

(h) **Agreement Subject to LTIP.** This Agreement is subject to the provisions of the LTIP, and shall be interpreted in accordance therewith. In the event of any inconsistency between the terms of this Agreement and the terms of the LTIP, the terms of the LTIP shall govern. This Agreement and the LTIP contain the entire understanding of the Company and the Executive with respect to the subject matter hereof.

(i) **Claims Procedure.** If the Executive or the Executive's Designated Beneficiary believes he or she is entitled to benefits under this Agreement in an amount greater than those which he or she received, or will receive, the Executive or the Executive's Designated Beneficiary (or his or her duly authorized representative) may file a claim with the Company in accordance with the Claims Procedure set forth in Section 6.2 of the United States Cellular Corporation 2021 Executive Deferred Compensation Interest Account Plan, as amended from time to time, with references to Plan Administrator and Top Human Resources Officer therein replaced with references to the Committee.

(j) **Decisions of Committee.** The Committee shall have the right to resolve all questions which may arise in connection with this Agreement. Any interpretation, determination or other action made or taken by the Committee regarding this Agreement or the LTIP shall be final, binding and conclusive. Amounts will be paid hereunder only if the Committee decides, in its sole discretion, that the Executive, Designated Beneficiary or other person is entitled to them.

(k) **Severability.** In the event any provision of this Agreement is held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included herein.

(l) **Compliance with Section 409A of the Code.** This Agreement is intended to comply with section 409A of the Code and the regulations promulgated thereunder and shall be interpreted and construed accordingly. The Executive and the Company agree that the Company shall have sole discretion and authority to amend this Agreement, unilaterally, at any time in the future to satisfy any requirements of section 409A of the Code. Notwithstanding the foregoing, under no circumstance shall the Company be responsible for any taxes, penalties, interest or other losses or expenses incurred by the Executive or any other person due to any failure to comply with section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

UNITED STATES CELLULAR CORPORATION

By: ______________________________

Executive: ______________________________

Date: ______________________________

USCC Services, LLC

By: ______________________________

Title: ______________________________

Date: ______________________________

Exhibit 10.13(e)

THIRD AMENDMENT TO THE UNITED STATES CELLULAR CORPORATION EXECUTIVE DEFERRED COMPENSATION INTEREST ACCOUNT PLAN

WHEREAS, United States Cellular Corporation (the "Corporation") has adopted and maintains the United States Cellular Corporation Executive Deferred Compensation Interest Account Plan (Amended and Restated Effective January 1, 2008), as amended (the "Plan"), for the benefit of its officers and directors;

WHEREAS, pursuant to Section 8.1 of the Plan, the Executive Vice President and Chief Human Resources Officer of the Corporation (or any successor thereto) may amend the Plan at any time and for any reason; and

WHEREAS, the Senior Vice President-Chief Human Resources Officer of the Corporation (i.e., the successor to the Executive Vice President and Chief Human Resources Officer) desires to amend the Plan in certain respects.

NOW, THEREFORE, BE IT RESOLVED, that effective as of the date hereof, the Plan hereby is amended as follows:

1. The definition of "Plan Administrator" set forth in Article 2 hereby is amended in its entirety to read as follows:

   "<u>Plan Administrator</u>" means the Senior Director, Total Rewards and HR Operations of the Company. References herein to the Plan Administrator also shall include (i) the Senior Vice President-Chief Human Resources Officer of the Company (or any successor thereto), to the extent that the Senior Vice President-Chief Human Resources Officer of the Company (or any successor thereto) is undertaking administrative responsibilities expressly assigned to the Senior Vice President-Chief Human Resources Officer of the Company (or any successor thereto) pursuant to Article 6 and (ii) any person or committee to whom the Plan Administrator has delegated any of his or her responsibilities hereunder to the extent of the delegation.

2. Section 5.6 hereby is amended in its entirety to read as follows:

   Section 5.6. <u>Subsequent Election</u>. Each Participant may make a subsequent election to delay the Payment Date or change the form of payment, in each case as set forth in the Participant's Election Form, provided that (i) such election shall not be effective until 12 months after the date on which the election is made; (ii) except in the case of payment on account of death, Disability or Unforeseeable Emergency, the payment with respect to such election must be deferred for a period of not less than 5 years from the date such payment otherwise would have been made (or, in the case of installment payments, 5 years from the date the first amount was scheduled to be paid); (iii) such election cannot be made less than 12 months prior to the date of the scheduled payment (or, in the case of installment payments, 12 months prior to the date the first amount was scheduled to be paid); and (iv) in no event may such election cause payment to commence later than upon the Participant's Separation from Service (subject to the delay described in Section 3.3(b) for a Specified Employee). A subsequent election pursuant to this Section 5.6 shall be delivered to the Plan Administrator in the manner prescribed by the Plan Administrator and upon such delivery shall be irrevocable.

3. Each reference to "Executive Vice President and Chief Human Resources Officer" that appears in the Plan hereby is replaced with "Senior Vice President-Chief Human Resources Officer".

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IN WITNESS WHEREOF, the undersigned has executed this Third Amendment as of this 16th day of November, 2015.

/s/ Deirdre C. Drake

Deirdre C. Drake
Senior Vice President-Chief Human Resources Officer

Exhibit 10.13(f)

FOURTH AMENDMENT TO THE UNITED STATES CELLULAR CORPORATION EXECUTIVE DEFERRED COMPENSATION INTEREST ACCOUNT PLAN

WHEREAS, United States Cellular Corporation (the "Corporation") has adopted and maintains the United States Cellular Corporation Executive Deferred Compensation Interest Account Plan (Amended and Restated Effective January 1, 2008), as amended (the "Plan"), for the benefit of its officers and directors;

WHEREAS, pursuant to Section 8.1 of the Plan, the Senior Vice President-Chief Human Resources Officer of the Corporation may amend the Plan at any time and for any reason; and

WHEREAS, the Senior Vice President-Chief Human Resources Officer desires to amend the Plan's rules regarding mid-year participation in the Plan by newly eligible employees.

NOW, THEREFORE, BE IT RESOLVED, that effective as of the date hereof, Section 3.2(b) of the Plan hereby is amended as follows:

(b) Special Rules for Certain Newly Eligible Employees. Notwithstanding the provisions of Section 3.2(a), a Newly Eligible Employee who is a newly hired employee may participate in the Plan during the Plan Year of his or her initial eligibility by submitting an Election Form within 30 days after the date he or she becomes eligible to participate in the Plan. Any such election to defer Base Salary for the Plan Year shall be given effect as of the second payroll occurring after the date of such election. Any such election to defer Bonus for the Plan Year shall apply solely to that portion of the Bonus equal to the total Bonus multiplied by the ratio of the number of days remaining in the quarterly or annual performance period, as applicable, subsequent to the date of such election over the total number of days in the performance period. For the avoidance of doubt, these special rules for certain Newly Eligible Employees shall not apply to Newly Eligible Employees who are newly promoted to a Plan-eligible position.

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IN WITNESS WHEREOF, the undersigned has executed this Fourth Amendment as of this 10th day of June, 2016.

/s/ Deirdre C. Drake

Deirdre C. Drake

Senior Vice President-Chief Human Resources Officer

Exhibit 10.13(g)

FIFTH AMENDMENT TO THE
UNITED STATES CELLULAR CORPORATION
EXECUTIVE DEFERRED COMPENSATION INTEREST ACCOUNT PLAN

WHEREAS, United States Cellular Corporation (the "Corporation") has adopted and maintains the United States Cellular Corporation Executive Deferred Compensation Interest Account Plan (Amended and Restated Effective January 1, 2008), as amended (the "Plan"), for the benefit of its officers and directors;

WHEREAS, pursuant to Section 8.1 of the Plan, the Senior Vice President-Chief Human Resources Officer of the Corporation may amend the Plan at any time and for any reason; and

WHEREAS, the Senior Vice President-Chief Human Resources Officer desires to amend the Plan to permit distribution in the form of annual installments.

NOW, THEREFORE, BE IT RESOLVED, that effective for deferrals of compensation earned on or after January 1, 2018, the Plan hereby is amended as follows:

1. Section 3.3(a) hereby is amended in its entirety to read as follows:

   (a) In General. In the event a Participant has elected to defer amounts for a Plan Year pursuant to Section 3.2, such Participant shall elect, utilizing the Election Form for such Plan Year, a Payment Date and a form of payment for the portion of his or her Deferred Compensation Account attributable to such Plan Year. The Participant may elect as a Payment Date either (i) the date of the Participant's Separation from Service or (ii) any specified date which is one or more years after the first day of the Plan Year for which the deferral election is effective. The Participant shall elect as a form of payment for receiving his or her Deferred Compensation Account either (a) a lump sum, (b) quarterly installments (not to exceed 20 installments) or (c) annual installments (not to exceed 5 installments). If an individual who has elected to participate in the Plan for a Plan Year fails, prior to the end of the election period described in Section 3.2, to make a valid election as to the Payment Date for his or her Deferred Compensation Account for such year, the Participant shall be deemed to have elected payment upon Separation from Service. If such an individual fails, prior to the end of such period, to make a valid election as to the form of payment for his or her Deferred Compensation Account for such year, the Participant shall be deemed to have elected payment in a lump sum.

2. Section 5.4 hereby is amended in its entirety to read as follows:

   Timing of Distribution Upon Occurrence of Distribution Event. If a Participant elected distribution of his or her Deferred Compensation Account in the form of a lump sum, the Deferred Compensation Account shall be paid at the time determined by the Company within sixty (60) days after the occurrence of the event causing such account to be payable (Separation from Service, the Payment Date or the Participant's Disability, as applicable). If a Participant elected distribution of his or her Deferred Compensation Account in the form of installments, payment of the Deferred Compensation Account shall commence with the fifteenth day of the first month of the calendar quarter following the calendar quarter of the occurrence of the event causing such account to be payable. In the case of quarterly installments, installments then will be paid on the fifteenth day of the first month of each succeeding calendar quarter until the entire Deferred Compensation Account (which includes interest earned during the installment period) has been paid. In the case of annual installments, installments then will be paid on each succeeding January 15th until the entire Deferred Compensation Account (which includes interest earned during the installment period) has been paid. For purposes of section 409A of the Code, the entitlement to a series of installment payments under the Plan shall be treated as the entitlement to a single payment as of the date the first installment is scheduled to be paid.

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IN WITNESS WHEREOF, the undersigned has executed this Fifth Amendment as of this 17th day of November, 2017.

/s/ Deirdre C. Drake

Deirdre C. Drake
Senior Vice President-Chief Human
Resources Officer

Exhibit 10.13(h)

SIXTH AMENDMENT TO THE
UNITED STATES CELLULAR CORPORATION
EXECUTIVE DEFERRED COMPENSATION INTEREST ACCOUNT PLAN

WHEREAS, United States Cellular Corporation (the "**Corporation**") has adopted and maintains the United States Cellular Corporation Executive Deferred Compensation Interest Account Plan (Amended and Restated Effective January 1, 2008), as amended (the "**Plan**"), for the benefit of its officers and directors;

WHEREAS, pursuant to Section 8.1 of the Plan, the Executive Vice President-Chief People Officer of the Corporation may amend the Plan at any time and for any reason; and

WHEREAS, the Executive Vice President-Chief People Officer desires to amend the Plan to specify that deferrals for a particular month shall be credited with interest for that month.

NOW, THEREFORE, BE IT RESOLVED, that effective for calendar months ending after December 31, 2020, Section 4.2 of the Plan hereby is amended in its entirety to read as follows:

> Section 4.2. Crediting of Interest. On the last day of each calendar month until all of a Participant's Deferred Compensation Account has been paid (or forfeited pursuant to Section 7.9), interest shall be credited to the balance of the Participant's Deferred Compensation Account as of such date. Such interest shall be compounded monthly and computed at a rate equal to one-twelfth (1/12) of the sum of (i) the average twenty (20) year Treasury Bond rate of interest (as published on the U.S. Department of Treasury website for the last business day of the preceding calendar month) plus (ii) 1.25%.

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IN WITNESS WHEREOF, the undersigned has executed this Sixth Amendment as of this second day of December, 2020.

/s/ Deirdre C. Drake

Deirdre C. Drake
Executive Vice President-Chief People Officer

Exhibit 10.11(d)

AMENDMENT NUMBER THREE TO THE
UNITED STATES CELLULAR CORPORATION 2013 LONG-TERM INCENTIVE PLAN

WHEREAS, United States Cellular Corporation, a Delaware corporation (the "**Company**") has adopted and maintains the United States Cellular Corporation 2013 Long-Term Incentive Plan (the "**Plan**") for the benefit of certain employees;

WHEREAS, pursuant to Section 8.2 of the Plan, the Board of Directors of the Company (the "**Board**") may amend the Plan as it shall deem advisable, subject to any requirement of shareholder approval as specified in the Plan, including under applicable law or the principal national stock exchange on which the Common Shares of the Company are then traded;

WHEREAS, the Board desires to amend the Plan (i) to provide for vesting in part of outstanding awards if such awards are not continued or assumed by the surviving or acquiring company in connection with a Change in Control of the Company and in full in the case of certain employment terminations following such a Change in Control and (ii) to increase the amount of the employer match award applicable to annual bonus deferrals under the Plan; and

WHEREAS, such amendment is not subject to any required shareholder approval.

NOW, THEREFORE, BE IT RESOLVED, that the Plan hereby is amended, effective as of December 1, 2020, as follows:

1. The third sentence of Section 7.2(a) hereby is amended to read as follows:

If the Committee determines that an Employer Match Award shall be granted, as of the date on which an amount (the "deferred amount") is credited to an employee's Deferred Compensation Account pursuant to Section 7.1, there also shall be credited to the employee's Deferred Compensation Account an Employer Match Award equal to 33⅓% of the amount credited to the Deferred Compensation Account as of such date pursuant to Section 7.1 (or, in the case of deferrals for Bonus Years prior to the 2021 Bonus Year, equal to the sum of (i) 25% of the amount credited to the Deferred Compensation Account as of such date pursuant to Section 7.1 which is not in excess of one-half of the employee's total gross annual bonus for the Bonus Year and (ii) 33⅓% of the amount credited to the Deferred Compensation Account as of such date pursuant to Section 7.1 which is in excess of one-half of the employee's total gross annual bonus for the Bonus Year).

2. Section 8.9(a) hereby is amended in its entirety to read as follows:

Notwithstanding any other section of the Plan or any provision of any Agreement (whether currently in effect or as may be in effect in the future), but subject to the final two paragraphs of this Section 8.9(a), in the event of a Change in Control, the Board (as constituted prior to such Change in Control) may in its discretion, but shall not be required to, make such adjustments to outstanding awards hereunder as it deems appropriate, including, without limitation:

(1) (i) causing some or all outstanding Stock Options and SARs to immediately become exercisable in full, (ii) causing some or all outstanding Restricted Stock Awards to become nonforfeitable and the Restriction Periods applicable to some or all outstanding Restricted Stock Awards to lapse in full or in part, (iii) causing some or all outstanding Restricted Stock Unit Awards to become nonforfeitable and, to the extent permissible under section 409A of the Code, causing the Restriction Periods applicable to some or all outstanding Restricted Stock Unit Awards to lapse in full or in part, (iv) causing some or all outstanding Performance Awards to become nonforfeitable and, to the extent permissible under section 409A of the Code, causing the Performance Periods applicable to some or all outstanding Performance Awards to lapse in full or in part, (v) causing the Performance Measures applicable to some or all outstanding Performance Awards, Restricted Stock Awards or Restricted Stock Unit Awards (if any) to be deemed to be satisfied at the target, maximum or any other level, as determined by the Board (as constituted prior to such Change in Control), and (vi) causing some or all amounts deemed to be held in Deferred Compensation Accounts to become nonforfeitable; and/or

(2) substituting for some or all of the Common Stock available under the Plan, whether or not then subject to an outstanding award, the number and class of shares into which each outstanding share of such Common Stock shall be converted pursuant to such Change in Control, with an appropriate and equitable adjustment to such award as determined by the Committee in accordance with Section 8.8; and/or

(3) requiring that outstanding awards, in whole or in part, be surrendered to the Company by the holder, and be immediately cancelled by the Company, and providing for the holder to receive (i) a cash payment in an amount equal to (A) in the case of a Stock Option or an SAR, the number of shares of Common Stock then subject to the portion of such Stock Option or SAR surrendered, to the extent such Stock Option or SAR is then exercisable or becomes exercisable pursuant to this Section 8.9(a), multiplied by the excess, if any, of the Fair Market Value of a share of Common Stock as of the date of the Change in Control, over the purchase price or base price per share of Common Stock subject to such Stock Option or SAR, (B) in the case of a Stock Award, the number of shares of Common Stock or Restricted Stock Units, as the case may be, then subject to the portion of such award surrendered, to the extent the Restriction Period and Performance Period, if any, on such Stock Award has lapsed or will lapse pursuant to this Section 8.9(a) and to the extent that the Performance Measures, if any, have been satisfied or are deemed satisfied pursuant to this Section 8.9(a), multiplied by the Fair Market Value of a share of Common Stock as of the date of the Change in Control, (C) in the case of a Performance Award, the amount payable with respect to the portion of such award surrendered, to the extent the Performance Period applicable to such award has lapsed or will lapse pursuant to this Section 8.9(a) and to the extent that the Performance Measures applicable to such award have been satisfied or are deemed satisfied pursuant to this Section 8.9(a), and (D) in the case of a Deferred Compensation Account, the number of shares of Common Stock then subject to the portion of such account surrendered, to the extent such Deferred Compensation Account is then nonforfeitable or becomes nonforfeitable pursuant to this Section 8.9(a), multiplied by the Fair Market Value of a share of Common Stock as of the date of the Change in Control; (ii) shares of capital stock of the corporation resulting from or succeeding to the business of the Company pursuant to such Change in Control, or a parent corporation thereof, having a fair market value not less than the amount determined under clause (i) above; or (iii) a combination of the payment of cash pursuant to clause (i) above and the issuance of shares pursuant to clause (ii) above. In the event of a payment or issuance pursuant to this Section 8.9(a)(3) with respect to a Deferred Compensation Account, such payment or issuance shall be made at the time that the account would have been paid if a Change in Control had not occurred.

Notwithstanding the foregoing or any provision in an Agreement to the contrary, if the award is not effectively continued or assumed by a surviving or acquiring company in a Change in Control (including by reason of the surviving or acquiring company not being publicly traded in the United States), as determined by the Board (as constituted prior to such Change in Control), effective at the time of the Change in Control (i) a pro-rata portion of Stock Option or SAR awards held by award recipients shall immediately become exercisable and shall be cancelled by the Company, and each award recipient shall receive, with respect to such pro-rata portion of the award, a cash payment in accordance with Section 8.9(a)(3)(i)(A) and (ii) a pro-rata portion of Restricted Stock Awards, Restricted Stock Unit Awards, Performance Awards or Employer Match Awards held by award recipients shall immediately become nonforfeitable and shall be cancelled by the Company, and each award recipient shall receive, with respect to such pro-rata portion of the award, a cash payment in accordance with subsection (B), (C) or (D), as applicable, of Section 8.9(a)(3)(i) (with any Performance Measures applicable to the award deemed to have been satisfied based on the greater of actual achievement through the date of the occurrence of the Change in Control and target achievement (or in the case of a Change in Control that occurs following the last day of the Performance Period but before settlement, actual achievement)). Such pro-rata portion shall be measured by a fraction, of which the numerator is the number of whole months of the original vesting period prior to the occurrence of the Change in Control, and the denominator is the number of whole months of the original vesting period, as reduced by the portion of the award that otherwise was exercisable or nonforfeitable at the time of the Change in Control, if any. Such cash payment shall be made within sixty (60) days following the occurrence of the Change in Control; provided, however, that if the award is considered “nonqualified deferred compensation” within the meaning of section 409A of the Code, and such accelerated payment is not permitted by section 409A of the Code, then payment shall be made at the same time payment would have been made had the Change in Control not occurred.

Notwithstanding the foregoing or any provision in an Agreement to the contrary, if the award is effectively continued or assumed by a surviving or acquiring company in a Change in Control, but, within two years following the Change in Control, the award recipient’s employment is terminated by the Employers and Affiliates without Cause or by the award recipient for Good Reason, then upon such termination any Stock Option or SAR awards held by the award recipient shall immediately become exercisable in full, and any Restricted Stock Awards, Restricted Stock Unit Awards, Performance Awards or Employer Match Awards held by the award recipient shall immediately become nonforfeitable in full (with any Performance Measures applicable to the award at the time of such employment termination deemed to have been satisfied at target (or in the case of an employment termination that occurs following the last day of the Performance Period but before settlement, actual achievement).

3. Section 8.9 hereby is amended to add thereto the following new subsection (c):

(c) For purposes of this Section 8.9, “Cause” shall have the meaning set forth in the employment agreement between the award recipient and an Employer as in effect on the date of grant of the award, if any. If the award recipient is not a party to such an employment agreement that contains such definition, “Cause” shall mean, with respect to the award recipient (as reasonably determined in good faith by the Committee):

(1) any conviction of, or plea of nolo contendere to, a felony;

(2) the theft, conversion, embezzlement or misappropriation by the award recipient of funds or other assets of the Employers and Affiliates or any other act of fraud or dishonesty with respect to the Employers and Affiliates;

(3) a material breach by the award recipient of his or her employment duties and responsibilities (other than as a result of incapacity due to physical or mental illness) (A) which is the result of the award recipient’s gross negligence or (B) which is demonstrably willful and deliberate on the award recipient’s part and which is committed in bad faith or without reasonable belief that such breach is in the best interests of the Employers and Affiliates; or

(4) the award recipient’s Competition, Misappropriation, Solicitation or Disparagement (in each case, as defined in Section 8.10), or other material violation of a restrictive covenant made by the award recipient for the benefit of the Employers and Affiliates.

4. Section 8.9 hereby is amended to add thereto the following new subsection (d):

(d) For purposes of this Section 8.9, “Good Reason” shall have the meaning set forth in the employment agreement between the award recipient and an Employer as in effect on the date of grant of the award, if any. If the award recipient is not a party to such an employment agreement that contains such definition, “Good Reason” shall mean the occurrence of any of the following events without the award recipient’s written consent and which is not remedied by the Employers and Affiliates within thirty (30) days after receipt of written notice from the award recipient specifying such event:

(1) a material diminution in the award recipient’s authority, duties or responsibilities with the Employers and Affiliates as in effect immediately prior to the Change in Control;

(2) a material diminution in the authority, duties or responsibilities of the person at the Employers and Affiliates to whom the award recipient is required to report as in effect immediately prior to the Change in Control;

(3) a reduction in the award recipient’s rate of base salary, target annual bonus, target long-term incentive opportunity or retirement, welfare or other benefits as in effect immediately prior to the Change in Control (other than a reduction in retirement, welfare or other benefits similarly affecting all or substantially all similarly situated persons); or

(4) the relocation of the office at which the award recipient was principally employed immediately prior to the Change in Control to a location more than fifty (50) miles from the location of such office (except for required travel on business substantially consistent with the award recipient’s business travel obligations immediately prior to the Change in Control).

“Good Reason” shall exist only if (i) the award recipient provides to the applicable Employer or Affiliate the written notice specifying such event, as referenced above, within sixty (60) days following the initial existence of the event and (ii) the award recipient terminates employment due to Good Reason within one hundred twenty (120) days following the initial existence of the event.

* * * * * *

IN WITNESS WHEREOF, the undersigned has executed this Amendment Number Three as of this second day of December, 2020.

UNITED STATES CELLULAR CORPORATION

By: /s/ Laurent C. Therivel
Laurent C. Therivel
Its: President and Chief Executive Officer

SIGNATURE PAGE TO AMENDMENT NUMBER THREE TO
UNITED STATES CELLULAR CORPORATION 2013 LONG-TERM INCENTIVE PLAN

Exhibit 10.39

CONSULTING AGREEMENT

This Consulting Agreement ("**Agreement**") is effective as of January 1, 2021, by and between USCC Services, LLC (the "**Company**") and Jay M. Ellison ("**Executive**").

WHEREAS, the Company employs Executive as the Special Advisor to the President and Chief Executive Officer of the Company.

WHEREAS, the Company and Executive entered into that Retention Agreement dated as of April 12, 2018, as amended effective as of January 7, 2020 (the "**Retention Agreement**"), pursuant to which the parties agreed to enter into a mutually agreeable consulting agreement, provided that Executive retired on or after January 1, 2021 and satisfactorily performed his job duties until his retirement date;

WHEREAS, Executive has informed the Company that he will retire as an employee of the Company effective January 1, 2021 ("**Retirement Date**"), and Executive has met his obligations set forth in the Retention Agreement; and

WHEREAS, in recognition thereof, the Company and Executive desire to enter into this Agreement.

NOW, THEREFORE, in consideration for the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which each party expressly acknowledges, the Company and Executive agree as follows:

1. Consultant Retention. The Company retains Executive as a consultant and Executive accepts such retention upon the terms and conditions set forth in this Agreement.

2. Consulting Term. The term of Executive's retention as a consultant shall begin on the Retirement Date and end on the third annual anniversary of the Retirement Date, unless terminated earlier by either party pursuant to the provisions of Paragraph 6 below ("**Term**").

3. Consulting Services. From time to time at the reasonable request of the Company's Chairman or President and Chief Executive Officer, Executive shall render consultation, advice, and information concerning the business and operations of the Company and its affiliates. Executive shall honor such reasonable requests for his services and shall devote reasonable time and his best efforts, skill, and attention to the diligent performance of his consulting duties as requested by the Company. In rendering any such services, Executive shall be free to arrange his own time, pursuits, and consulting schedule and to determine the specific manner in which his services will be performed, but he will use his best efforts to accommodate the scheduling requirements and the work of the Company. Executive shall not be obligated to provide consulting services to the Company in excess of ten (10) hours per calendar month.

4. Independent Contractor. Executive shall perform the duties described in Paragraph 3 above as an independent contractor without the power to bind, represent, or speak for the Company for any purpose whatsoever. Executive acknowledges his separate responsibility for all federal and state withholding income taxes, Federal Insurance Contributions Act taxes, workers' compensation and unemployment compensation taxes and similar taxes, if applicable, and agrees to indemnify and hold the Company harmless from any claim against it or liability relating to such taxes.

5. Consulting Fee. During the Term, the Company shall pay Executive a consulting fee in the amount of $22,500 per month. The Company will make such payment to Executive monthly commencing in February 2021, but due to the six-month delay required under Section 409A of the Internal Revenue Code, the February through July 2021 payments will be made on July 2, 2021, in the lump sum amount of $135,000, with the $22,500 monthly payment continuing thereafter, with the last payment occurring in January 2024 (assuming that the Term ends in January 2024). The Company also shall reimburse Executive for reasonable expenses that he incurs in performing his consulting services (including pursuant to Paragraph 11 hereof) provided that such expenses are pre-approved by the Company and Executive presents the Company with sufficient documentation supporting such expenses (which shall be submitted by Executive as soon as practicable). The Company will pay any such expenses within 30 calendar days of its receipt of Executive's written expense reimbursement request and sufficient supporting documentation. The Company shall have no obligation to pay Executive, and Executive shall not receive, any fee or benefit related to his consulting services other than that described in this Paragraph 5.

6. Termination. Notwithstanding any other provision of this Agreement, either the Company or Executive may immediately terminate Executive's retention by the Company as a consultant for any reason upon written notice to the other party. In the event of a termination of Executive's retention by Executive, the Company shall have no obligation to pay him any future consulting fee or benefit other than the pro rata consulting fee due and pre-approved expenses incurred for consulting services performed by him up to and including the date of termination. In the event of a termination of Executive's retention by the Company other than due to Executive's material breach of the terms of this Agreement, the Company shall, notwithstanding such termination, continue to pay the consulting fee to the Executive through the Term in accordance with the terms of Paragraph 5. No amount shall be payable to Executive under this Agreement in the event of and following any termination of Executive's retention by the Company due to Executive's material breach of the terms of this Agreement. Immediately upon termination of his retention, Executive shall return to the Company all of its and its affiliates' property in his possession or under his control including, but not limited to, all of the Company's confidential and proprietary information, documents, other information and equipment, and all copies thereof.

7. General Release. In further consideration for payments of the Consulting Fee set forth in Paragraph 5 above, Executive agrees to sign and return the General Release attached as an Appendix to this Agreement (and incorporated herein), no earlier than the Retirement Date, and no later than January 22, 2021, and not to revoke such General Release.

8. Nondisclosure and Use of Confidential and Proprietary Information. Executive represents and warrants that he is not in violation of his confidentiality and nondisclosure obligations (i.e., Confidentiality of Customer Communications; Safeguarding of Company Information; and Safeguarding of Confidential Personal Information) set forth in the Company's Code of Business Conduct ("**Code of Conduct**") and affirms his ongoing obligations to comply with those provisions during the Term and thereafter.

9. Protective Covenant. During Executive's retention hereunder and for a period of two years after the end of the Term, Executive shall not, directly or indirectly, other than on the Company's behalf, anywhere in the United States, engage in any activity that would be deemed to be Competition with Corporation as set forth in Section 1.15(a)(ii) of the Restated Bylaws, as amended, of United States Cellular Corporation ("**Bylaws**").

10. Nondisparagement. At no time shall Executive disparage the Company, its affiliates, their services or products, or their owners, directors, officers, or employees.

11. Cooperation. Executive agrees to cooperate with the Company regarding any pending or subsequently filed litigation, proceeding, claim or other disputed item involving the Company or its affiliates that relates to the matters within Executive's knowledge or responsibility during Executive's employment or during the Term. Without limiting the foregoing, Executive agrees (i) to meet with the Company's representatives, its counsel or other designees at mutually convenient times and places with respect to any items within the scope of this Paragraph; (ii) to provide truthful testimony to any court, agency or other adjudicatory body, including without limitation, any testimony provided at a deposition or through an affidavit or declaration; and (iii) to notify the Company within three (3) business days if Executive is contacted by any adverse party or by any representative of an adverse party.

12. Injunctive Relief. Executive acknowledges and agrees that the covenants contained in Paragraphs 8-11 above are reasonable in scope and duration, do not unduly restrict Executive's ability to engage in his livelihood, and are necessary to protect the Company's legitimate business interests. Without limiting the rights of the Company to pursue any other legal and/or equitable remedies available to it for any breach by Executive of the covenants contained in Paragraphs 8-11 above, Executive acknowledges that a breach of those covenants would cause a loss to the Company for which it could not reasonably or adequately be compensated by damages in an action at law, that remedies other than injunctive relief could not fully compensate the Company for a breach of those covenants and that, accordingly, the Company shall be entitled to injunctive relief to prevent any breach or continuing breaches of Executive's covenants as set forth in Paragraphs 8 -11 above without the need to post a bond. It is the intention of the parties that if, in any action before any court empowered to enforce such covenants, any term, restriction, covenant, or promise is found to be unenforceable, then such term, restriction, covenant, or promise shall be deemed modified to the extent necessary to make it enforceable by such court.

13. Assignment. Executive acknowledges that the services to be rendered by him hereunder are unique and personal. Accordingly, Executive may not assign any of his rights or delegate any of his duties or obligations under this Agreement. The Company may, upon written notice to Executive, assign this Agreement to a purchaser or transferee of substantially all of the assets of the Company.

14. Mandatory Mediation and Waiver of Jury Trial. The Company and Executive agree that all disputes and claims of any nature that one party may have against the other party will be submitted exclusively first to mandatory mediation in Chicago, Illinois, or at another mutually agreed upon location, to JAMS dispute resolution services, or to such other individual or organization as the parties mutually may agree. All information regarding the dispute or claim or mediation proceedings, including any mediation settlement, shall not be disclosed by Executive, the Company, or any mediator to any third party without the written consent of the Company's President and Chief Executive Officer and Executive. In the event that mediation does not resolve any dispute that the Company or Executive has with the other party and the Company or Executive proceeds to file a complaint in court, **THE COMPANY AND EXECUTIVE HEREBY WAIVE ANY RIGHT TO A JURY TRIAL OF THAT DISPUTE.**

15. Waiver. The Company's or Executive's waiver of any breach by the other party of any provision of this Agreement or failure to enforce any such provision shall not operate or be construed as a waiver of any subsequent breach by Executive or the Company of any such provision or of any other provision, or of the Company's right to enforce any such provision or any other provision in the future. No act or omission of the Company or Executive shall constitute a waiver of any of its/his rights hereunder except for a written waiver signed by the Company's President and Chief Executive Officer or Executive, as applicable.

16. Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable as written, the parties consent to and request that the court modify such provision to the minimum extent necessary to make it valid and legally enforceable. If such modification is not permitted or not possible, or if the proposed modification would not retain the intent of the parties, the parties agree that the provision shall be severed from the Agreement, and that the validity and enforceability of the remaining provisions of the Agreement shall not in any way be affected or impaired thereby.

17. Amendment. The terms of this Agreement may be modified only by a writing signed by both Executive and the Company's President and Chief Executive Officer.

18. Post-Retention Effectiveness. Executive expressly acknowledges that Paragraphs 8 – 21 of this Agreement, as well as the terms of the General Release, remain in effect after the Term ends.

19. Governing Law. This Agreement shall in all respects be construed in accordance with and governed by the laws of the State of Illinois (without reference to principles of conflicts of law).

20. Entire Agreement. This Agreement, the Code of Conduct, and Section 1.15(a)(ii) of the Bylaws embody the entire agreement and understanding of the parties hereto with regard to the matters described herein, and supersede any and all prior and/or contemporaneous agreements and understandings, oral or written, between the parties with respect to the matters described herein.

21. Section 409A of the Internal Revenue Code. Amounts payable under this Agreement are intended to be exempt from (or alternatively, to comply with) the requirements of Section 409A of the Internal Revenue Code, and shall be interpreted consistent with that intent.

22. Counterparts. This Agreement may be executed in counterparts, each of which taken together shall constitute one and the same instrument. Facsimile or electronic transmission of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart, and such signatures shall be deemed original signatures for purposes of enforcement and construction of this Agreement.

EXECUTIVE	**USCC SERVICES, LLC**
/s/ Jay M. Ellison	/s/ Laurent Therivel
Jay M. Ellison	Laurent Therivel President and Chief Executive Officer
Dated: December 15, 2020	Dated: December 15, 2020

APPENDIX
GENERAL RELEASE

In consideration for the payments set forth in Paragraph 5 of my Consulting Agreement with USCC Services, LLC (the "**Company**"), and for other good and valuable consideration, the receipt and sufficiency of which I expressly acknowledge, I agree as follows:

1. I, and anyone claiming through me, agree to release and discharge the Company and any and all parents, divisions, subsidiaries, partnerships, affiliates and/or other related entities (whether or not such entities are wholly owned), and each of those entities' past, present, and future owners, trustees, fiduciaries, shareholders, directors, officers, administrators, agents, partners, employees, attorneys, and the predecessors, successors, and assigns of each of them (collectively, the "**Released Parties**"), from any and all claims, whether known or unknown, asserted or unasserted, foreseen or unforeseen, which I have, have ever had, or may ever have against any of the Released Parties arising from or related to any act, omission, or thing occurring at any time prior to the date that I sign this General Release including, but not limited to, any and all claims that in any way result from, or relate to, my employment or cessation of employment with any of the Released Parties. The released claims further include, but are not limited to, any and all claims that I or anyone acting on my behalf could assert or could have asserted in any federal, state, or local court, commission, department, or agency under any common law theory, or under any employment, contract, tort, federal, state, or local law, regulation, ordinance, or executive order including under the following laws as amended from time to time: the Age Discrimination in Employment Act, the Older Workers' Benefit Protection Act, the Civil Rights Act of 1866, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Employee Retirement Income Security Act, the Family and Medical Leave Act, the Fair Labor Standards Act, the Illinois Human Rights Act, and the Cook County and Chicago Human Rights Ordinances. I represent and warrant that I have not filed or initiated any legal proceeding against any of the Released Parties and that no such legal proceeding has been filed or initiated on my behalf. Notwithstanding the above, this General Release does not apply to any right that I have to indemnification, under the Restated Bylaws, as amended, of United States Cellular Corporation or otherwise, for any act or omission that occurred while I was an officer of United States Cellular Corporation or any affiliate thereof, or to any other claim that cannot be waived under applicable law.

2. I acknowledge that I have been informed of my right to consult with a lawyer of my choice and that I have had sufficient time to consult with a lawyer before signing this General Release. I also acknowledge that I am entitled to a period of at least 21 days within which to consider the terms of this General Release before signing it.

3. I understand that within seven days following the date that I sign this General Release, I shall have the right to revoke this General Release by serving within such seven-day period written notice of my revocation upon the Company's General Counsel. I further understand that if I do not revoke my signature on this General Release during that seven-day period, this General Release shall become effective on the eighth day after the date that I sign it and I shall have no further right to revoke this General Release.

I REPRESENT AND WARRANT THAT I HAVE READ THIS GENERAL RELEASE, I UNDERSTAND ITS TERMS, I HAVE REVIEWED THIS GENERAL RELEASE WITH INDIVIDUALS OF MY OWN CHOOSING AND I HAVE EXECUTED THIS GENERAL RELEASE VOLUNTARILY AND INTEND TO BE LEGALLY BOUND THEREBY.

EXECUTIVE

/s/ Jay M. Ellison
Jay M. Ellison

Dated: January 1, 2021

Exhibit 13

United States Cellular Corporation and Subsidiaries

Index | Page No.

United States Cellular Corporation
Management's Discussion and Analysis of
Financial Condition and Results of Operations

Executive Overview

The following Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements and notes of United States Cellular Corporation (UScellular) for the year ended December 31, 2020, and with the description of UScellular's business included herein. Certain numbers included herein are rounded to millions for ease of presentation; however, certain calculated amounts and percentages are determined using the unrounded numbers.

This report contains statements that are not based on historical facts, including the words "believes," "anticipates," "estimates," "expects," "plans," "intends," "projects" and similar expressions. These statements constitute and represent "forward looking statements" as this term is defined in the Private Securities Litigation Reform Act of 1995. Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward looking statements. See Private Securities Litigation Reform Act of 1995 Safe Harbor Cautionary Statement for additional information.

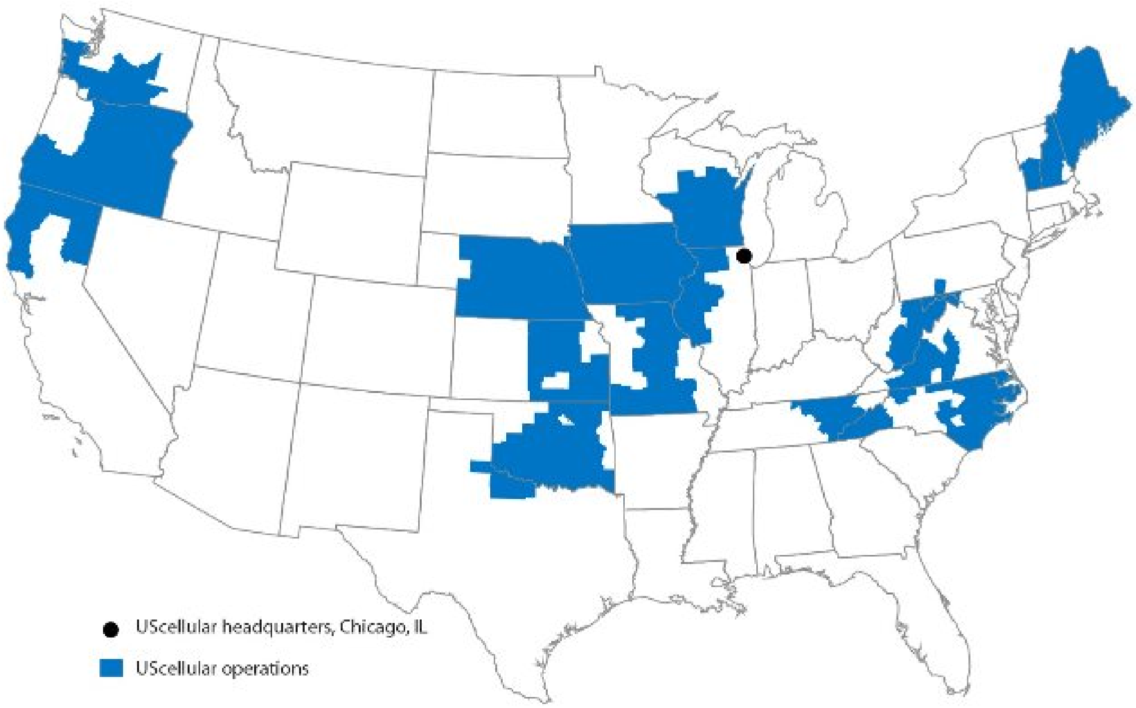
UScellular uses certain "non-GAAP financial measures" and each such measure is identified in the MD&A. A discussion of the reason UScellular determines these metrics to be useful and reconciliations of these measures to their most directly comparable measures determined in accordance with accounting principles generally accepted in the United States of America (GAAP) are included in the Supplemental Information Relating to Non-GAAP Financial Measures section within the MD&A of this Form 10-K Report.

The following MD&A omits discussion of 2019 compared to 2018. Refer to Management's Discussion and Analysis of Financial Condition and Results of Operations in UScellular's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 25, 2020, for that discussion.

General

UScellular owns, operates, and invests in wireless markets throughout the United States. UScellular is an 82%-owned subsidiary of Telephone and Data Systems, Inc. (TDS).

OPERATIONS



- Serves customers with 5.0 million connections including 4.4 million postpaid, 0.5 million prepaid and 0.1 million reseller and other connections
- Operates in 21 states
- Employs approximately 5,300 associates
- 4,271 owned towers
- 6,797 cell sites in service

COVID-19 considerations

The impact of the global spread of the coronavirus disease (COVID-19) on UScellular's future operations is uncertain. There are many factors, including the severity and duration of the outbreak, as well as other direct and indirect impacts, that could negatively impact UScellular.

COVID-19 impacts on UScellular's business for 2020 include a reduction in certain components of service revenues and equipment sales, a reduction in advertising and sales promotion costs and a reduction in handset subscriber gross additions and defections. The impacts of COVID-19 could negatively affect UScellular's results of operations, cash flows and financial position in future periods. The extent and duration of these impacts are uncertain due to many factors and could be material. Certain impacts on and actions by UScellular related to COVID-19 include, but are not limited to, the following:

- Taking action to keep associates safe, including implementing a work-from-home strategy for employees whose jobs can be performed remotely. In addition, to keep associates, customers, and communities safe, UScellular performs enhanced cleanings and provides associates with personal protective equipment to be worn during customer interactions. UScellular has also implemented a daily health check process for associates and requires social distancing and mask wearing in all company facilities, including stores. Throughout this period of change, UScellular has continued serving its customers and ensuring its wireless network remains fully operational.

- Participation in the FCC Keep Americans Connected Pledge, through June 30, 2020, to not turn-off service or charge late fees due to a customer's inability to pay their bill due to circumstances related to COVID-19. This resulted in a reduction in non-pay defections, as well as reduced service revenues for the year ended December 31, 2020. During the third and fourth quarter of 2020, certain accounts that were part of the Pledge were terminated due to non-payment. Many of the remaining accounts that were on the Pledge are on payment arrangements of varying durations, and UScellular expects additional terminations due to non-payment in future periods.

- Waiving overage charges and certain other charges. This resulted in reduced service revenues for the year ended December 31, 2020.

- Supporting the communities in which UScellular operates. Through UScellular's partnership with Boys & Girls Clubs, UScellular has contributed to the Boys & Girls Clubs' COVID-19 Relief Fund to support children, families and communities. These funds are dispersed directly to more than 50 clubs in UScellular's service regions to support the most immediate needs of youth in areas of importance such as providing food for children who rely on their Boys & Girls Clubs for their dinner, care for children of essential workers and first responders, and digital learning resources. UScellular also began exploring ways to leverage its assets, brand, partnerships, and resources to begin to close the digital divide and ensure all youth in its markets have reliable and fast internet access in school and at home.

- Recognizing income tax benefits associated with the enactment of the CARES Act. This legislation resulted in a reduction to income tax expense for the year ended December 31, 2020 and a projected cash refund in 2021 of taxes paid in prior years.

- Monitoring its supply chain to assess impacts to availability and costs of device inventory and network equipment and services, including monitoring the dependency on third parties to continue network related projects. At this time, UScellular expects to be able to meet customer demand for devices and services and to be able to continue its 4G LTE network modernization and 5G deployment with no significant disruptions.

- UScellular is tracking customer usage and, at this time, believes network capacity is sufficient to accommodate expected usage.

- Monitoring roaming behaviors. Both inbound and outbound roaming traffic have been dampened by COVID-19 as wireless customers are reducing travel. The extent to which roaming traffic will be impacted by the pandemic in the future will depend upon governmental mandates and customer behavior in response to the outbreak.

See the following areas within this MD&A for additional discussion of the direct and indirect impacts of COVID-19:

- Operational Overview
- Financial Overview

Also see the "Risk Factors" in UScellular's Form 10-K for the year ended December 31, 2020 for risks related to COVID-19.

UScellular Mission and Strategy

UScellular’s mission is to provide exceptional wireless communication services which enhance consumers’ lives, increase the competitiveness of local businesses, and improve the efficiency of government operations in the markets UScellular serves.

UScellular’s strategy is to attract and retain customers through a value proposition comprising a high-quality network, outstanding customer service, and competitive devices, plans and pricing - all provided with a community focus. Strategic efforts include:

- UScellular offers economical and competitively priced service plans and devices to its customers and is focused on increasing revenues from sales of related products such as accessories and device protection plans and from new services such as home internet. In addition, UScellular is focused on expanding its solutions available to business and government customers.
- UScellular continues to devote efforts to enhance its network capabilities. UScellular has completed its deployment of VoLTE technology. VoLTE technology allows customers to utilize a 4G LTE network for both voice and data services and offers enhanced services such as high definition voice and simultaneous voice and data sessions.
- 5G technology helps address customers’ growing demand for data services and creates opportunities for new services requiring high speed and reliability as well as low latency. UScellular's 5G deployment is initially focused on mobility services using its low band spectrum. UScellular has acquired high band spectrum, which it will deploy in the future to further enable the delivery of 5G services. UScellular has launched commercial 5G services in portions of California, Illinois, Iowa, Kansas, Maine, Maryland, Missouri, Nebraska, New Hampshire, North Carolina, Oklahoma, Oregon, Tennessee, Texas, Virginia, Washington, West Virginia and Wisconsin and will continue to launch in additional areas in the coming years. In addition to the deployment of 5G technology, UScellular is also modernizing its 4G LTE network to further enhance 4G LTE speeds.
- UScellular assesses its existing wireless interests on an ongoing basis with a goal of improving the competitiveness of its operations and maximizing its long-term return on capital. As part of this strategy, UScellular actively seeks attractive opportunities to acquire wireless spectrum, including pursuant to FCC auctions such as Auctions 103, 105 and 107.

Terms Used by UScellular

The following is a list of definitions of certain industry terms that are used throughout this document:

- **4G LTE** – fourth generation Long-Term Evolution, which is a wireless technology that enables more network capacity for more data per user as well as faster access to data compared to third generation (3G) technology.
- **5G** – fifth generation wireless technology that helps address customers' growing demand for data services and creates opportunities for new services requiring high speed and reliability as well as low latency.
- **Account** – represents an individual or business financially responsible for one or multiple associated connections. An account may include a variety of types of connections such as handsets and connected devices.
- **Auctions 101, 102, 103, 105 and 107** – Auction 101 was an FCC auction of 28 GHz wireless spectrum licenses that started in November 2018 and concluded in January 2019. Auction 102 was an FCC auction of 24 GHz wireless spectrum licenses that started in March 2019 and concluded in May 2019. Auction 103 was an FCC auction of 37, 39, and 47 GHz wireless spectrum licenses that started in December 2019 and concluded in March 2020. Auction 105 was an FCC auction of 3.5 GHz wireless spectrum licenses that started in July 2020 and concluded in September 2020. Auction 107 is an FCC auction of 3.7-3.98 GHz wireless spectrum licenses that started in December 2020 and is not complete as of the date of this report.
- **Churn Rate** – represents the percentage of the connections that disconnect service each month. These rates represent the average monthly churn rate for each respective period.
- **Connections** – individual lines of service associated with each device activated by a customer. Connections are associated with all types of devices that connect directly to the UScellular network.
- **Connected Devices** – non-handset devices that connect directly to the UScellular network. Connected devices include products such as tablets, wearables, modems, and hotspots.
- **Coronavirus Aid, Relief, and Economic Security (CARES) Act** – economic relief package signed into law on March 27, 2020 to address the public health and economic impacts of COVID-19, including a variety of tax provisions.
- **EBITDA** – refers to earnings before interest, taxes, depreciation, amortization and accretion and is used in the non-GAAP metric Adjusted EBITDA throughout this document. See Supplemental Information Relating to Non-GAAP Financial Measures within this MD&A for additional information.
- **Eligible Telecommunications Carrier (ETC)** – designation by states for providing specified services in "high cost" areas which enables participation in universal service support mechanisms.
- **Free Cash Flow** – non-GAAP metric defined as Cash flows from operating activities less Cash paid for additions to property, plant and equipment. See Supplemental Information Relating to Non-GAAP Financial Measures within this MD&A for additional information.
- **Gross Additions** – represents the total number of new connections added during the period, without regard to connections that were terminated during that period.
- **Keep Americans Connected Pledge** – voluntary FCC initiative, through June 30, 2020, in response to the COVID-19 pandemic to ensure that Americans do not lose their broadband or telephone connectivity as a result of the exceptional circumstance.
- **Net Additions (Losses)** – represents the total number of new connections added during the period, net of connections that were terminated during that period.
- **OIBDA** – refers to operating income before depreciation, amortization and accretion and is used in the non-GAAP metric Adjusted OIBDA throughout this document. See Supplemental Information Relating to Non-GAAP Financial Measures within this MD&A for additional information.
- **Postpaid Average Revenue per Account (Postpaid ARPA)** – metric which is calculated by dividing total postpaid service revenues by the average number of postpaid accounts and by the number of months in the period.
- **Postpaid Average Revenue per User (Postpaid ARPU)** – metric which is calculated by dividing total postpaid service revenues by the average number of postpaid connections and by the number of months in the period.
- **Retail Connections** – the sum of postpaid connections and prepaid connections.
- **Tax Act** – refers to comprehensive federal tax legislation enacted on December 22, 2017, which made broad changes to the U.S. tax code. Now titled H.R.1, the Tax Act was originally identified as the Tax Cuts and Jobs Act of 2017.
- **Universal Service Fund (USF)** – a system of telecommunications collected fees and support payments managed by the FCC intended to promote universal access to telecommunications services in the United States.
- **VoLTE** – Voice over Long-Term Evolution is a technology specification that defines the standards and procedures for delivering voice communications and related services over 4G LTE networks.

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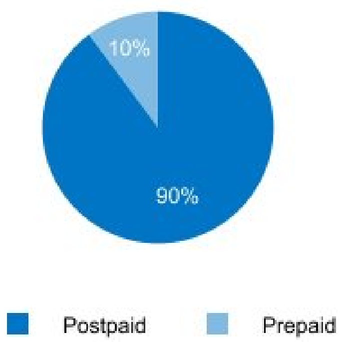
Operational Overview

Retail Connections Composition
As of December 31, 2020



31,	2020	2019
ns – End of Period		
	4,412,000	4,383,000
	499,000	506,000
	4,911,000	4,889,000

Year Ended December 31,	2020	2019	2020 vs. 2019
Postpaid Activity and Churn			
Gross Additions			
Handsets	397,000	458,000	(13)%
Connected Devices	203,000	148,000	37 %
Total Gross Additions	600,000	606,000	(1)%
Net Additions (Losses)			
Handsets	(13,000)	(24,000)	46 %
Connected Devices	39,000	(65,000)	N/M
Total Net Additions (Losses)	26,000	(89,000)	N/M
Churn			
Handsets	0.89 %	1.04 %	
Connected Devices	2.58 %	3.24 %	
Total Churn	1.09 %	1.31 %	

N/M - Percentage change not meaningful

Total postpaid handset net losses decreased in 2020 due primarily to lower handset defections as a result of lower consumer switching activity related to COVID-19, as well as a reduction in non-pay defections. Partially offsetting the decrease in defections were lower gross additions resulting from lower consumer switching activity.

Total postpaid connected device net additions increased in 2020 due primarily to (i) an increase in gross additions due to higher demand for internet related products given a need for remote connectivity related to COVID-19 and (ii) a decrease in tablet defections.

Postpaid Revenue

Year Ended December 31,	2020	2019	2020 vs. 2019
Average Revenue Per User (ARPU)	**$ 47.01**	$ 46.01	2%
Average Revenue Per Account (ARPA)	**$ 122.93**	$ 119.80	3%

Postpaid ARPU and Postpaid ARPA increased in 2020, due primarily to (i) an increase in device protection plan revenues, (ii) an increase in regulatory recovery revenues, and (iii) having proportionately fewer tablet connections, which on a per-unit basis contribute less revenue than other connected devices and smartphones. These increases were partially offset by the impact of waiving overage charges and late payment and related fees, measures UScellular took to assist customers during 2020 related to the COVID-19 pandemic.

Financial Overview

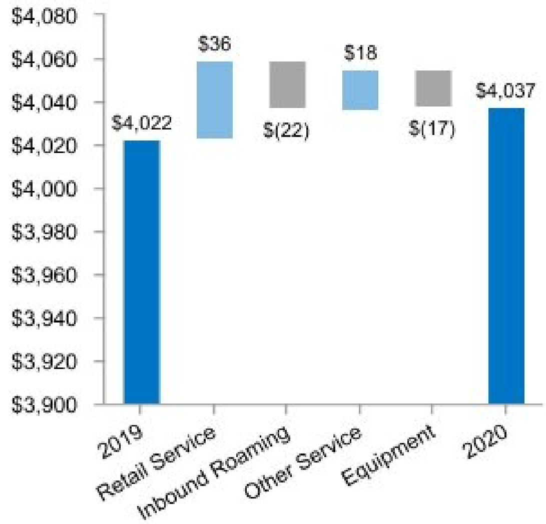
Year Ended December 31,	2020	2019	2020 vs. 2019
(Dollars in millions)			
Retail service	$ 2,686	$ 2,650	1 %
Inbound roaming	152	174	(13)%
Other	229	211	8 %
Service revenues	3,067	3,035	1 %
Equipment sales	970	987	(2)%
Total operating revenues	4,037	4,022	–
System operations (excluding Depreciation, amortization and accretion reported below)	782	756	3 %
Cost of equipment sold	1,011	1,028	(2)%
Selling, general and administrative	1,368	1,406	(3)%
Depreciation, amortization and accretion	683	702	(3)%
(Gain) loss on asset disposals, net	25	19	36 %
(Gain) loss on sale of business and other exit costs, net	—	(1)	N/M
(Gain) loss on license sales and exchanges, net	(5)	—	N/M
Total operating expenses	3,864	3,910	(1)%
Operating income	$ 173	$ 112	54 %
Net income	$ 233	$ 133	76 %
Adjusted OIBDA (Non-GAAP)[1]	$ 876	$ 832	5 %
Adjusted EBITDA (Non-GAAP)[1]	$ 1,063	$ 1,015	5 %
Capital expenditures[2]	$ 940	$ 710	32 %

N/M - Percentage change not meaningful

1 Refer to Supplemental Information Relating to Non-GAAP Financial Measures within this MD&A for a reconciliation of this measure.

2 Refer to Liquidity and Capital Resources within this MD&A for additional information on Capital expenditures.

Operating Revenues
(Dollars in millions)



Service revenues consist of:

- Retail Service – Charges for voice, data and value added services and recovery of regulatory costs
- Inbound Roaming – Charges to other wireless carriers whose customers use UScellular's wireless systems when roaming
- Other Service – Amounts received from the Federal USF, tower rental revenues, and miscellaneous other service revenues

Equipment revenues consist of:

- Sales of wireless devices and related accessories to new and existing customers, agents, and third-party distributors

Key components of changes in the statement of operations line items were as follows:

Total operating revenues

Retail service revenues increased in 2020, primarily as a result of an increase in Postpaid ARPU as previously discussed in the Operational Overview section, partially offset by a decline in the average number of postpaid subscribers.

Inbound roaming revenues decreased in 2020, primarily driven by lower data revenues, with lower rates partially offset by higher usage. UScellular expects inbound roaming revenues to continue to decline as a result of a decrease in rates, and the merger of Sprint and T-Mobile.

Other service revenues increased in 2020, resulting from increases in tower rental revenues and miscellaneous other service revenues.

Equipment sales revenues decreased in 2020, due primarily to a decrease in new smartphone and accessory sales, partially offset by an increase in used smartphone sales.

System operations expenses

System operations expenses increased in 2020, due to increased cell site rent expense, non-capitalizable costs to add network capacity and costs to decommission network assets.

Cost of equipment sold

Cost of equipment sold decreased in 2020, due primarily to a decrease in new smartphone and accessory sales, partially offset by an increase in used smartphone and connected device sales.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased in 2020, due primarily to decreases in (i) bad debts expense driven by fewer non-pay customers as a result of better credit mix and improved customer payment behavior and (ii) advertising expense due to reduced sponsorship expense from cancelled events related to COVID-19.

Depreciation, amortization and accretion

Depreciation, amortization, and accretion decreased in 2020, due to certain billing system assets reaching their end of life, partially offset by higher depreciation due to increased capital expenditures and accelerated depreciation of certain assets due to changes in network technology.

(Gain) loss on asset disposals, net

Loss on asset disposals, net increased in 2020 due primarily to higher disposal of used equipment.

Components of Other Income (Expense)

Year Ended December 31,	2020	2019	2020 vs. 2019
(Dollars in millions)			
Operating income	**$ 173**	$ 112	54 %
Equity in earnings of unconsolidated entities	**179**	166	8 %
Interest and dividend income	**8**	17	(54)%
Gain (loss) on investments	**2**	—	N/M
Interest expense	**(112)**	(110)	(2)%
Total investment and other income	**77**	73	6 %
Income before income taxes	**250**	185	35 %
Income tax expense	**17**	52	(68)%
Net income	**233**	133	76 %
Less: Net income attributable to noncontrolling interests, net of tax	**4**	6	(30)%
Net income attributable to UScellular shareholders	**$ 229**	$ 127	81 %

N/M - Percentage change not meaningful

Equity in earnings of unconsolidated entities

Equity in earnings of unconsolidated entities represents UScellular's share of net income from entities in which it has a noncontrolling interest and that are accounted for using the equity method. UScellular's investment in the Los Angeles SMSA Limited Partnership (LA Partnership) contributed pre-tax income of $82 million and $78 million in earnings of unconsolidated entities in 2020 and 2019, respectively. See Note 8 — Investments in Unconsolidated Entities in the Notes to Consolidated Financial Statements for additional information.

Interest and dividend income

Interest and dividend income decreased in 2020, primarily driven by lower interest rates.

Interest Expense

Interest expense increased in 2020, primarily as a result of an increase in interest expense related to new borrowings, partially offset by a higher amount of capitalized interest.

Income tax expense

The effective tax rate on Income before income taxes for 2020 was 6.6%. The effective tax rate includes the impact of federal and state tax, and is reduced significantly in 2020 due to the tax benefits of the CARES Act enacted on March 27, 2020.

The CARES Act provides retroactive eligibility of bonus depreciation on qualified improvement property put into service after December 31, 2017 and a 5-year carryback of net operating losses generated in years 2018-2020. As the statutory federal tax rate applicable to certain years within the carryback period is 35%, carryback to those years provides a tax benefit in excess of the current federal statutory rate of 21%, resulting in a reduction of income tax expense for the year ended December 31, 2020, and a projected cash refund in 2021 of taxes paid in prior years.

The effective tax rate on Income before income taxes for 2019 was 28.1%. The effective tax rate includes the impact of federal and state tax, as well as other increases due primarily to nondeductible interest expense.

See Note 5 — Income Taxes in the Notes to Consolidated Financial Statements for additional information.

Liquidity and Capital Resources

Sources of Liquidity

UScellular operates a capital-intensive business. In the past, UScellular's existing cash and investment balances, funds available under its revolving credit and receivables securitization agreements, funds from other financing sources, including a term loan and other long-term debt, and cash flows from operating and certain investing and financing activities, including sales of assets or businesses, provided sufficient liquidity and financial flexibility for UScellular to meet its normal day-to-day operating needs and debt service requirements, to finance the build-out and enhancement of markets and to fund acquisitions, primarily of wireless spectrum licenses. There is no assurance that this will be the case in the future. See Market Risk for additional information regarding maturities of long-term debt.

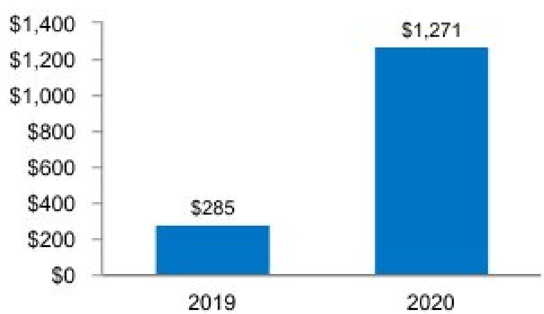
UScellular has incurred negative free cash flow at times in the past and this could occur in the future. However, UScellular believes that existing cash and investment balances, funds available under its revolving credit, term loan and receivables securitization agreements, expected future tax refunds and expected cash flows from operating and investing activities will provide sufficient liquidity for UScellular to meet its normal day-to-day operating needs and debt service requirements for the coming year. UScellular will continue to monitor the rapidly changing business and market conditions and plans to take appropriate actions, as necessary, to meet its liquidity needs.

UScellular may require substantial additional capital for, among other uses, funding day-to-day operating needs including working capital, acquisitions of providers of wireless telecommunications services, wireless spectrum license or system acquisitions, capital expenditures, agreements to purchase goods or services, leases, debt service requirements, the repurchase of shares, or making additional investments. It may be necessary from time to time to increase the size of the existing revolving credit agreement, to put in place new credit agreements, or to obtain other forms of financing in order to fund potential expenditures.

Cash and Cash Equivalents

Cash and cash equivalents include cash and money market investments.

Cash and Cash Equivalents
(Dollars in millions)



The majority of UScellular's Cash and cash equivalents are held in bank deposit accounts and in money market funds that purchase only debt issued by the U.S. Treasury or U.S. government agencies.

Financing

Revolving Credit Agreement

In March 2020, UScellular entered into a new $300 million unsecured revolving credit agreement with certain lenders and other parties. Amounts under the new revolving credit agreement may be borrowed, repaid and reborrowed from time to time until maturity in March 2025. As a result of the new agreement, UScellular's previous revolving credit agreement due to expire in May 2023 was terminated. As of December 31, 2020, there were no outstanding borrowings under the revolving credit agreement, except for letters of credit, and UScellular's unused borrowing capacity under its revolving credit agreement was $298 million.

Term Loan Agreement

In March 2020, UScellular amended its unsecured senior term loan credit agreement in order to conform the agreement with its revolving credit agreement. In June 2020, UScellular amended and restated the agreement and increased its borrowing capacity to $300 million. The term loan may be drawn in one or more advances by the one-year anniversary of the date of the agreement; amounts not drawn by that time will cease to be available. The maturity date of the term loan is in June 2027. As of December 31, 2020, the outstanding borrowings under the agreement were $83 million and the unused borrowing capacity was $217 million.

Receivables Securitization Agreement

In April 2020, UScellular borrowed $125 million under its receivables securitization agreement. In October 2020, UScellular amended and restated its agreement to increase its total borrowing capacity to $300 million. Amounts under the receivables securitization agreement may be borrowed, repaid and reborrowed from time to time until maturity in December 2022, which may be extended from time to time as specified therein. In December 2020, UScellular repaid $100 million of the outstanding borrowing. As of December 31, 2020, the outstanding borrowings under the agreement were $25 million and the unused capacity was $275 million, subject to sufficient collateral to satisfy the asset borrowing base provisions of the agreement.

Financial Covenants

The revolving credit agreement, senior term loan agreement and receivables securitization agreement require UScellular to comply with certain affirmative and negative covenants, which include certain financial covenants. In particular, under these agreements, UScellular is required to maintain the Consolidated Interest Coverage Ratio at a level not lower than 3.00 to 1.00 as of the end of any fiscal quarter. UScellular also was required to maintain the Consolidated Leverage Ratio at a level not to exceed 3.25 to 1.00 as of the end of any fiscal quarter. UScellular believes that it was in compliance as of December 31, 2020 with all such financial covenants.

Other Long-Term Financing

In August 2020, UScellular issued $500 million of 6.25% Senior Notes due in 2069 and in December 2020, UScellular issued $500 million of 5.5% Senior Notes due in 2070. The proceeds from both issuances will be used for general corporate purposes, which may include the repayment of other debt, the purchase of additional spectrum and the funding of capital expenditures, including in connection with 5G buildout projects.

UScellular has an effective shelf registration statement on Form S-3 to issue senior or subordinated debt securities. The proceeds from any such issuance may be used for general corporate purposes, including the possible reduction of other short-term or long-term debt; spectrum purchases; capital expenditures; acquisition, construction and development programs; working capital; additional investments in subsidiaries; or the repurchase of shares. The UScellular shelf registration statement permits UScellular to issue at any time and from time to time senior or subordinated debt securities in one or more offerings, up to the amount registered, which is currently $500 million. The ability of UScellular to complete an offering pursuant to such shelf registration statement is subject to market conditions and other factors at the time.

UScellular believes that it was in compliance as of December 31, 2020, with all covenants and other requirements set forth in the UScellular long-term debt indentures. UScellular has not failed to make nor does it expect to fail to make any scheduled payment of principal or interest under such indentures.

Refer to Market Risk — Long-Term Debt for additional information regarding required principal payments and the weighted average interest rates related to UScellular’s Long-term debt.

UScellular, at its discretion, may from time to time seek to retire or purchase its outstanding debt through cash purchases and/or exchanges for other securities, in open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

See Note 12 — Debt in the Notes to Consolidated Financial Statements for additional information regarding the revolving credit agreement, senior term loan agreement, receivables securitization agreement, Senior Notes and other long-term financing.

Credit Ratings

In certain circumstances, UScellular's interest cost on its revolving credit and term loan agreements may be subject to increase if its current credit ratings from nationally recognized credit rating agencies are lowered, and may be subject to decrease if the ratings are raised. UScellular's agreements do not cease to be available nor do the maturity dates accelerate solely as a result of a downgrade in credit rating. However, a downgrade in UScellular's credit rating could adversely affect its ability to renew the agreements or obtain access to other credit agreements in the future.

UScellular is rated at sub-investment grade. UScellular's credit ratings as of December 31, 2020, and the dates such ratings were re-affirmed were as follows:

Rating Agency	Rating	Outlook
Moody's (re-affirmed October 2020)	Ba1	stable outlook
Standard & Poor's (re-affirmed October 2020)	BB	stable outlook
Fitch Ratings (re-affirmed June 2020)	BB+	stable outlook

Capital Requirements

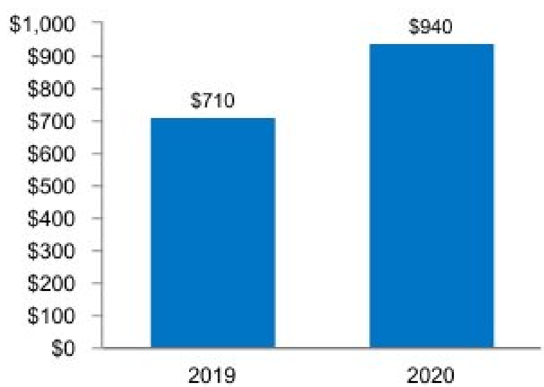
The discussion below is intended to highlight some of the significant cash outlays expected during 2021 and beyond and to highlight the spending incurred in prior years for these items. This discussion does not include cash required to fund normal operations, and is not a comprehensive list of capital requirements. Significant cash requirements that are not routine or in the normal course of business could arise from time to time.

Capital Expenditures

UScellular makes substantial investments to acquire, construct and upgrade wireless telecommunications networks and facilities to remain competitive and as a basis for creating long-term value for shareholders. In recent years, rapid changes in technology and new opportunities (such as 5G and VoLTE technology) have required substantial investments in potentially revenue-enhancing and cost-saving upgrades of UScellular's networks to remain competitive; this is expected to continue in 2021 and future years with the continued deployment of 5G technology.

Capital expenditures (i.e., additions to property, plant and equipment and system development expenditures; excludes wireless spectrum license additions), which include the effects of accruals and capitalized interest, in 2020 and 2019 were as follows:

Capital Expenditures
(Dollars in millions)



In 2020, UScellular's capital expenditures were used for the following purposes:

- Enhance and maintain UScellular's network coverage, including continuing deployment of VoLTE technology and providing additional speed and capacity to accommodate increased data usage by current customers;
- Continue network modernization and 5G deployment; and
- Invest in information technology to support existing and new services and products.

UScellular's capital expenditures for 2021 are expected to be between $775 million and $875 million. UScellular will continue to incur spend in 2021 related to its multi-year 5G deployment and network modernization initiatives.

UScellular intends to finance its capital expenditures for 2021 using primarily Cash flows from operating activities, existing cash balances and, if required, additional debt financing from its receivables securitization agreement, senior term loan credit agreement, revolving credit agreement and/or other forms of financing.

Acquisitions, Divestitures and Exchanges

UScellular may be engaged from time to time in negotiations (subject to all applicable regulations) relating to the acquisition, divestiture or exchange of companies, properties or wireless spectrum licenses (including pursuant to FCC auctions). In general, UScellular may not disclose such transactions until there is a definitive agreement.

Subsequent to December 31, 2020, UScellular committed to purchase wireless spectrum licenses for approximately $1,460 million inclusive of associated costs, subject to regulatory approval. UScellular believes its cash balances, existing debt facilities, and other financing sources as described above are sufficient to meet this commitment.

Other Obligations

UScellular will require capital for future spending on existing contractual obligations, including long-term debt obligations; operating lease and finance lease commitments; commitments for device purchases, network facilities and transport services; agreements for software licensing; long-term marketing programs; and other agreements to purchase goods or services.

Variable Interest Entities

UScellular consolidates certain “variable interest entities” as defined under GAAP. See Note 14 — Variable Interest Entities in the Notes to Consolidated Financial Statements for additional information related to these variable interest entities. UScellular may elect to make additional capital contributions and/or advances to these variable interest entities in future periods in order to fund their operations.

Common Share Repurchase Program

During 2020, UScellular repurchased 803,836 Common Shares for $23 million at an average cost per share of $29.00. At December 31, 2020, the total cumulative amount of UScellular Common Shares authorized to be purchased is 4,507,000.

Depending on its future financial performance, construction, development and acquisition programs, and available sources of financing, UScellular may not have sufficient liquidity or capital resources to make share repurchases. Therefore, there is no assurance that UScellular will make any share repurchases in the future.

For additional information related to the current repurchase authorization, see Note 16 — Common Shareholders’ Equity in the Notes to Consolidated Financial Statements.

Off-Balance Sheet Arrangements

UScellular had no transactions, agreements or other contractual arrangements with unconsolidated entities involving “off-balance sheet arrangements,” as defined by SEC rules, that had or are reasonably likely to have a material current or future effect on its financial condition, results of operations, liquidity, capital expenditures or capital resources.

Consolidated Cash Flow Analysis

UScellular operates a capital-intensive business. UScellular makes substantial investments to acquire wireless spectrum licenses and properties and to construct and upgrade wireless telecommunications networks and facilities as a basis for creating long-term value for shareholders. In recent years, rapid changes in technology and new opportunities have required substantial investments in potentially revenue-enhancing and cost-saving upgrades to UScellular's networks. Cash flows may fluctuate from quarter to quarter and year to year due to seasonality, the timing of acquisitions and divestitures, capital expenditures and other factors. The following discussion summarizes UScellular's cash flow activities in 2020 and 2019.

2020 Commentary

UScellular's Cash, cash equivalents and restricted cash increased $1,000 million. Net cash provided by operating activities was $1,237 million due to net income of $233 million adjusted for non-cash items of $758 million, distributions received from unconsolidated entities of $189 million including $89 million in distributions from the LA Partnership, and changes in working capital items which increased net cash by $57 million. The working capital changes were primarily influenced by the timing of vendor payments partially offset by tax impacts from the CARES Act and the timing of collections of customer and agent receivables.

Cash flows used for investing activities were $1,163 million. Cash paid for additions to property, plant and equipment totaled $989 million. Cash payments for wireless spectrum license acquisitions, including advance payments, were $201 million.

Cash flows provided by financing activities were $926 million, reflecting the issuance of $500 million of 5.50% Senior Notes, $500 million of 6.25% Senior Notes, and $125 million borrowed under the receivables securitization agreement. These were partially offset by a $100 million repayment on the receivables securitization agreement, payment of debt issuance costs of $38 million and the repurchase of $23 million of Common Shares.

2019 Commentary

UScellular's Cash, cash equivalents and restricted cash decreased $292 million. Net cash provided by operating activities was $724 million due to net income of $133 million plus non-cash items of $702 million and distributions received from unconsolidated entities of $161 million, including $75 million in distributions from the LA Partnership. This was offset by changes in working capital items which decreased net cash by $272 million. The more significant working capital changes were increases in accounts receivables and equipment installment plan receivables and decreases in accounts payable and accrued taxes.

Cash flows used for investing activities were $864 million. Cash paid for additions to property, plant and equipment totaled $650 million and Cash paid for licenses totaled $266 million. This was partially offset by cash received from the redemption of short-term Treasury bills of $29 million and Cash received from divestitures and exchanges of $41 million.

Cash flows used for financing activities were $152 million, reflecting a $100 million principal prepayment on the senior term loan, the repurchase of $21 million of Common Shares and ordinary activity such as the scheduled repayments of debt.

Consolidated Balance Sheet Analysis

The following discussion addresses certain captions in the consolidated balance sheet and changes therein. This discussion is intended to highlight the significant changes and is not intended to fully reconcile the changes. Changes in financial condition during 2020 were as follows:

Income taxes receivable

Income taxes receivable increased $79 million primarily reflecting future tax refunds attributable to the carryback of 2020 net operating losses, as allowed under the CARES Act which was enacted in March 2020. See Note 5 — Income Taxes in the Notes to Consolidated Financial Statements for additional information.

Accounts payable - Trade

Accounts payable - Trade increased $81 million due primarily to software license and network equipment spending.

Deferred income tax liability, net

Deferred income tax liability, net increased $126 million due primarily to full deductibility for tax purposes of qualified property placed in service during 2020. See Note 5 — Income Taxes in the Notes to Consolidated Financial Statements for additional information.

Other deferred liabilities and credits

Other deferred liabilities and credits increased $57 million due primarily to increases in the asset retirement obligation liability and long-term contract liabilities from contracts with customers.

Long-term debt, net

Long-term debt, net increased $987 million due primarily to the issuance of $500 million of 5.50% Senior Notes and $500 million of 6.25% Senior Notes. See Note 12 — Debt in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

UScellular prepares its consolidated financial statements in accordance with GAAP. UScellular's significant accounting policies are discussed in detail in Note 1 — Summary of Significant Accounting Policies and Recent Accounting Pronouncements, Note 2 — Revenue Recognition and Note 10 — Leases in the Notes to Consolidated Financial Statements.

Management believes the application of the following critical accounting policies and the estimates required by such application reflect its most significant judgments and estimates used in the preparation of UScellular's consolidated financial statements.

Wireless Spectrum Licenses

Wireless spectrum licenses represent a significant component of UScellular's consolidated assets. Wireless spectrum licenses are considered to be indefinite-lived assets and, therefore, are not amortized but rather are tested at least annually for impairment. Significant negative events, such as changes in any of the assumptions described below as well as decreases in forecasted cash flows, could result in an impairment in future periods. Wireless spectrum licenses are tested for impairment at the level of reporting referred to as a unit of accounting.

For purposes of its impairment testing, UScellular separates its FCC wireless spectrum licenses into eight units of accounting, which consist of one unit of accounting for developed operating market wireless spectrum licenses (built wireless spectrum licenses) and seven geographic non-operating market wireless spectrum licenses (unbuilt wireless spectrum licenses). UScellular performed a qualitative impairment assessment in 2020 and a quantitative impairment assessment in 2019 to determine whether an impairment existed.

In 2020, UScellular considered several qualitative factors, including analyst estimates of wireless spectrum license values which contemplated recent spectrum auction results, recent UScellular and other market participant transactions and other industry and market factors. Based on this assessment, UScellular concluded that it was more likely than not that the fair value of the wireless spectrum licenses in each unit of accounting exceeded their respective carrying values. Therefore, no quantitative impairment evaluation was completed.

In 2019, a market approach was used to value the wireless spectrum license portfolio. Within each unit of accounting, the wireless spectrum licenses were pooled by type and by geographic area. The market approach calculates estimated market values using observable pricing multiples from wireless spectrum license purchase and auction transactions to estimate fair value for each pool of wireless spectrum licenses. The sum of the fair values of each of the pools represents the estimated fair value of UScellular's wireless spectrum licenses. The most significant assumption made in this process was the pricing multiples which are units of value expressed in relation to the bandwidth and population covered by a wireless spectrum license. Based on the assessment, the fair values of the wireless spectrum license units of accounting exceeded their respective carrying values by amounts ranging from 39% to greater than 100%. It was determined that the carrying value of wireless spectrum licenses acquired through Auction 101 and 102 approximated fair value based on the recency of the auctions. Therefore, no impairment of wireless spectrum licenses existed.

See Note 7 — Intangible Assets in the Notes to Consolidated Financial Statements for information related to wireless spectrum licenses activity in 2020 and 2019.

Income Taxes

UScellular is included in a consolidated federal income tax return with other members of the TDS consolidated group. TDS and UScellular are parties to a Tax Allocation Agreement which provides that UScellular and its subsidiaries be included with the TDS affiliated group in a consolidated federal income tax return and in state income or franchise tax returns in certain situations. For financial statement purposes, UScellular and its subsidiaries calculate their income, income tax and credits as if they comprised a separate affiliated group. Under the Tax Allocation Agreement between TDS and UScellular, UScellular remits its applicable income tax payments to TDS, and receives applicable tax refunds from TDS, consistent with when such payments would be paid or received if UScellular and its subsidiaries were a separate affiliated group.

The amounts of income tax assets and liabilities, the related income tax provision and the amount of unrecognized tax benefits are critical accounting estimates because such amounts are significant to UScellular's financial condition and results of operations.

The preparation of the consolidated financial statements requires UScellular to calculate a provision for income taxes. This process involves estimating the actual current income tax liability together with assessing temporary differences resulting from the different treatment of items for tax purposes. These temporary differences result in deferred income tax assets and liabilities which are included on a net basis in UScellular's Consolidated Balance Sheet. UScellular must then assess the likelihood that deferred income tax assets will be realized based on future taxable income and, to the extent management believes that realization is not likely, establish a valuation allowance. Management's judgment is required in determining the provision for income taxes, deferred income tax assets and liabilities and any valuation allowance that is established for deferred income tax assets.

UScellular recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on management's judgment as to the possible outcome that has a greater than 50% cumulative likelihood of being realized upon ultimate resolution.

See Note 5 — Income Taxes in the Notes to Consolidated Financial Statements for additional information.

Regulatory Matters

5G Fund

On October 27, 2020, the FCC adopted rules creating the 5G Fund for Rural America, which will distribute up to $9 billion over ten years to bring 5G wireless broadband connectivity to rural America. The 5G Fund will be implemented through a two-phase competitive process, using multi-round auctions to award support. The winning bidders will be required to meet certain minimum speed requirements and interim and final deployment milestones. The order provides that the 5G Fund be in lieu of the previously proposed fund (the Phase II Connect America Mobility Fund) for the development of 4G LTE. The order also provides that over time a growing percentage of the legacy support a carrier receives must be used for 5G deployment.

UScellular cannot predict at this time when the 5G fund auction will occur, when the phase down period for its existing legacy support from the Federal USF will commence, or whether the 5G fund auction will provide opportunities to UScellular to offset any loss in existing support.

FCC Rulemaking – Restoring Internet Freedom

In December 2017, the FCC approved rules reversing or revising decisions made in the FCC's 2015 Open Internet and Title II Order (Restoring Internet Freedom). The 2017 action reversed the FCC's 2015 decision to reclassify Broadband Internet Access Services as telecommunications services subject to regulation under Title II of the Telecommunications Act. The 2017 action also reversed the FCC's 2015 restrictions on blocking, throttling and paid prioritization, and modified transparency rules relating to such practices. Several parties filed suit in federal court challenging the 2017 actions. On October 1, 2019, the Court of Appeals for the D.C. Circuit issued an order reaffirming the FCC in most respects, but limiting the FCC's ability to preempt state and local net neutrality laws. On February 19, 2020, the FCC issued a Public Notice seeking comment on three issues under further consideration by the FCC based on a recent D.C. Circuit decision. On October 27, 2020, the FCC adopted an Order on Remand in response to the U.S. Court of Appeals for the D.C. Circuit's remand on the three issues under further consideration by the FCC and found no basis to alter the FCC's conclusions in the Restoring Internet Freedom Order.

A number of states, including certain states in which UScellular operates, have adopted or considered laws intended to reinstate aspects of the foregoing net neutrality regulations that were reversed or revised by the FCC in 2017. To the extent such laws are enacted, it is expected that legal proceedings will be pursued challenging such laws, subject now to the DC Circuit ruling limiting the FCC's preemptive authority in this matter. The new administration may also conduct rulemaking proceedings that may reinstate in some form net neutrality rules. UScellular cannot predict the outcome of any of these proceedings or the impact on its business.

Spectrum Auctions

On July 11, 2019, the FCC released a Public Notice establishing procedures for an auction offering wireless spectrum licenses in the 37, 39 and 47 GHz bands (Auction 103). On March 12, 2020, the FCC announced by public notice that UScellular was the provisional winning bidder for 237 wireless spectrum licenses for a purchase price of $146 million. In June 2020, the wireless spectrum licenses from Auction 103 were granted by the FCC.

On March 2, 2020, the FCC released a Public Notice establishing procedures for an auction offering wireless spectrum licenses in the 3.5 GHz band (Auction 105). On September 2, 2020, the FCC announced by public notice that UScellular was the provisional winning bidder for 243 wireless spectrum licenses for a purchase price of $14 million. The wireless spectrum licenses are expected to be granted by the FCC in 2021.

On August 7, 2020, the FCC released a Public Notice establishing procedures for an auction offering wireless spectrum licenses in the 3.7-3.98 GHz bands (Auction 107). UScellular filed an application to participate in Auction 107 on September 21, 2020. Bidding in Auction 107 commenced on December 8, 2020. The initial phase of this auction closed on January 15, 2021 and the assignment phase commenced on February 8, 2021.

Rural Digital Opportunity Fund

On January 30, 2020, the FCC adopted the Rural Digital Opportunity Fund Report and Order, which establishes the framework for the Rural Digital Opportunity Fund (Auction 904). Auction 904 was a reverse auction to provide funding for high speed fixed broadband service in underserved rural areas. On July 15, 2020, UScellular filed an application to participate in Auction 904. Auction 904 began on October 29, 2020 and concluded on November 25, 2020. UScellular was not a winning bidder in Auction 904.

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 SAFE HARBOR CAUTIONARY STATEMENT

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Annual Report contain statements that are not based on historical facts and represent forward-looking statements, as this term is defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, that address activities, events or developments that UScellular intends, expects, projects, believes, estimates, plans or anticipates will or may occur in the future are forward-looking statements. The words "believes," "anticipates," "estimates," "expects," "plans," "intends," "projects" and similar expressions are intended to identify these forward-looking statements, but are not the exclusive means of identifying them. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, but are not limited to, those set forth below. See "Risk Factors" in UScellular's Annual Report on Form 10-K for the year ended December 31, 2020, for a further discussion of these risks. Each of the following risks could have a material adverse effect on UScellular's business, financial condition or results of operations. However, such factors are not necessarily all of the important factors that could cause actual results, performance or achievements to differ materially from those expressed in, or implied by, the forward-looking statements contained in this document. Other unknown or unpredictable factors also could have material adverse effects on future results, performance or achievements. UScellular undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. Readers should evaluate any statements in light of these important factors.

Operational Risk Factors

- *Intense competition involving products, services, pricing and network speed and technologies could adversely affect UScellular's revenues or increase its costs to compete.*
- *Changes in roaming practices or other factors could cause UScellular's roaming revenues to decline from current levels, roaming expenses to increase from current levels and/or impact UScellular's ability to service its customers in geographic areas where UScellular does not have its own network, which could have an adverse effect on UScellular's business, financial condition or results of operations.*
- *A failure by UScellular to obtain access to adequate radio spectrum to meet current or anticipated future needs and/or to accurately predict future needs for radio spectrum could have an adverse effect on UScellular's business, financial condition or results of operations.*
- *An inability to attract people of outstanding talent throughout all levels of the organization, to develop their potential through education and assignments, and to retain them by keeping them engaged, challenged and properly rewarded could have an adverse effect on UScellular's business, financial condition or results of operations.*
- *UScellular's smaller scale relative to larger competitors that may have greater financial and other resources than UScellular could cause UScellular to be unable to compete successfully, which could adversely affect its business, financial condition or results of operations.*
- *Changes in various business factors, including changes in demand, consumer preferences and perceptions, price competition, churn from customer switching activity and other factors, could have an adverse effect on UScellular's business, financial condition or results of operations.*
- *Advances or changes in technology could render certain technologies used by UScellular obsolete, could put UScellular at a competitive disadvantage, could reduce UScellular's revenues or could increase its costs of doing business.*
- *Complexities associated with deploying new technologies present substantial risk and UScellular investments in unproven technologies may not produce the benefits that UScellular expects.*
- *Costs, integration problems or other factors associated with acquisitions, divestitures or exchanges of properties or wireless spectrum licenses and/or expansion of UScellular's business could have an adverse effect on UScellular's business, financial condition or results of operations.*
- *A failure by UScellular to complete significant network construction and systems implementation activities as part of its plans to improve the quality, coverage, capabilities and capacity of its network, support and other systems and infrastructure could have an adverse effect on its operations.*
- *Difficulties involving third parties with which UScellular does business, including changes in UScellular's relationships with or financial or operational difficulties of key suppliers or independent agents and third-party national retailers who market UScellular's services, could adversely affect UScellular's business, financial condition or results of operations.*
- *A failure by UScellular to maintain flexible and capable telecommunication networks or information technology, or a material disruption thereof, could have an adverse effect on UScellular's business, financial condition or results of operations.*

Financial Risk Factors

- *Uncertainty in UScellular's future cash flow and liquidity or the inability to access capital, deterioration in the capital markets, other changes in UScellular's performance or market conditions, changes in UScellular's credit ratings or other factors could limit or restrict the availability of financing on terms and prices acceptable to UScellular, which could require UScellular to reduce its construction, development or acquisition programs, reduce the amount of wireless spectrum licenses acquired, and/or reduce or cease share repurchases.*

- *UScellular has a significant amount of indebtedness which could adversely affect its financial performance and in turn adversely affect its ability to make payments on its indebtedness, comply with terms of debt covenants and incur additional debt.*

- *UScellular's assets and revenue are concentrated in the U.S. wireless telecommunications industry. Consequently, its operating results may fluctuate based on factors related primarily to conditions in this industry.*

- *UScellular has significant investments in entities that it does not control. Losses in the value of such investments could have an adverse effect on UScellular's financial condition or results of operations.*

Regulatory, Legal and Governance Risk Factors

- *Failure by UScellular to timely or fully comply with any existing applicable legislative and/or regulatory requirements or changes thereto could adversely affect UScellular's business, financial condition or results of operations.*

- *UScellular receives significant regulatory support, and is also subject to numerous surcharges and fees from federal, state and local governments – the applicability and the amount of the support and fees are subject to great uncertainty, including the ability to pass through certain fees to customers, and this uncertainty could have an adverse effect on UScellular's business, financial condition or results of operations.*

- *Settlements, judgments, restraints on its current or future manner of doing business and/or legal costs resulting from pending and future litigation could have an adverse effect on UScellular's business, financial condition or results of operations.*

- *The possible development of adverse precedent in litigation or conclusions in professional studies to the effect that radio frequency emissions from wireless devices and/or cell sites cause harmful health consequences, including cancer or tumors, or may interfere with various electronic medical devices such as pacemakers, could have an adverse effect on UScellular's business, financial condition or results of operations.*

- *Claims of infringement of intellectual property and proprietary rights of others, primarily involving patent infringement claims, could prevent UScellular from using necessary technology to provide products or services or subject UScellular to expensive intellectual property litigation or monetary penalties, which could have an adverse effect on UScellular's business, financial condition or results of operations.*

- *There are potential conflicts of interests between TDS and UScellular.*

- *Certain matters, such as control by TDS and provisions in the UScellular Restated Certificate of Incorporation, may serve to discourage or make more difficult a change in control of UScellular or have other consequences.*

General Risk Factors

- *UScellular has experienced, and in the future expects to experience, cyber-attacks or other breaches of network or information technology security of varying degrees on a regular basis, which could have an adverse effect on UScellular's business, financial condition or results of operations.*

- *Disruption in credit or other financial markets, a deterioration of U.S. or global economic conditions or other events could, among other things, impede UScellular's access to or increase the cost of financing its operating and investment activities and/or result in reduced revenues and lower operating income and cash flows, which would have an adverse effect on UScellular's business, financial condition or results of operations.*

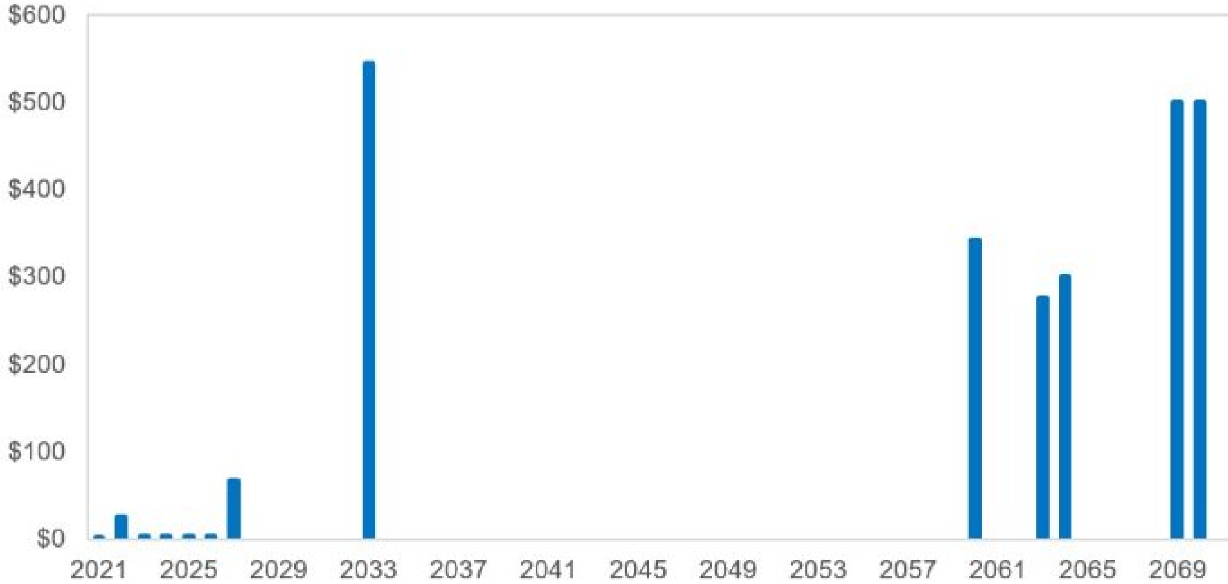
- *The impact of public health emergencies, such as the COVID-19 pandemic, on UScellular's business is uncertain, but depending on duration and severity could have a material adverse effect on UScellular's business, financial condition or results of operations.*

Market Risk

Long-Term Debt

As of December 31, 2020, the majority of UScellular's long-term debt was in the form of fixed-rate notes with remaining maturities ranging up to 50 years. Fluctuations in market interest rates can lead to significant fluctuations in the fair value of these fixed-rate notes.

The following chart presents the scheduled principal payments on long-term debt by maturity dates at December 31, 2020:



The following table presents the scheduled principal payments on long-term debt, finance lease obligations and other installment arrangements, and the related weighted average interest rates by maturity dates at December 31, 2020:

	Principal Payments Due by Period	
	Long-Term Debt Obligations[1]	Weighted-Avg. Interest Rates on Long-Term Debt Obligations[2]
(Dollars in millions)		
2021	$ 2	2.8 %
2022	28	1.5 %
2023	3	2.7 %
2024	3	2.7 %
2025	3	2.6 %
Thereafter	2,533	6.4 %
Total	$ 2,572	6.3 %

1 The total long-term debt obligation differs from Long-term debt in the Consolidated Balance Sheet due to unamortized debt issuance costs on all non-revolving debt instruments and unamortized discounts related to the 6.7% Senior Notes. See Note 12 — Debt in the Notes to Consolidated Financial Statements for additional information.

2 Represents the weighted average stated interest rates at December 31, 2020, for debt maturing in the respective periods.

Fair Value of Long-Term Debt

At December 31, 2020 and 2019, the estimated fair value of long-term debt obligations, excluding finance lease obligations, other installment arrangements, the current portion of such long-term debt and debt financing costs, was $2,775 million and $1,620 million, respectively. See Note 3 — Fair Value Measurements in the Notes to Consolidated Financial Statements for additional information.

Other Market Risk Sensitive Instruments

The substantial majority of UScellular's other market risk sensitive instruments (as defined in Item 305 of SEC Regulation S-K) are short-term, including Cash and cash equivalents. Accordingly, UScellular believes that a significant change in interest rates would not have a material effect on such other market risk sensitive instruments.

Supplemental Information Relating to Non-GAAP Financial Measures

UScellular sometimes uses information derived from consolidated financial information but not presented in its financial statements prepared in accordance with GAAP to evaluate the performance of its business. Certain of these measures are considered “non-GAAP financial measures” under U.S. Securities and Exchange Commission Rules. Specifically, UScellular has referred to the following measures in this Form 10-K Report:

- EBITDA
- Adjusted EBITDA
- Adjusted OIBDA
- Free cash flow

Following are explanations of each of these measures:

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 reconciliation below. EBITDA, Adjusted EBITDA and Adjusted OIBDA are not measures of financial performance under 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. UScellular does not intend to imply that any such items set forth in the reconciliation below 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 and Operating income are deemed appropriate. Management believes Adjusted EBITDA and Adjusted OIBDA are useful measures of UScellular’s operating results before significant recurring non-cash charges, gains and losses, and other items as presented below as they provide additional relevant and useful information to investors and other users of 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 following table reconciles EBITDA, Adjusted EBITDA and Adjusted OIBDA to the corresponding GAAP measures, Net income and Operating income.

		2020		2019
(Dollars in millions)				
Net income (GAAP)	**$**	**233**	$	133
Add back or deduct:				
Income tax expense		**17**		52
Interest expense		**112**		110
Depreciation, amortization and accretion		**683**		702
EBITDA (Non-GAAP)		**1,045**		997
Add back or deduct:				
(Gain) loss on asset disposals, net		**25**		19
(Gain) loss on sale of business and other exit costs, net		**—**		(1)
(Gain) loss on license sales and exchanges, net		**(5)**		—
(Gain) loss on investments		**(2)**		—
Adjusted EBITDA (Non-GAAP)		**1,063**		1,015
Deduct:				
Equity in earnings of unconsolidated entities		**179**		166
Interest and dividend income		**8**		17
Adjusted OIBDA (Non-GAAP)		**876**		832
Deduct:				
Depreciation, amortization and accretion		**683**		702
(Gain) loss on asset disposals, net		**25**		19
(Gain) loss on sale of business and other exit costs, net		**—**		(1)
(Gain) loss on license sales and exchanges, net		**(5)**		—
Operating income (GAAP)	**$**	**173**	$	112

Free Cash Flow

The following table presents Free cash flow, which is defined as Cash flows from operating activities less Cash paid for additions to property, plant and equipment. Free cash flow is a non-GAAP financial measure which UScellular believes may be useful to investors and other users of its financial information in evaluating liquidity, specifically, the amount of net cash generated by business operations after deducting Cash paid for additions to property, plant and equipment.

		2020		2019
(Dollars in millions)				
Cash flows from operating activities (GAAP)	**$**	**1,237**	$	724
Less: Cash paid for additions to property, plant and equipment		**989**		650
Free cash flow (Non-GAAP)	**$**	**248**	$	74

Financial Statements

United States Cellular Corporation
Consolidated Statement of Operations

Year Ended December 31,	2020	2019	2018
(Dollars and shares in millions, except per share amounts)			
Operating revenues			
Service	**$ 3,067**	$ 3,035	$ 2,978
Equipment sales	**970**	987	989
Total operating revenues	**4,037**	4,022	3,967
Operating expenses			
System operations (excluding Depreciation, amortization and accretion reported below)	**782**	756	758
Cost of equipment sold	**1,011**	1,028	1,031
Selling, general and administrative	**1,368**	1,406	1,388
Depreciation, amortization and accretion	**683**	702	640
(Gain) loss on asset disposals, net	**25**	19	10
(Gain) loss on sale of business and other exit costs, net	**—**	(1)	—
(Gain) loss on license sales and exchanges, net	**(5)**	—	(18)
Total operating expenses	**3,864**	3,910	3,809
Operating income	**173**	112	158
Investment and other income (expense)			
Equity in earnings of unconsolidated entities	**179**	166	159
Interest and dividend income	**8**	17	15
Gain (loss) on investments	**2**	—	—
Interest expense	**(112)**	(110)	(116)
Other, net	**—**	—	(1)
Total investment and other income	**77**	73	57
Income before income taxes	**250**	185	215
Income tax expense	**17**	52	51
Net income	**233**	133	164
Less: Net income attributable to noncontrolling interests, net of tax	**4**	6	14
Net income attributable to UScellular shareholders	**$ 229**	$ 127	$ 150
Basic weighted average shares outstanding	**86**	86	86
Basic earnings per share attributable to UScellular shareholders	**$ 2.66**	$ 1.47	$ 1.75
Diluted weighted average shares outstanding	**87**	88	87
Diluted earnings per share attributable to UScellular shareholders	**$ 2.62**	$ 1.44	$ 1.72

The accompanying notes are an integral part of these consolidated financial statements.

United States Cellular Corporation
Consolidated Statement of Cash Flows

Year Ended December 31,	2020	2019	2018
(Dollars in millions)			
Cash flows from operating activities			
Net income	$ 233	$ 133	$ 164
Add (deduct) adjustments to reconcile net income to net cash flows from operating activities			
Depreciation, amortization and accretion	683	702	640
Bad debts expense	72	107	95
Stock-based compensation expense	32	41	37
Deferred income taxes, net	130	(4)	(3)
Equity in earnings of unconsolidated entities	(179)	(166)	(159)
Distributions from unconsolidated entities	189	161	152
(Gain) loss on asset disposals, net	25	19	10
(Gain) loss on sale of business and other exit costs, net	—	(1)	—
(Gain) loss on license sales and exchanges, net	(5)	—	(18)
(Gain) loss on investments	(2)	—	—
Other operating activities	2	4	3
Changes in assets and liabilities from operations			
Accounts receivable	(8)	(46)	(39)
Equipment installment plans receivable	(54)	(97)	(149)
Inventory	16	(20)	(4)
Accounts payable	145	(69)	3
Customer deposits and deferred revenues	2	(8)	7
Accrued taxes	(57)	(23)	(39)
Other assets and liabilities	13	(9)	9
Net cash provided by operating activities	1,237	724	709
Cash flows from investing activities			
Cash paid for additions to property, plant and equipment	(989)	(650)	(512)
Cash paid for licenses	(171)	(266)	(8)
Cash received from investments	1	29	50
Cash paid for investments	(3)	(11)	(17)
Cash received from divestitures and exchanges	26	41	24
Advance payments for license acquisitions	(30)	(5)	(2)
Other investing activities	3	(2)	1
Net cash used in investing activities	(1,163)	(864)	(464)
Cash flows from financing activities			
Issuance of long-term debt	1,125	—	—
Repayment of long-term debt	(108)	(116)	(19)
Common Shares reissued for benefit plans, net of tax payments	(11)	(9)	18
Repurchase of Common Shares	(23)	(21)	—
Payment of debt issuance costs	(38)	(1)	(1)
Distributions to noncontrolling interests	(6)	(4)	(6)
Payments to acquire additional interest in subsidiaries	(11)	—	—
Other financing activities	(2)	(1)	(6)
Net cash provided by (used in) financing activities	926	(152)	(14)
Net increase (decrease) in cash, cash equivalents and restricted cash	1,000	(292)	231
Cash, cash equivalents and restricted cash			
Beginning of period	291	583	352
End of period	$ 1,291	$ 291	$ 583

The accompanying notes are an integral part of these consolidated financial statements.

United States Cellular Corporation
Consolidated Balance Sheet — Assets

December 31,		2020		2019
(Dollars in millions)				
Current assets				
Cash and cash equivalents	$	**1,271**	$	285
Short-term investments		**3**		—
Accounts receivable				
Customers and agents, less allowances of $62 and $70, respectively		**915**		919
Roaming		**13**		27
Affiliated		**—**		1
Other, less allowances of $1 and $1, respectively		**70**		63
Inventory, net		**146**		162
Prepaid expenses		**51**		50
Income taxes receivable		**125**		46
Other current assets		**29**		20
Total current assets		**2,623**		1,573
Assets held for sale		**2**		—
Licenses		**2,629**		2,471
Investments in unconsolidated entities		**435**		447
Property, plant and equipment				
In service and under construction		**8,785**		8,293
Less: Accumulated depreciation and amortization		**6,319**		6,086
Property, plant and equipment, net		**2,466**		2,207
Operating lease right-of-use assets		**924**		900
Other assets and deferred charges		**602**		566
Total assets[1]	$	**9,681**	$	8,164

The accompanying notes are an integral part of these consolidated financial statements.

United States Cellular Corporation
Consolidated Balance Sheet — Liabilities and Equity

December 31,	2020	2019
(Dollars and shares in millions, except per share amounts)		
Current liabilities		
Current portion of long-term debt	**$ 2**	$ 8
Accounts payable		
Affiliated	**10**	8
Trade	**377**	296
Customer deposits and deferred revenues	**151**	148
Accrued taxes	**48**	30
Accrued compensation	**82**	76
Short-term operating lease liabilities	**116**	105
Other current liabilities	**85**	79
Total current liabilities	**871**	750
Liabilities held for sale	**1**	—
Deferred liabilities and credits		
Deferred income tax liability, net	**633**	507
Long-term operating lease liabilities	**875**	865
Other deferred liabilities and credits	**376**	319
Long-term debt, net	**2,489**	1,502
Commitments and contingencies		
Noncontrolling interests with redemption features	**10**	11
Equity		
UScellular shareholders' equity		
Series A Common and Common Shares		
Authorized 190 shares (50 Series A Common and 140 Common Shares)		
Issued 88 shares (33 Series A Common and 55 Common Shares)		
Outstanding 86 shares (33 Series A Common and 53 Common Shares)		
Par Value ($1.00 per share) ($33 Series A Common and $55 Common Shares)	**88**	88
Additional paid-in capital	**1,651**	1,629
Treasury shares, at cost, 2 Common Shares	**(67)**	(70)
Retained earnings	**2,739**	2,550
Total UScellular shareholders' equity	**4,411**	4,197
Noncontrolling interests	**15**	13
Total equity	**4,426**	4,210
Total liabilities and equity[1]	**$ 9,681**	$ 8,164

The accompanying notes are an integral part of these consolidated financial statements.

[1] The consolidated total assets as of December 31, 2020 and 2019, include assets held by consolidated variable interest entities (VIEs) of $1,060 million and $930 million, respectively, which are not available to be used to settle the obligations of UScellular. The consolidated total liabilities as of December 31, 2020 and 2019, include certain liabilities of consolidated VIEs of $20 million and $22 million, respectively, for which the creditors of the VIEs have no recourse to the general credit of UScellular. See Note 14 — Variable Interest Entities for additional information.

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United States Cellular Corporation
Consolidated Statement of Changes in Equity

	UScellular Shareholders						
(Dollars in millions)	Series A Common and Common shares	Additional paid-in capital	Treasury shares	Retained earnings	Total UScellular shareholders' equity	Noncontrolling interests	Total equity
December 31, 2019	**$ 88**	**$ 1,629**	**$ (70)**	**$ 2,550**	**$ 4,197**	**$ 13**	**$ 4,210**
Cumulative effect of accounting change	—	—	—	(2)	(2)	—	(2)
Net income attributable to UScellular shareholders	—	—	—	229	229	—	229
Net income attributable to noncontrolling interests classified as equity	—	—	—	—	—	4	4
Repurchase of Common Shares	—	—	(23)	—	(23)	—	(23)
Incentive and compensation plans	—	32	26	(38)	20	—	20
Distributions to noncontrolling interests	—	—	—	—	—	(6)	(6)
Acquisitions of noncontrolling interests	—	(10)	—	—	(10)	4	(6)
December 31, 2020	**$ 88**	**$ 1,651**	**$ (67)**	**$ 2,739**	**$ 4,411**	**$ 15**	**$ 4,426**

The accompanying notes are an integral part of these consolidated financial statements.

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United States Cellular Corporation
Consolidated Statement of Changes in Equity

	UScellular Shareholders						
	Series A Common and Common shares	Additional paid-in capital	Treasury shares	Retained earnings	Total UScellular shareholders' equity	Noncontrolling interests	Total equity
(Dollars in millions)							
December 31, 2018	**$ 88**	**$ 1,590**	**$ (65)**	**$ 2,444**	**$ 4,057**	**$ 10**	**$ 4,067**
Cumulative effect of accounting change	—	—	—	2	2	—	2
Net income attributable to UScellular shareholders	—	—	—	127	127	—	127
Net income attributable to noncontrolling interests classified as equity	—	—	—	—	—	6	6
Repurchase of Common Shares	—	—	(21)	—	(21)	—	(21)
Incentive and compensation plans	—	39	16	(23)	32	—	32
Distributions to noncontrolling interests	—	—	—	—	—	(3)	(3)
December 31, 2019	**$ 88**	**$ 1,629**	**$ (70)**	**$ 2,550**	**$ 4,197**	**$ 13**	**$ 4,210**

The accompanying notes are an integral part of these consolidated financial statements.

United States Cellular Corporation
Consolidated Statement of Changes in Equity

	UScellular Shareholders						
	Series A Common and Common shares	Additional paid-in capital	Treasury shares	Retained earnings	Total UScellular shareholders' equity	Noncontrolling interests	Total equity
(Dollars in millions)							
December 31, 2017	**$ 88**	**$ 1,552**	**$ (120)**	**$ 2,157**	**$ 3,677**	**$ 10**	**$ 3,687**
Cumulative effect of accounting change	—	—	—	175	175	1	176
Net income attributable to UScellular shareholders	—	—	—	150	150	—	150
Net income attributable to noncontrolling interests classified as equity	—	—	—	—	—	2	2
Incentive and compensation plans	—	38	55	(38)	55	—	55
Distributions to noncontrolling interests	—	—	—	—	—	(3)	(3)
December 31, 2018	**$ 88**	**$ 1,590**	**$ (65)**	**$ 2,444**	**$ 4,057**	**$ 10**	**$ 4,067**

The accompanying notes are an integral part of these consolidated financial statements.

United States Cellular Corporation
Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies and Recent Accounting Pronouncements

United States Cellular Corporation (UScellular), a Delaware Corporation, is an 82%-owned subsidiary of Telephone and Data Systems, Inc. (TDS).

Nature of Operations

UScellular owns, operates and invests in wireless systems throughout the United States. As of December 31, 2020, UScellular served customers with 5.0 million total connections. UScellular has one reportable segment.

Principles of Consolidation

The accounting policies of UScellular conform to accounting principles generally accepted in the United States of America (GAAP) as set forth in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Unless otherwise specified, references to accounting provisions and GAAP in these notes refer to the requirements of the FASB ASC. The consolidated financial statements include the accounts of UScellular, subsidiaries in which it has a controlling financial interest, general partnerships in which UScellular has a majority partnership interest and certain entities in which UScellular has a variable interest that requires consolidation under GAAP. See Note 14 — Variable Interest Entities for additional information relating to UScellular's VIEs. Intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect (a) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and (b) the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Significant estimates are involved in accounting for indefinite-lived intangible assets and income taxes.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less. Cash and cash equivalents subject to contractual restrictions are classified as restricted cash. The following table provides a reconciliation of Cash and cash equivalents and restricted cash reported in the Consolidated Balance Sheet to the total of the amounts in the Consolidated Statement of Cash Flows.

December 31,	**2020**	2019
(Dollars in millions)		
Cash and cash equivalents	**$ 1,271**	$ 285
Restricted cash included in Other current assets	**20**	6
Cash, cash equivalents and restricted cash in the statement of cash flows	**$ 1,291**	$ 291

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist primarily of amounts owed by customers for wireless services and equipment sales, including sales of certain devices and accessories under installment plans, by agents and third-party distributors for sales of equipment to them and by other wireless carriers whose customers have used UScellular's wireless systems.

UScellular estimates expected credit losses related to accounts receivable balances based on a review of available and relevant information including current economic conditions, projected economic conditions, historical loss experience, account aging, and other factors that could affect collectability. Expected credit losses are determined for each pool of accounts receivable balances that share similar risk characteristics. The allowance for doubtful accounts is the best estimate of the amount of expected credit losses related to existing accounts receivable. UScellular does not have any off-balance sheet credit exposure related to its customers.

Inventory

Inventory consists primarily of wireless devices stated at the lower of cost, which approximates cost determined on the first-in first-out basis, or net realizable value. Net realizable value is determined by reference to the stand-alone selling price.

Licenses

Licenses consist of direct and incremental costs incurred in acquiring Federal Communications Commission (FCC) wireless spectrum licenses that generally provide UScellular with the exclusive right to utilize designated radio spectrum within specific geographic service areas to provide wireless service. Although wireless spectrum licenses are issued for a fixed period of time, generally ten years, or in some cases twelve or fifteen years, the FCC has granted license renewals routinely and at a nominal cost. The wireless spectrum licenses held by UScellular expire at various dates. UScellular believes that it is probable that its future wireless spectrum license renewal applications will be granted. UScellular determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of the wireless spectrum licenses. Therefore, UScellular has determined that wireless spectrum licenses are indefinite-lived intangible assets.

UScellular performs its annual impairment assessment of wireless spectrum licenses as of November 1 of each year or more frequently if there are events or circumstances that cause UScellular to believe it is more likely than not that the carrying value of wireless spectrum licenses exceeds fair value. For purposes of its impairment testing, UScellular separated its FCC wireless spectrum licenses into eight units of accounting. The eight units of accounting consisted of one unit of accounting for developed operating market wireless spectrum licenses (built wireless spectrum licenses) and seven units of accounting for geographic non-operating market wireless spectrum licenses (unbuilt wireless spectrum licenses).

UScellular performed a qualitative impairment assessment in 2020 and a quantitative impairment assessment in 2019 to determine whether the wireless spectrum licenses were impaired. Based on the impairment assessments performed, UScellular did not have an impairment of its wireless spectrum licenses in 2020 or 2019. See Note 7 — Intangible Assets for additional details related to wireless spectrum licenses.

Investments in Unconsolidated Entities

For its equity method investments for which financial information is readily available, UScellular records its equity in the earnings of the entity in the current period. For its equity method investments for which financial information is not readily available, UScellular records its equity in the earnings of the entity on a one quarter lag basis.

Property, Plant and Equipment

UScellular's Property, plant and equipment is stated at the original cost of construction or purchase including capitalized costs of certain taxes, payroll-related expenses, interest and estimated costs to remove the assets.

Expenditures that enhance the productive capacity of assets in service or extend their useful lives are capitalized and depreciated. Expenditures for maintenance and repairs of assets in service are charged to System operations expense or Selling, general and administrative expense, as applicable. Retirements and disposals of assets are recorded by removing the original cost of the asset (along with the related accumulated depreciation) from plant in service and recording it, together with proceeds, if any, and net removal costs (removal costs less an applicable accrued asset retirement obligation and salvage value realized), as a gain or loss, as appropriate.

UScellular capitalizes certain costs of developing new information systems. Software licenses that qualify for capitalization as an asset are accounted for as the acquisition of an intangible asset and the incurrence of a liability to the extent that the license fees are not fully paid at acquisition.

Depreciation and Amortization

Depreciation is provided using the straight-line method over the estimated useful life of the related asset.

UScellular depreciates leasehold improvement assets over periods ranging from one year to thirty years; such periods approximate the shorter of the assets' economic lives or the specific lease terms.

Useful lives of specific assets are reviewed throughout the year to determine if changes in technology or other business changes would warrant accelerating the depreciation of those specific assets. There were no material changes to the assigned useful lives of the various categories of property, plant and equipment in 2020, 2019 or 2018. However, in 2020 and 2019, depreciation for certain specific assets was accelerated due to changes in technology. See Note 9 — Property, Plant and Equipment for additional details related to useful lives.

Impairment of Long-Lived Assets

UScellular reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the assets might be impaired.

UScellular has one asset group for purposes of assessing property, plant and equipment for impairment based on the integrated nature of its assets and operations. The cash flows generated by this single interdependent asset group represent the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities.

Leases

A lease is generally present in a contract if the lessee controls the use of identified property, plant or equipment for a period of time in exchange for consideration. See Note 10 — Leases for additional details related to leases.

Agent Liabilities

UScellular has relationships with agents, which are independent businesses that obtain customers for UScellular. At December 31, 2020 and 2019, UScellular had accrued $55 million and $59 million, respectively, in agent related liabilities. These amounts are included in Other current liabilities in the Consolidated Balance Sheet.

Debt Issuance Costs

Debt issuance costs include underwriters' and legal fees and other charges related to issuing and renewing various borrowing instruments and other long–term agreements, and are amortized over the respective term of each instrument. Debt issuance costs related to UScellular's revolving credit agreement and receivables securitization agreement are recorded in Other assets and deferred charges in the Consolidated Balance Sheet. All other debt issuance costs are presented as an offset to the related debt obligation in the Consolidated Balance Sheet.

Asset Retirement Obligations

UScellular records asset retirement obligations for the fair value of legal obligations associated with asset retirements and a corresponding increase in the carrying amount of the related long-lived asset in the period in which the obligations are incurred. In periods subsequent to initial measurement, UScellular recognizes changes in the liability resulting from the passage of time and updates to the timing or the amount of the original estimates. The liability is accreted to its estimated settlement date value over the period to the estimated settlement date. The change in the carrying amount of the long-lived asset is depreciated over the average remaining life of the related asset. See Note 11 — Asset Retirement Obligations for additional information.

Treasury Shares

Common Shares repurchased by UScellular are recorded at cost as treasury shares and result in a reduction of equity. When treasury shares are reissued, UScellular determines the cost using the first-in, first-out cost method. The difference between the cost of the treasury shares and reissuance price is included in Additional paid-in capital or Retained earnings.

Revenue Recognition

Revenues from sales of equipment and products are recognized when control has transferred to the customer, agent or third-party distributor. Service revenues are recognized as the related service is provided. See Note 2 — Revenue Recognition for additional information on UScellular's policies related to Revenues.

Advertising Costs

UScellular expenses advertising costs as incurred. Advertising costs totaled $196 million, $212 million and $215 million in 2020, 2019 and 2018, respectively.

Income Taxes

UScellular is included in a consolidated federal income tax return with other members of the TDS consolidated group. For financial statement purposes, UScellular and its subsidiaries calculate their income, income taxes and credits as if they comprised a separate affiliated group. Under a tax allocation agreement between TDS and UScellular, UScellular remits its applicable income tax payments to and receives applicable tax refunds from TDS. UScellular had a tax receivable balance with TDS of $125 million and $46 million as of December 31, 2020, and 2019, respectively.

Deferred taxes are computed using the liability method, whereby deferred tax assets are recognized for future deductible temporary differences and operating loss carryforwards, and deferred tax liabilities are recognized for future taxable temporary differences. Both deferred tax assets and liabilities are measured using the enacted tax rates in effect when the temporary differences are expected to reverse. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. UScellular evaluates income tax uncertainties, assesses the probability of the ultimate settlement with the applicable taxing authority and records an amount based on that assessment. Deferred taxes are reported as a net non-current asset or liability by jurisdiction. Any corresponding valuation allowance to reduce the amount of deferred tax assets is also recorded as non-current. See Note 5 — Income Taxes for additional information.

Stock-Based Compensation and Other Plans

UScellular has established a long-term incentive plan and a non-employee director compensation plan. These plans are considered compensatory plans and, therefore, recognition of costs for grants made under these plans is required.

UScellular recognizes stock compensation expense based upon the fair value of the specific awards granted using established valuation methodologies. The amount of stock compensation cost recognized on either a straight-line basis or graded attribution method is based on the portion of the award that is expected to vest over the requisite service period, which generally represents the vesting period. Stock-based compensation cost recognized has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. See Note 17 — Stock-Based Compensation for additional information.

Defined Contribution Plans

UScellular participates in a qualified noncontributory defined contribution pension plan sponsored by TDS; such plan provides pension benefits for the employees of UScellular and its subsidiaries. Under this plan, pension benefits and costs are calculated separately for each participant and are funded currently. Pension costs were $12 million, $11 million and $11 million in 2020, 2019 and 2018, respectively.
UScellular also participates in a defined contribution retirement savings plan (401(k) plan) sponsored by TDS. Total costs incurred for UScellular's contributions to the 401(k) plan were $15 million, $14 million and $15 million in 2020, 2019 and 2018, respectively.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* and subsequently amended the standard with additional Accounting Standards Updates, collectively referred to as ASC 326. This standard requires entities to use a new forward-looking, expected loss model to estimate credit losses and requires additional disclosures relating to the credit quality of trade and other receivables. UScellular adopted the provisions of ASC 326 on January 1, 2020, using a modified retrospective method. Under this method, UScellular applied the new accounting standard only to the most recent period presented, recognizing the cumulative effect of the accounting change, as an adjustment to the beginning balance of retained earnings. Accordingly, prior periods have not been recast to reflect the new accounting standard. The cumulative effect of applying the provisions of ASC 326 had no material impact on retained earnings.

In August 2018, the FASB issued Accounting Standards Update 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* (ASU 2018-15). ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the existing guidance for capitalizing implementation costs for an arrangement that has a software license. The service element of a hosting arrangement will continue to be expensed as incurred. Any capitalized implementation costs will be amortized over the period of the service contract. UScellular adopted ASU 2018-15 on January 1, 2020, using the prospective method. The adoption of ASU 2018-15 did not have a significant impact on UScellular's financial position or results of operations.

UScellular's cloud-hosted arrangements that are service contracts consist primarily of software used to perform administrative functions. Implementation costs related to UScellular's cloud-hosted arrangements, which are recorded in Prepaid expenses and Other assets and deferred charges in the Consolidated Balance Sheet, were as follows:

December 31,	**2020**
(Dollars in millions)	
Implementation costs, gross	**$ 67**
Accumulated amortization	**(13)**
Implementation costs, net	**$ 54**

These costs are amortized over the period of the service contract, which is generally three to five years. Amortization of implementation costs was $11 million for the year ended December 31, 2020 and was included in Selling, general and administrative expenses.

Note 2 Revenue Recognition

Nature of goods and services

The following is a description of principal activities from which UScellular generates its revenues.

Services and products	Nature, timing of satisfaction of performance obligations, and significant payment terms
Wireless services	Wireless service includes voice, messaging and data services. Revenue is recognized in Service revenues as wireless service is provided to the customer. Wireless services generally are billed and paid in advance on a monthly basis.
Wireless devices and accessories	UScellular offers a comprehensive range of wireless devices such as handsets, tablets, mobile hotspots, home phones and routers for use by its customers, as well as accessories. UScellular also sells wireless devices to agents and other third-party distributors for resale. UScellular frequently discounts wireless devices sold to new and current customers. UScellular also offers customers the option to purchase certain devices and accessories under installment contracts over a specified time period. For certain equipment installment plans, after a specified period of time, the customer may have the right to upgrade to a new device. Such upgrades require the customer to enter into an equipment installment contract for the new device, and transfer the existing device to UScellular. UScellular recognizes revenue in Equipment sales revenues when control of the device or accessory is transferred to the customer, agent or third-party distributor, which is generally upon delivery.
Wireless roaming	UScellular receives roaming revenues when other wireless carriers' customers use UScellular's wireless systems. UScellular recognizes revenue in Service revenues when the roaming service is provided.
Wireless Eligible Telecommunications Carrier (ETC) Revenues	Telecommunications companies may be designated by states, or in some cases by the FCC, as an ETC to receive support payments from the Universal Service Fund if they provide specified services in "high cost" areas. ETC revenues recognized in the reporting period represent the amounts which UScellular is entitled to receive for such period, as determined and approved in connection with UScellular's designation as an ETC in various states.
Wireless tower rents	UScellular receives tower rental revenues when another carrier leases tower space on a UScellular owned tower. UScellular recognizes revenue in Service revenues in the period during which the services are provided.

Significant Judgments

As a practical expedient, UScellular groups similar contracts or similar performance obligations together into portfolios of contracts or performance obligations if doing so does not result in a significant difference from accounting for the individual contracts discretely. UScellular applies this grouping method for the following types of transactions: device activation fees, contract acquisition costs, and certain customer promotions. Contract portfolios are recognized over the respective expected customer lives or terms of the contracts.

Services are deemed to be highly interrelated when the method and timing of transfer and performance risk are the same. Highly interrelated services that are determined to not be distinct have been grouped into a single performance obligation. Each month of services promised is a performance obligation. The series of monthly service performance obligations promised over the course of the contract are combined into a single performance obligation for purposes of the allocation.

UScellular has made judgments regarding transaction price, including but not limited to issues relating to variable consideration, time value of money, returns and non-cash consideration. When determined to be significant in the context of the contract, these items are considered in the valuation of transaction price at contract inception or modification, as appropriate.

Multiple Performance Obligations

UScellular sells bundled service and equipment offerings. In these instances, UScellular recognizes its revenue based on the relative standalone selling prices for each distinct service or equipment performance obligation, or bundles thereof. UScellular estimates the standalone selling price of the device or accessory to be its retail price excluding discounts. UScellular estimates the standalone selling price of wireless service to be the price offered to customers on month-to-month contracts.

Incentives

Discounts, incentives, and rebates to agents and end customers that are deemed cash are recognized as a reduction of Operating revenues concurrently with the associated revenue.

From time to time, UScellular may offer certain promotions to incentivize customers to switch to, or to purchase additional services from, UScellular. Under these types of promotions, an eligible customer may receive an incentive in the form of a discount off additional services purchased shown as a credit to the customer's monthly bill. UScellular accounts for the future discounts as material rights at the time of the initial transaction by allocating and deferring revenue based on the relative proportion of the future discounts in comparison to the aggregate initial purchase. The deferred revenue will be recognized as service revenue in future periods.

Amounts Collected from Customers and Remitted to Governmental Authorities

UScellular records amounts collected from customers and remitted to governmental authorities on a net basis within a liability account if the amount is assessed upon the customer and UScellular merely acts as an agent in collecting the amount on behalf of the imposing governmental authority. If the amount is assessed upon UScellular, then amounts collected from customers are recorded in Service revenues and amounts remitted to governmental authorities are recorded in Selling, general and administrative expenses in the Consolidated Statement of Operations. The amounts recorded gross in revenues that are billed to customers and remitted to governmental authorities totaled $56 million, $53 million and $67 million for 2020, 2019 and 2018, respectively.

Disaggregation of Revenue

In the following table, UScellular's revenues are disaggregated by type of service, which represents the relevant categorization of revenues for UScellular, and timing of recognition. Service revenues are recognized over time and Equipment sales are point in time.

Year Ended December 31,	2020	2019	2018
(Dollars in millions)			
Revenues from contracts with customers:			
Retail service	$ 2,686	$ 2,650	$ 2,623
Inbound roaming	152	174	154
Other service	152	137	135
Service revenues from contracts with customers	2,990	2,961	2,912
Equipment sales	970	987	989
Total revenues from contracts with customers[1]	$ 3,960	$ 3,948	$ 3,901

1 Revenue line items in this table will not agree to amounts presented in the Consolidated Statement of Operations as the amounts in this table only include revenue resulting from contracts with customers.

Contract Balances

For contracts that involve multiple element service and equipment offerings, the transaction price is allocated to each performance obligation based on its relative standalone selling price. When payment is collected in advance of delivery of goods or services, a contract liability is recorded. A contract asset is recorded when revenue is recognized in advance of UScellular's right to receive consideration. Once there is an unconditional right to receive the consideration, UScellular bills the customer under the terms of the respective contract and the amounts are recorded as receivables.

UScellular recognizes Equipment sales revenue when the equipment is delivered to the customer and a corresponding contract asset or liability is recorded for the difference between the amount of revenue recognized and the amount billed to the customer in cases where discounts are offered. The contract asset or liability is reduced over the contract term as service is provided and billed to the customer.

The following table provides balances for contract assets from contracts with customers, which are recorded in Other current assets and Other assets and deferred charges in the Consolidated Balance Sheet, and contract liabilities from contracts with customers, which are recorded in Customer deposits and deferred revenues and Other deferred liabilities and credits in the Consolidated Balance Sheet.

December 31,	2020	2019
(Dollars in millions)		
Contract assets	$ 10	$ 7
Contract liabilities	$ 171	$ 154

Revenue recognized related to contract liabilities existing at January 1, 2020 was $134 million for the year ended December 31, 2020.

Transaction price allocated to the remaining performance obligations

The following table includes estimated service revenues expected to be recognized related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period. These estimates represent service revenues to be recognized when wireless services are delivered to customers pursuant to service plan contracts and under certain roaming agreements with other carriers. These estimates are based on contracts in place as of December 31, 2020, and may vary from actual results. As practical expedients, revenue related to contracts of less than one year, generally month-to-month contracts, and contracts with a fixed per-unit price and variable quantity, are excluded from these estimates.

	Service Revenues
(Dollars in millions)	
2021	$ 240
2022	96
Thereafter	120
Total	$ 456

Contract Cost Assets

UScellular expects that commission fees paid as a result of obtaining contracts are recoverable and therefore UScellular defers and amortizes these costs. As a practical expedient, costs with an amortization period of one year or less are expensed as incurred. The contract cost asset balance related to commission fees and other costs was $124 million and $133 million at December 31, 2020 and 2019, respectively and was recorded in Other assets and deferred charges in the Consolidated Balance Sheet. Deferred commission fees are amortized based on the timing of transfer of the goods or services to which the assets relate, typically the contract term. Amortization of contract cost assets was $104 million, $109 million and $108 million for the years ended December 31, 2020, 2019 and 2018, respectively, and was included in Selling, general and administrative expenses.

Note 3 Fair Value Measurements

As of December 31, 2020 and 2019, UScellular did not have any material financial or nonfinancial assets or liabilities that were required to be recorded at fair value in its Consolidated Balance Sheet in accordance with GAAP.

The provisions of GAAP establish a fair value hierarchy that contains three levels for inputs used in fair value measurements. Level 1 inputs include quoted market prices for identical assets or liabilities in active markets. Level 2 inputs include quoted market prices for similar assets and liabilities in active markets or quoted market prices for identical assets and liabilities in inactive markets. Level 3 inputs are unobservable. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. A financial instrument's level within the fair value hierarchy is not representative of its expected performance or its overall risk profile and, therefore, Level 3 assets are not necessarily higher risk than Level 2 assets or Level 1 assets.

UScellular has applied the provisions of fair value accounting for purposes of computing the fair value of financial instruments for disclosure purposes as displayed below.

	Level within the Fair Value Hierarchy	December 31, 2020		December 31, 2019	
		Book Value	Fair Value	Book Value	Fair Value
(Dollars in millions)					
Cash and cash equivalents	1	**$ 1,271**	**$ 1,271**	$ 285	$ 285
Short-term investments	1	**3**	**3**	—	—
Long-term debt					
Retail	2	**1,917**	**1,962**	917	943
Institutional	2	**535**	**707**	534	594
Other	2	**106**	**106**	83	83

The fair values of Cash and cash equivalents and Short-term investments approximate their book values due to the short-term nature of these financial instruments. Long-term debt excludes lease obligations, other installment arrangements, the current portion of Long-term debt and debt financing costs. The fair value of "Retail" Long-term debt was estimated using market prices for the 7.25% 2063 Senior Notes, 7.25% 2064 Senior Notes, 6.95% Senior Notes, 6.25% Senior Notes issued in August 2020 and 5.5% Senior Notes issued in December 2020. UScellular's "Institutional" debt consists of the 6.7% Senior Notes which are traded over the counter. UScellular's "Other" debt consists of a senior term loan credit agreement and receivables securitization agreement. UScellular estimated the fair value of its Institutional and Other debt through a discounted cash flow analysis using the interest rates or estimated yield to maturity for each borrowing, which ranged from 1.35% to 3.75% and 3.55% to 5.73% at December 31, 2020 and 2019, respectively.

Note 4 Equipment Installment Plans

UScellular sells devices to customers under equipment installment plans over a specified time period. For certain equipment installment plans, after a specified period of time or amount of payments, the customer may have the right to upgrade to a new device and have the remaining unpaid equipment installment contract balance waived, subject to certain conditions, including trading in the original device in good working condition and signing a new equipment installment contract.

The following table summarizes equipment installment plan receivables as of December 31, 2020 and 2019.

December 31,	2020	2019
(Dollars in millions)		
Equipment installment plan receivables, gross	$ 1,007	$ 1,008
Allowance for credit losses	(78)	(84)
Equipment installment plan receivables, net	$ 929	$ 924
Net balance presented in the Consolidated Balance Sheet as:		
Accounts receivable — Customers and agents (Current portion)	$ 590	$ 587
Other assets and deferred charges (Non-current portion)	339	337
Equipment installment plan receivables, net	$ 929	$ 924

UScellular uses various inputs, including internal data, information from credit bureaus and other sources, to evaluate the credit profiles of its customers. From this evaluation, a credit class is assigned to the customer that determines the number of eligible lines, the amount of credit available, and the down payment requirement, if any. These credit classes are grouped into four credit categories: lowest risk, lower risk, slight risk and higher risk. A customer's assigned credit class is reviewed periodically and a change is made, if appropriate. An equipment installment plan billed amount is considered past due if not paid within 30 days. The balance and aging of the equipment installment plan receivables on a gross basis by credit category were as follows:

	December 31, 2020					December 31, 2019				
	Lowest Risk	Lower Risk	Slight Risk	Higher Risk	Total	Lowest Risk	Lower Risk	Slight Risk	Higher Risk	Total
(Dollars in millions)										
Unbilled	$ 819	$ 98	$ 22	$ 9	$ 948	$ 812	$ 99	$ 23	$ 8	$ 942
Billed — current	36	5	1	1	43	37	5	2	1	45
Billed — past due	8	5	2	1	16	11	6	3	1	21
Total	$ 863	$ 108	$ 25	$ 11	$ 1,007	$ 860	$ 110	$ 28	$ 10	$ 1,008

The balance of the equipment installment plan receivables as of December 31, 2020 on a gross basis by year of origination were as follows:

	2018	2019	2020	Total
(Dollars in millions)				
Lowest Risk	$ 42	$ 270	$ 551	$ 863
Lower Risk	3	28	77	108
Slight Risk	1	6	18	25
Higher Risk	—	2	9	11
Total	$ 46	$ 306	$ 655	$ 1,007

Activity for the years ended December 31, 2020 and December 31, 2019, in the allowance for credit losses for equipment installment plan receivables was as follows:

	2020	2019
(Dollars in millions)		
Allowance for credit losses, beginning of year	$ 84	$ 77
Bad debts expense	50	82
Write-offs, net of recoveries	(56)	(75)
Allowance for credit losses, end of year	$ 78	$ 84

Note 5 Income Taxes

UScellular is included in a consolidated federal income tax return and in certain state income tax returns with other members of the TDS consolidated group. For financial statement purposes, UScellular and its subsidiaries compute their income tax expense as if they comprised a separate affiliated group and were not included in the TDS consolidated group.

UScellular's current income taxes balances at December 31, 2020 and 2019, were as follows:

December 31,	2020	2019
(Dollars in millions)		
Federal income taxes receivable	$ 124	$ 44
Net state income taxes receivable	1	2

Income tax expense (benefit) is summarized as follows:

Year Ended December 31,	2020	2019	2018
(Dollars in millions)			
Current			
Federal	$ (118)	$ 44	$ 48
State	5	12	6
Deferred			
Federal	124	—	(5)
State	6	(4)	2
Total income tax expense (benefit)	$ 17	$ 52	$ 51

A reconciliation of UScellular's income tax expense computed at the statutory rate to the reported income tax expense, and the statutory federal income tax rate to UScellular's effective income tax rate is as follows:

Year Ended December 31,	2020		2019		2018	
	Amount	Rate	Amount	Rate	Amount	Rate
(Dollars in millions)						
Statutory federal income tax expense and rate	$ 52	21.0 %	$ 39	21.0 %	$ 45	21.0 %
State income taxes, net of federal benefit[1]	8	3.4	6	3.4	9	4.0
Federal income tax rate change[2]	—	—	—	—	(4)	(2.0)
Change in federal valuation allowance[3]	—	0.1	7	3.6	(1)	(0.3)
Loss carryback benefit of CARES Act[4]	(49)	(19.8)	—	—	—	—
Nondeductible compensation	6	2.6	2	1.3	4	1.8
Tax credits	—	(0.1)	(3)	(1.5)	—	(0.1)
Other differences, net	—	(0.6)	1	0.3	(2)	(0.7)
Total income tax expense (benefit) and rate	$ 17	6.6 %	$ 52	28.1 %	$ 51	23.7 %

1 State income taxes, net of federal benefit, include changes in unrecognized tax benefits as well as adjustments to state valuation allowances.

2 The Tax Act reduced the federal income tax rate from 35% to 21% for years after 2017, resulting in a tax benefit in 2018 due primarily to finalizing the analysis for 2017 depreciation deductions pursuant to FASB Accounting Standards Update 2018-05, *Income Taxes: Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*.

3 Change in federal valuation allowance in 2019 is due primarily to interest expense carryforwards not expected to be realized. The 2018 change also includes interest expense carryforwards not expected to be realized, offset by a change in judgment related to net operating loss carryforwards that became realizable due to an internal restructuring.

4 The CARES Act provides a 5-year carryback of net operating losses generated in years 2018-2020. As the statutory federal tax rate applicable to certain years within the carryback period is 35%, carryback to those years provides a tax benefit in excess of the current federal statutory rate of 21%.

Significant components of UScellular's deferred income tax assets and liabilities at December 31, 2020 and 2019, were as follows:

December 31,	2020	2019
(Dollars in millions)		
Deferred tax assets		
Net operating loss (NOL) carryforwards	$ 107	$ 96
Lease liabilities	236	230
Asset retirement obligation	51	45
Other	83	84
Total deferred tax assets	477	455
Less valuation allowance	(94)	(90)
Net deferred tax assets	383	365
Deferred tax liabilities		
Property, plant and equipment	391	284
Licenses/intangibles	256	230
Partnership investments	143	131
Lease assets	215	206
Other	11	21
Total deferred tax liabilities	1,016	872
Net deferred income tax liability	$ 633	$ 507

At December 31, 2020, UScellular and certain subsidiaries had $2,056 million of state NOL carryforwards (generating a $96 million deferred tax asset) available to offset future taxable income. The state NOL carryforwards expire between 2021 and 2040. UScellular and certain subsidiaries had $52 million federal NOL carryforwards (generating a $11 million deferred tax asset) available to offset future taxable income. The federal NOL carryforwards generally expire between 2021 and 2038, with the exception of federal NOLs generated after 2017, which do not expire. A valuation allowance was established for certain state NOL carryforwards and federal NOL carryforwards since it is more likely than not that a portion of such carryforwards will expire before they can be utilized.

A summary of UScellular's deferred tax asset valuation allowance is as follows:

	2020	2019	2018
(Dollars in millions)			
Balance at beginning of year	$ 90	$ 75	$ 77
Charged to Income tax expense	4	15	5
Charged to Retained earnings	—	—	(7)
Balance at end of year	$ 94	$ 90	$ 75

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2020	2019	2018
(Dollars in millions)			
Unrecognized tax benefits balance at beginning of year	$ 48	$ 48	$ 47
Additions for tax positions of current year	7	7	6
Additions for tax positions of prior years	2	—	1
Reductions for tax positions of prior years	—	(6)	—
Reductions for settlements of tax positions	—	(1)	—
Reductions for lapses in statutes of limitations	(6)	—	(6)
Unrecognized tax benefits balance at end of year	$ 51	$ 48	$ 48

Unrecognized tax benefits are included in Accrued taxes and Other deferred liabilities and credits in the Consolidated Balance Sheet. If these benefits were recognized, they would have reduced income tax expense in 2020, 2019 and 2018 by $41 million, $37 million and $38 million, respectively, net of the federal benefit from state income taxes.

UScellular recognizes accrued interest and penalties related to unrecognized tax benefits in Income tax expense (benefit). The amounts charged to income tax expense related to interest and penalties resulted in an expense of $2 million and $3 million in 2020 and 2019, respectively, and a benefit of less than $1 million in 2018. Net accrued liabilities for interest and penalties were $23 million and $21 million at December 31, 2020 and 2019, respectively, and are included in Other deferred liabilities and credits in the Consolidated Balance Sheet.

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UScellular is included in TDS' consolidated federal and certain state income tax returns. UScellular also files certain state and local income tax returns separately from TDS. With limited exceptions, TDS is no longer subject to federal and state income tax audits for the years prior to 2017.

Note 6 Earnings Per Share

Basic earnings per share attributable to UScellular shareholders is computed by dividing Net income attributable to UScellular shareholders by the weighted average number of Common Shares outstanding during the period. Diluted earnings per share attributable to UScellular shareholders is computed by dividing Net income attributable to UScellular shareholders by the weighted average number of Common Shares outstanding during the period adjusted to include the effects of potentially dilutive securities. Potentially dilutive securities primarily include incremental shares issuable upon the exercise of outstanding stock options and the vesting of performance and restricted stock units.

The amounts used in computing basic and diluted earnings per share attributable to UScellular shareholders were as follows:

Year Ended December 31,	2020	2019	2018
(Dollars and shares in millions, except per share amounts)			
Net income attributable to UScellular shareholders	$ 229	$ 127	$ 150
Weighted average number of shares used in basic earnings per share	86	86	86
Effects of dilutive securities	1	2	1
Weighted average number of shares used in diluted earnings per share	87	88	87
Basic earnings per share attributable to UScellular shareholders	$ 2.66	$ 1.47	$ 1.75
Diluted earnings per share attributable to UScellular shareholders	$ 2.62	$ 1.44	$ 1.72

Certain Common Shares issuable upon the exercise of stock options or vesting of performance and restricted stock units were not included in weighted average diluted shares outstanding for the calculation of Diluted earnings per share attributable to UScellular shareholders because their effects were antidilutive. The number of such Common Shares excluded was less than 1 million shares, less than 1 million shares and 2 million shares for 2020, 2019 and 2018, respectively.

Note 7 Intangible Assets

Licenses

UScellular reviews attractive opportunities to acquire additional wireless spectrum, including pursuant to FCC auctions. UScellular also may seek to divest outright or include in exchanges wireless spectrum that is not strategic to its long-term success. Activity related to UScellular's Licenses is presented below.

	2020	2019
(Dollars in millions)		
Balance at beginning of year	$ 2,471	$ 2,186
Acquisitions	171	267
Divestitures	(18)	(10)
Exchanges - Licenses received	—	26
Capitalized interest	5	2
Balance at end of year	$ 2,629	$ 2,471

Auction 103

In March 2020, the FCC announced by way of public notice that UScellular was the provisional winning bidder for 237 wireless spectrum licenses in the 37, 39 and 47 GHz bands (Auction 103) for $146 million. In June 2020, the wireless spectrum licenses from Auction 103 were granted by the FCC.

Note 8 Investments in Unconsolidated Entities

Investments in unconsolidated entities consist of amounts invested in entities in which UScellular holds a noncontrolling interest. UScellular's Investments in unconsolidated entities are accounted for using either the equity method or measurement alternative method as shown in the table below. The carrying value of measurement alternative method investments represents cost minus any impairments plus or minus any observable price changes.

December 31,	**2020**	2019
(Dollars in millions)		
Equity method investments:		
Capital contributions, loans, advances and adjustments	**$ 104**	$ 105
Cumulative share of income	**2,238**	2,060
Cumulative share of distributions	**(1,914)**	(1,725)
Total equity method investments	**428**	440
Measurement alternative method investments	**7**	7
Total investments in unconsolidated entities	**$ 435**	$ 447

The following tables, which are based on unaudited information provided in part by third parties, summarize the combined assets, liabilities and equity, and results of operations of UScellular's equity method investments:

December 31,	**2020**	2019
(Dollars in millions)		
Assets		
Current	**$ 1,199**	$ 1,477
Noncurrent	**5,849**	5,725
Total assets	**$ 7,048**	$ 7,202
Liabilities and Equity		
Current liabilities	**$ 643**	$ 625
Noncurrent liabilities	**1,112**	1,119
Partners' capital and shareholders' equity	**5,293**	5,458
Total liabilities and equity	**$ 7,048**	$ 7,202

Year Ended December 31,	**2020**	2019	2018
(Dollars in millions)			
Results of Operations			
Revenues	**$ 6,677**	$ 6,903	$ 6,777
Operating expenses	**4,733**	5,022	4,965
Operating income	**1,944**	1,881	1,812
Other income (expense), net	**16**	(22)	11
Net income	**$ 1,960**	$ 1,859	$ 1,823

Note 9 Property, Plant and Equipment

Property, plant and equipment in service and under construction, and related accumulated depreciation and amortization, as of December 31, 2020 and 2019, were as follows:

December 31,	Useful Lives (Years)	2020	2019
(Dollars in millions)			
Land	N/A	**$ 34**	$ 35
Buildings	20	**295**	295
Leasehold and land improvements	1-30	**1,369**	1,280
Cell site equipment	7-25	**4,018**	3,708
Switching equipment	5-8	**1,094**	1,051
Office furniture and equipment	3-5	**282**	280
Other operating assets and equipment	3-5	**49**	48
System development	1-7	**1,327**	1,238
Work in process	N/A	**317**	358
Total property, plant and equipment, gross		**8,785**	8,293
Accumulated depreciation and amortization		**(6,319)**	(6,086)
Total property, plant and equipment, net		**$ 2,466**	$ 2,207

Depreciation and amortization expense totaled $669 million, $689 million and $627 million in 2020, 2019 and 2018, respectively. In 2020, 2019 and 2018, (Gain) loss on asset disposals, net included charges of $25 million, $19 million and $10 million, respectively, related to disposals of assets, trade-ins of older assets for replacement assets and other retirements of assets from service in the normal course of business.

Note 10 Leases

Change in Accounting Policy

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* and subsequently amended the standard with several Accounting Standards Updates, collectively referred to as ASC 842. This standard replaces the previous lease accounting standard under ASC 840 - *Leases* and requires lessees to record a right-of-use (ROU) asset and lease liability for the majority of leases. UScellular adopted the provisions of ASC 842 on January 1, 2019, using a modified retrospective method. Under this method, UScellular elected to apply the new accounting standard only to the most recent period presented, recognizing the cumulative effect of the accounting change as an adjustment to the beginning balance of retained earnings. Accordingly, prior periods have not been recast to reflect the new accounting standard. The cumulative effect of applying the provisions of ASC 842 had no material impact on retained earnings.

Lessee Agreements

A lease is generally present in a contract if the lessee controls the use of identified property, plant or equipment for a period of time in exchange for consideration. Nearly all of UScellular's leases are classified as operating leases, although it does have a small number of finance leases. UScellular's most significant leases are for land and tower spaces, network facilities, retail spaces, and offices.

UScellular has agreements with both lease and nonlease components, which are accounted for separately. As part of the present value calculation for the lease liabilities, UScellular uses an incremental borrowing rate as the rates implicit in the leases are not readily determinable. The incremental borrowing rates used for lease accounting are based on UScellular's unsecured rates, adjusted to approximate the rates at which UScellular would be required to borrow on a collateralized basis over a term similar to the recognized lease term. UScellular applies the incremental borrowing rates to lease components using a portfolio approach based upon the length of the lease term. The cost of nonlease components in UScellular's lease portfolio (e.g., utilities and common area maintenance) are not typically predetermined at lease commencement and are expensed as incurred at their relative standalone price.

Variable lease expense occurs when, subsequent to the lease commencement, lease payments are made that were not originally included in the lease liability calculation. UScellular's variable lease payments are primarily a result of leases with escalations that are tied to an index. The incremental changes due to the index changes are recorded as variable lease expense and are not included in the ROU assets or lease liabilities.

The identified lease term determines the periods to which expense is allocated and also has a significant impact on the ROU asset and lease liability calculations. Many of UScellular's leases include renewal and early termination options. At lease commencement, the lease terms include options to extend the lease when UScellular is reasonably certain that it will exercise the options. The lease terms do not include early termination options unless UScellular is reasonably certain to exercise the options. Certain asset classes have similar lease characteristics; therefore, UScellular has applied the portfolio approach for lease term recognition for its tower space, retail, and certain ground lease asset classes.

The following table shows the components of lease cost included in the Consolidated Statement of Operations:

Year Ended December 31,	**2020**	2019
(Dollars in millions)		
Operating lease cost	$ 171	$ 163
Financing lease cost:		
Amortization of ROU assets	1	1
Variable lease cost	10	7
Total lease cost	$ 182	$ 171

The following table shows supplemental cash flow information related to lease activities:

Year Ended December 31,	**2020**	2019
(Dollars in millions)		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 169	$ 156
Operating cash flows from finance leases	1	1
ROU assets obtained in exchange for lease obligations:		
Operating leases	$ 155	$ 125

The following table shows the classification of UScellular’s finance leases in its Consolidated Balance Sheet:

December 31,	**2020**	2019
(Dollars in millions)		
Finance Leases		
Property, plant and equipment	$ 8	$ 7
Less: Accumulated depreciation and amortization	5	4
Property, plant and equipment, net	$ 3	$ 3
Current portion of long-term debt	—	1
Long-term debt, net	$ 3	$ 3
Total finance lease liabilities	$ 3	$ 4

The table below shows a weighted-average analysis for lease terms and discount rates for all leases:

December 31,	**2020**	2019
Weighted Average Remaining Lease Term		
Operating leases	12 years	13 years
Finance leases	30 years	25 years
Weighted Average Discount Rate		
Operating leases	4.1 %	4.4 %
Finance leases	6.8 %	7.0 %

The maturities of lease liabilities are as follows:

	Operating Leases	**Finance Leases**
(Dollars in millions)		
2021	$ 152	$ —
2022	152	—
2023	135	1
2024	116	1
2025	94	—
Thereafter	690	11
Total lease payments[1]	$ 1,339	$ 13
Less: Imputed interest	348	10
Present value of lease liabilities	$ 991	$ 3

[1] Lease payments exclude $51 million of legally binding lease payments for leases signed but not yet commenced.

Lessor Agreements

UScellular's most significant lessor leases are for tower space. All of UScellular's lessor leases are classified as operating leases. A lease is generally present in a contract if the lessee controls the use of identified property, plant, or equipment for a period of time in exchange for consideration. UScellular's lessor agreements with lease and nonlease components are generally accounted for separately.

The identified lease term determines the periods to which revenue is allocated over the term of the lease. Many of UScellular's leases include renewal and early termination options. At lease commencement, lease terms include options to extend the lease when UScellular is reasonably certain that lessees will exercise the options. Lease terms would not include periods after the date of a termination option that lessees are reasonably certain to exercise.

Variable lease income occurs when, subsequent to the lease commencement, lease payments are received that were not originally included in the lease receivable calculation. UScellular's variable lease income is primarily a result of leases with escalations that are tied to an index. The incremental increases due to the index changes are recorded as variable lease income.

The following table shows the components of lease income which are included in Service revenues in the Consolidated Statement of Operations:

Year Ended December 31,	**2020**	2019
(Dollars in millions)		
Operating lease income[1]	$ 77	$ 74

[1] During the third quarter of 2019, UScellular recorded an out-of-period adjustment attributable to 2009 through the second quarter of 2019 due to errors in the timing of recognition of revenue for certain tower leases. This out-of-period adjustment had the impact of increasing operating lease income by $5 million for the year ended December 31, 2019. UScellular determined that this adjustment was not material to any of the periods impacted.

The maturities of expected lease payments to be received are as follows:

	Operating Leases
(Dollars in millions)	
2021	$ 65
2022	60
2023	48
2024	33
2025	14
Thereafter	2
Total future lease maturities	$ 222

Note 11 Asset Retirement Obligations

UScellular is subject to asset retirement obligations associated with its leased cell sites, switching office sites, retail store sites and office locations. Asset retirement obligations generally include obligations to restore leased land, towers, retail store and office premises to their pre-lease conditions. These obligations are included in Other deferred liabilities and credits in the Consolidated Balance Sheet.

In 2020 and 2019, UScellular performed a review of the assumptions and estimated costs related to its asset retirement obligations. The results of the reviews (identified as Revisions in estimated cash outflows) and other changes in asset retirement obligations during 2020 and 2019, were as follows:

	2020	2019
(Dollars in millions)		
Balance at beginning of year	**$ 220**	$ 203
Additional liabilities accrued	**5**	2
Revisions in estimated cash outflows	**11**	2
Disposition of assets	**(1)**	(1)
Accretion expense	**14**	14
Balance at end of year	**$ 249**	$ 220

Note 12 Debt

Revolving Credit Agreement

At December 31, 2020, UScellular had a revolving credit agreement available for general corporate purposes. Amounts under the revolving credit agreement may be borrowed, repaid and reborrowed from time to time until maturity in March 2025. Interest expense representing commitment fees on the unused portion of the revolving line of credit was $1 million in each of 2020, 2019 and 2018. The commitment fees are based on the unsecured senior debt ratings assigned to UScellular by certain ratings agencies.

The following table summarizes the revolving credit agreement as of December 31, 2020:

(Dollars in millions)		
Maximum borrowing capacity	$	300
Letters of credit outstanding	$	2
Amount borrowed	$	—
Amount available for use	$	298

Borrowings under the revolving credit agreement bear interest either at a London Inter-bank Offered Rate (LIBOR) plus 1.50% or at an alternative Base Rate as defined in the revolving credit agreement plus 0.50%, at UScellular's option. UScellular may select a borrowing period of either one, two, three or six months (or other period of twelve months or less if requested by UScellular and approved by the lenders). UScellular's credit spread and commitment fees on its revolving credit agreement may be subject to increase if its current credit rating from nationally recognized credit rating agencies is lowered, and may be subject to decrease if the rating is raised.

In connection with UScellular's revolving credit agreement, TDS and UScellular entered into a subordination agreement together with the administrative agent for the lenders under UScellular's revolving credit agreement. Pursuant to this subordination agreement, (a) any consolidated funded indebtedness from UScellular to TDS will be unsecured and (b) any (i) consolidated funded indebtedness from UScellular to TDS (other than "refinancing indebtedness" as defined in the subordination agreement) in excess of $105 million and (ii) refinancing indebtedness in excess of $250 million will be subordinated and made junior in right of payment to the prior payment in full of obligations to the lenders under UScellular's revolving credit agreement. As of December 31, 2020, UScellular had no outstanding consolidated funded indebtedness or refinancing indebtedness that was subordinated to the revolving credit agreement pursuant to the subordination agreement.

The continued availability of the revolving credit agreement requires UScellular to comply with certain negative and affirmative covenants, maintain certain financial ratios and make representations regarding certain matters at the time of each borrowing.

The revolving credit agreement includes the following financial covenants:

- Consolidated Interest Coverage Ratio may not be less than 3.00 to 1.00 as of the end of any fiscal quarter.
- Consolidated Leverage Ratio may not be greater than 3.25 to 1.00 as of the end of any fiscal quarter.

Certain UScellular wholly-owned subsidiaries have jointly and severally unconditionally guaranteed the payment and performance of the obligations of UScellular under the revolving credit agreement. Other subsidiaries that meet certain criteria will be required to provide a similar guaranty in the future. UScellular believes it was in compliance with all of the financial and other covenants and requirements set forth in its revolving credit agreement as of December 31, 2020.

Term Loan Agreement

At December 31, 2020, UScellular had a senior term loan credit agreement available for general corporate purposes. The term loan may be drawn in one or more advances by the one-year anniversary of the date of the agreement which is June 11, 2021; amounts not drawn by that time will cease to be available.

The following table summarizes the term loan credit agreement as of December 31, 2020:

(Dollars in millions)		
Maximum borrowing capacity	$	300
Amount borrowed	$	83
Amount available for use	$	217

Borrowings under the agreement bear interest at a rate of LIBOR plus 2.25%. Principal reductions are due and payable in quarterly installments of $0.75 million beginning in September 2021. The remaining unpaid balance will be due and payable in June 2027. In connection with UScellular's term loan credit agreement, TDS and UScellular entered into a subordination agreement together with the administrative agent for the lenders under UScellular's term loan credit agreement, which is substantially the same as the subordination agreement for UScellular as described above under the "Revolving Credit Agreement." As of December 31, 2020, UScellular had no outstanding consolidated funded indebtedness or refinancing indebtedness that was subordinated to the term loan agreement pursuant to this subordination agreement.

The senior term loan credit agreement contains financial covenants and subsidiary guarantees that are consistent with the revolving credit agreements described above. UScellular believes that it was in compliance with all of the financial and other covenants and requirements set forth in its term loan credit agreement as of December 31, 2020.

Receivables Securitization Agreement

At December 31, 2020, UScellular had a receivables securitization agreement for securitized borrowings using its equipment installment receivables for general corporate purposes. Amounts under the receivables securitization agreement may be borrowed, repaid and reborrowed from time to time until maturity in December 2022, which may be extended from time to time as specified therein. The outstanding borrowings bear interest at floating rates. In April 2020, UScellular borrowed $125 million under its receivables securitization agreement. In October 2020, UScellular amended and restated its agreement to increase its total borrowing capacity to $300 million. In December 2020, UScellular repaid $100 million of the outstanding borrowing. As of December 31, 2020, the outstanding borrowings under the agreement were $25 million and the unused capacity was $275 million, subject to sufficient collateral to satisfy the asset borrowing base provisions of the agreement. As of December 31, 2020, the USCC Master Note Trust held $205 million of assets available to be pledged as collateral for the receivables securitization agreement. Interest expense representing commitment fees on the unused portion of the agreement was $1 million in each of 2020, 2019 and 2018.

In connection with entering into the receivables securitization agreement in 2017, UScellular formed a wholly-owned subsidiary, USCC Master Note Trust (Trust), which qualifies as a bankruptcy remote entity. Under the terms of the agreement, UScellular, through its subsidiaries, transfers eligible equipment installment receivables to the Trust. The Trust then utilizes the transferred assets as collateral for notes payables issued to third party financial institutions. Since UScellular retains effective control of the transferred assets in the Trust, any activity associated with this receivables securitization agreement will be treated as a secured borrowing. Therefore, UScellular will continue to report equipment installment receivables and any related balances on the Consolidated Balance Sheet. Cash received from borrowings under the receivables securitization agreement will be reported as Debt. Refer to Note 14 — Variable Interest Entities for additional information.

UScellular entered into a performance guaranty whereby UScellular guarantees the performance of certain wholly-owned subsidiaries of UScellular under the receivables securitization agreement.

The continued availability of the receivables securitization agreement requires UScellular to comply with certain negative and affirmative covenants, maintain certain financial ratios and provide representations on certain matters at the time of each borrowing. The covenants include the same financial covenants for UScellular as described above under the "Revolving Credit Agreement." UScellular believes that it was in compliance as of December 31, 2020, with all of the financial covenants and requirements set forth in its receivables securitization agreement.

Other Long-Term Debt

In August 2020, UScellular issued $500 million of 6.25% Senior Notes due 2069, and received cash proceeds of $483 million after payment of debt issuance costs of $17 million. These funds will be used for general corporate purposes.

In December 2020, UScellular issued $500 million of 5.5% Senior Notes due 2070, and received cash proceeds of $483 million after payment of debt issuance costs of $17 million. These funds will be used for general corporate purposes.

Long-term debt as of December 31, 2020 and 2019, was as follows:

				December 31, 2020			December 31, 2019		
(Dollars in millions)	Issuance date	Maturity date	Call date (any time on or after)	Principal Amount	Less Unamortized discounts and debt issuance costs	Total	Principal Amount	Less Unamortized discount and debt issuance costs	Total
Unsecured Senior Notes									
6.700%	Dec 2003 and June 2004	Dec 2033	Dec 2003 and June 2004	$ 544	$ 13	$ 531	$ 544	$ 13	$ 531
6.950%	May 2011	May 2060	May 2016	342	11	331	342	11	331
7.250%	Dec 2014	Dec 2063	Dec 2019	275	10	265	275	10	265
7.250%	Nov 2015	Dec 2064	Dec 2020	300	10	290	300	10	290
6.250%	Aug 2020	Sep 2069	Sep 2025	500	17	483	—	—	—
5.500%	Dec 2020	Mar 2070	Mar 2026	500	17	483	—	—	—
Term Loan				83	3	80	83	1	82
EIP Securitization				25	—	25	—	—	—
Finance lease obligations				3	—	3	4	—	4
Installment payment agreement				—	—	—	7	—	7
Total long-term debt				$ 2,572	$ 81	$ 2,491	$ 1,555	$ 45	$ 1,510
Long-term debt, current						$ 2			$ 8
Long-term debt, noncurrent						$ 2,489			$ 1,502

UScellular may redeem its 6.95% Senior Notes, 7.25% 2063 Senior Notes, 7.25% 2064 Senior Notes, 6.25% Senior Notes and 5.5% Senior Notes, in whole or in part at any time after the respective call date, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest. UScellular may redeem the 6.7% Senior Notes, in whole or in part, at any time prior to maturity at a redemption price equal to the greater of (a) 100% of the principal amount of such notes, plus accrued and unpaid interest, or (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date on a semi-annual basis at the Treasury Rate plus 30 basis points.

Interest on the Senior Notes outstanding at December 31, 2020, is payable quarterly, with the exception of the 6.7% Senior Notes for which interest is payable semi-annually.

The annual requirements for principal payments on long-term debt are approximately $2 million, $28 million, $3 million, $3 million and $3 million for the years 2021 through 2025, respectively.

The covenants associated with UScellular's long-term debt obligations, among other things, restrict UScellular's ability, subject to certain exclusions, to incur additional liens, enter into sale and leaseback transactions, and sell, consolidate or merge assets.

UScellular's long-term debt notes do not contain any provisions resulting in acceleration of the maturities of outstanding debt in the event of a change in UScellular's credit rating.

Note 13 Commitments and Contingencies

Indemnifications

UScellular enters into agreements in the normal course of business that provide for indemnification of counterparties. The terms of the indemnifications vary by agreement. The events or circumstances that would require UScellular to perform under these indemnities are transaction specific; however, these agreements may require UScellular to indemnify the counterparty for costs and losses incurred from litigation or claims arising from the underlying transaction. UScellular is unable to estimate the maximum potential liability for these types of indemnifications as the amounts are dependent on the outcome of future events, the nature and likelihood of which cannot be determined at this time. Historically, UScellular has not made any significant indemnification payments under such agreements.

Legal Proceedings

UScellular is involved or may be involved from time to time in legal proceedings before the FCC, other regulatory authorities, and/or various state and federal courts. If UScellular believes that a loss arising from such legal proceedings is probable and can be reasonably estimated, an amount is accrued in the financial statements for the estimated loss. If only a range of loss can be determined, the best estimate within that range is accrued; if none of the estimates within that range is better than another, the low end of the range is accrued. The assessment of the expected outcomes of legal proceedings is a highly subjective process that requires judgments about future events. The legal proceedings are reviewed at least quarterly to determine the adequacy of accruals and related financial statement disclosures. The ultimate outcomes of legal proceedings could differ materially from amounts accrued in the financial statements. UScellular accrued less than $1 million with respect to legal proceedings and unasserted claims as of December 31, 2020. UScellular recorded no accrual with respect to legal proceedings and unasserted claims as of December 31, 2019.

In April 2018, the United States Department of Justice (DOJ) notified UScellular and its parent, TDS, that it was conducting inquiries of UScellular and TDS under the federal False Claims Act relating to UScellular's participation in wireless spectrum license auctions 58, 66, 73 and 97 conducted by the FCC. UScellular is/was a limited partner in several limited partnerships which qualified for the 25% bid credit in each auction. The investigation arose from civil actions under the Federal False Claims Act brought by private parties in the U.S. District Court for the Western District of Oklahoma. In November and December 2019, following the DOJ's investigation, the DOJ informed UScellular and TDS that it would not intervene in the above-referenced actions. Subsequently, the private party plaintiffs filed amended complaints in both actions in the U.S. District Court for the Western District of Oklahoma and are continuing the action on their own. In July 2020, these actions were transferred to the U.S. District Court for the District of Columbia. UScellular believes that its arrangements with the limited partnerships and the limited partnerships' participation in the FCC auctions complied with applicable law and FCC rules. At this time, UScellular cannot predict the outcome of any proceeding.

Other Commitments

Subsequent to December 31, 2020, UScellular committed to purchase wireless spectrum licenses for approximately $1,460 million inclusive of associated costs, subject to regulatory approval.

Note 14 Variable Interest Entities

Consolidated VIEs

UScellular consolidates VIEs in which it has a controlling financial interest as defined by GAAP and is therefore deemed the primary beneficiary. UScellular reviews the criteria for a controlling financial interest at the time it enters into agreements and subsequently when events warranting reconsideration occur. These VIEs have risks similar to those described in the "Risk Factors" in UScellular's Form 10-K for the year ended December 31, 2020.

UScellular formed USCC EIP LLC (Seller/Sub-Servicer), USCC Receivables Funding LLC (Transferor) and the Trust, collectively the special purpose entities (SPEs), to facilitate a securitized borrowing using its equipment installment plan receivables. Under a Receivables Sale Agreement, UScellular wholly-owned, majority-owned and unconsolidated entities, collectively referred to as "affiliated entities", transfer device equipment installment plan contracts to the Seller/Sub-Servicer. The Seller/Sub-Servicer aggregates device equipment installment plan contracts, and performs servicing, collection and all other administrative activities related to accounting for the equipment installment plan contracts. The Seller/Sub-Servicer sells the eligible equipment installment plan receivables to the Transferor, a bankruptcy remote entity, which subsequently sells the receivables to the Trust. The Trust, which is bankruptcy remote and isolated from the creditors of UScellular, will be responsible for issuing asset-backed variable funding notes (Notes), which are collateralized by the equipment installment plan receivables owned by the Trust. Given that UScellular has the power to direct the activities of these SPEs, and that these SPEs lack sufficient equity to finance their activities, UScellular is deemed to have a controlling financial interest in the SPEs and, therefore, consolidates them. All transactions with third parties (e.g., issuance of the asset-backed variable funding notes) will be accounted for as a secured borrowing due to the pledging of equipment installment plan contracts as collateral, significant continuing involvement in the transferred assets, subordinated interests of the cash flows, and continued evidence of control of the receivables. Refer to Note 12 — Debt, Receivables Securitization Agreement for additional details regarding the securitization agreement for which these entities were established.

The following VIEs were formed to participate in FCC auctions of wireless spectrum licenses and to fund, establish, and provide wireless service with respect to any FCC wireless spectrum licenses won in the auctions:

- Advantage Spectrum, L.P. (Advantage Spectrum) and Sunshine Spectrum, Inc., the general partner of Advantage Spectrum; and
- King Street Wireless, L.P. (King Street Wireless) and King Street Wireless, Inc., the general partner of King Street Wireless.

These particular VIEs are collectively referred to as designated entities. The power to direct the activities that most significantly impact the economic performance of these VIEs is shared. Specifically, the general partner of these VIEs has the exclusive right to manage, operate and control the limited partnerships and make all decisions to carry on the business of the partnerships. The general partner of each partnership needs the consent of the limited partner, an indirect UScellular subsidiary, to sell or lease certain wireless spectrum licenses, to make certain large expenditures, admit other partners or liquidate the limited partnerships. Although the power to direct the activities of these VIEs is shared, UScellular has the most significant level of exposure to the variability associated with the economic performance of the VIEs, indicating that UScellular is the primary beneficiary of the VIEs. Therefore, in accordance with GAAP, these VIEs are consolidated.

UScellular also consolidates other VIEs that are limited partnerships that provide wireless service. A limited partnership is a variable interest entity unless the limited partners hold substantive participating rights or kick-out rights over the general partner. For certain limited partnerships, UScellular is the general partner and manages the operations. In these partnerships, the limited partners do not have substantive kick-out or participating rights and, further, such limited partners do not have the authority to remove the general partner. Therefore, these limited partnerships also are recognized as VIEs and are consolidated under the variable interest model.

The following table presents the classification and balances of the consolidated VIEs' assets and liabilities in UScellular's Consolidated Balance Sheet.

December 31,	2020	2019
(Dollars in millions)		
Assets		
Cash and cash equivalents	**$ 18**	$ 19
Short-term investments	**3**	—
Accounts receivable	**639**	639
Inventory, net	**3**	6
Other current assets	**21**	7
Licenses	**639**	649
Property, plant and equipment, net	**111**	104
Operating lease right-of-use assets	**39**	44
Other assets and deferred charges	**348**	346
Total assets	**$ 1,821**	$ 1,814
Liabilities		
Current liabilities	**$ 28**	$ 32
Long-term operating lease liabilities	**36**	41
Other deferred liabilities and credits	**20**	14
Total liabilities	**$ 84**	$ 87

Unconsolidated VIEs

UScellular manages the operations of and holds a variable interest in certain other limited partnerships, but is not the primary beneficiary of these entities and, therefore, does not consolidate them under the variable interest model.

UScellular's total investment in these unconsolidated entities was $5 million at both December 31, 2020 and 2019, and is included in Investments in unconsolidated entities in UScellular's Consolidated Balance Sheet. The maximum exposure from unconsolidated VIEs is limited to the investment held by UScellular in those entities.

Other Related Matters

UScellular made contributions, loans or advances to its VIEs totaling $111 million, $255 million and $152 million during 2020, 2019 and 2018, respectively; of which $83 million in 2020, $214 million in 2019 and $116 million in 2018 are related to USCC EIP LLC as discussed above. UScellular may agree to make additional capital contributions and/or advances to these or other VIEs and/or to their general partners to provide additional funding for operations or the development of wireless spectrum licenses granted in various auctions. UScellular may finance such amounts with a combination of cash on hand, borrowings under its revolving credit or receivables securitization agreements and/or other long-term debt. There is no assurance that UScellular will be able to obtain additional financing on commercially reasonable terms or at all to provide such financial support.

The limited partnership agreement of Advantage Spectrum also provides the general partner with a put option whereby the general partner may require the limited partner, a subsidiary of UScellular, to purchase its interest in the limited partnership. The general partner's put option related to its interest in Advantage Spectrum will be exercisable in 2021, and if not exercised at that time, will be exercisable in 2022. The greater of the carrying value of the general partner's investment or the value of the put option, net of any borrowings due to UScellular is recorded as Noncontrolling interests with redemption features in UScellular's Consolidated Balance Sheet. Also in accordance with GAAP, minority share of income or changes in the redemption value of the put option, net of interest accrued on the loans, are recorded as a component of Net income attributable to noncontrolling interests, net of tax, in UScellular's Consolidated Statement of Operations.

During the first quarter of 2018, UScellular recorded an out-of-period adjustment attributable to 2016 and 2017 due to errors in the application of accounting guidance applicable to the calculation of Noncontrolling interests with redemption features related to King Street Wireless, Inc. This out-of-period adjustment had the impact of increasing Net income attributable to noncontrolling interests, net of tax, by $6 million and decreasing Net income attributable to UScellular shareholders by $6 million in 2018. UScellular determined that this adjustment was not material to any of the periods impacted.

Note 15 Noncontrolling Interests

UScellular's consolidated financial statements include certain noncontrolling interests that meet the GAAP definition of mandatorily redeemable financial instruments. These mandatorily redeemable noncontrolling interests represent interests held by third parties in consolidated partnerships, where the terms of the underlying partnership agreement provide for a defined termination date at which time the assets of the subsidiary are to be sold, the liabilities are to be extinguished and the remaining net proceeds are to be distributed to the noncontrolling interest holders and UScellular in accordance with the respective partnership agreements. The termination dates of these mandatorily redeemable noncontrolling interests range from 2085 to 2092.

The estimated aggregate amount that would be due and payable to settle all of these noncontrolling interests, assuming an orderly liquidation of the finite-lived consolidated partnerships on December 31, 2020, net of estimated liquidation costs, is $33 million. This amount excludes redemption amounts recorded in Noncontrolling interests with redemption features in the Consolidated Balance Sheet. The estimate of settlement value was based on certain factors and assumptions which are subjective in nature. Changes in those factors and assumptions could result in a materially larger or smaller settlement amount. The corresponding carrying value of the mandatorily redeemable noncontrolling interests in finite-lived consolidated partnerships at December 31, 2020, was $13 million, and is included in Noncontrolling interests in the Consolidated Balance Sheet. The excess of the aggregate settlement value over the aggregate carrying value of these mandatorily redeemable noncontrolling interests is due primarily to the unrecognized appreciation of the noncontrolling interest holders' share of the underlying net assets in the consolidated partnerships. Neither the noncontrolling interest holders' share, nor UScellular's share, of the appreciation of the underlying net assets of these subsidiaries is reflected in the consolidated financial statements.

Note 16 Common Shareholders' Equity

Series A Common Shares

Series A Common Shares are convertible on a share-for-share basis into Common Shares. In matters other than the election of directors, each Series A Common Share is entitled to ten votes per share, compared to one vote for each Common Share. The Series A Common Shares are entitled to elect 75% of the directors (rounded down), and the Common Shares elect 25% of the directors (rounded up). As of December 31, 2020, a majority of UScellular's outstanding Common Shares and all of UScellular's outstanding Series A Common Shares were held by TDS.

Common Share Repurchase Program

In November 2009, UScellular announced by Form 8-K that the Board of Directors of UScellular authorized the repurchase of up to 1,300,000 Common Shares on an annual basis beginning in 2009 and continuing each year thereafter, on a cumulative basis. In December 2016, the UScellular Board amended this authorization to provide that, beginning on January 1, 2017, the authorized repurchase amount with respect to a particular year will be any amount from zero to 1,300,000 Common Shares, as determined by the Pricing Committee of the Board of Directors, and that if the Pricing Committee did not specify an amount for any year, such amount would be zero for such year. The Pricing Committee has not specified any increase in the authorization since that time. The Pricing Committee also was authorized to decrease the cumulative amount of the authorization at any time, but has not taken any action to do so at this time. As of December 31, 2020, the total cumulative amount of Common Shares authorized to be purchased is 4,507,000. The authorization provides that share repurchases will be made pursuant to open market purchases, block purchases, private purchases, or otherwise, depending on market prices and other conditions. This authorization does not have an expiration date.

Pursuant to stock-based compensation plans, UScellular reissued the following Treasury Shares:

Year Ended December 31,	2020	2019	2018
Treasury Shares Reissued	**693,000**	432,000	1,181,000

Tax-Deferred Savings Plan

At December 31, 2020, UScellular has reserved 67,000 Common Shares for issuance under the TDS Tax-Deferred Savings Plan, a qualified profit-sharing plan pursuant to Sections 401(a) and 401(k) of the Internal Revenue Code. Participating employees have the option of investing their contributions in a UScellular Common Share fund, a TDS Common Share fund or certain unaffiliated funds.

Note 17 Stock-Based Compensation

UScellular has established the following stock-based compensation plans: Long-Term Incentive Plans and a Non-Employee Director compensation plan.

Under the UScellular Long-Term Incentive Plans, UScellular may grant fixed and performance-based incentive and non-qualified stock options, restricted stock, restricted stock units, and deferred compensation stock unit awards to key employees. At December 31, 2020, the only types of awards outstanding are fixed non-qualified stock option awards, restricted stock unit awards, performance share awards and deferred compensation stock unit awards.

Under the Non-Employee Director compensation plan, UScellular may grant Common Shares to members of the Board of Directors who are not employees of UScellular or TDS.

At December 31, 2020, UScellular had reserved 12,193,000 Common Shares for equity awards granted and to be granted under the Long-Term Incentive Plans and 105,000 Common Shares for issuance under the Non-Employee Director compensation plan.

UScellular uses treasury stock to satisfy requirements for Common Shares issued pursuant to its various stock-based compensation plans.

Long-Term Incentive Plans – Stock Options

UScellular's last stock option grant occurred in 2016.

Stock options outstanding, and the related weighted average exercise price, at December 31, 2020 and 2019 were 418,000 units at $42.23 and 460,000 units at $42.20, respectively. All stock options are exercisable and expire between 2021 and 2026.

The aggregate intrinsic value of UScellular stock options exercised in 2019 and 2018 was $3 million and $19 million, respectively. No stock options were exercised in 2020.

Long-Term Incentive Plans – Restricted Stock Units

Restricted stock unit awards granted to key employees generally vest after three years. The restricted stock unit awards currently outstanding were granted in 2018, 2019 and 2020 and will vest in 2021, 2022 and 2023, respectively.

UScellular estimates the fair value of restricted stock units based on the closing market price of UScellular shares on the date of grant. The fair value is then recognized as compensation cost on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period.

A summary of UScellular nonvested restricted stock units and changes during 2020 is presented in the table below:

Common Restricted Stock Units	Number	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2019	1,461,000	$ 40.90
Granted	1,020,000	$ 29.18
Vested	(653,000)	$ 35.54
Forfeited	(168,000)	$ 34.81
Nonvested at December 31, 2020	1,660,000	$ 36.43

The total fair value of restricted stock units that vested during 2020, 2019 and 2018 was $20 million, $25 million and $16 million, respectively. The weighted average grant date fair value per share of the restricted stock units granted in 2020, 2019 and 2018 was $29.18, $46.81 and $38.19, respectively.

Long-Term Incentive Plans – Performance Share Units

Beginning in 2017, UScellular granted performance share units to key employees. The performance share units generally vest after three years. Each recipient may be entitled to shares of UScellular common stock equal to 50% to 200% of a communicated target award depending on the achievement of predetermined performance-based operating targets over the performance period, which is generally a one-year period beginning on January 1 in the year of grant to December 31 in the year of grant. The remaining time through the end of the vesting period is considered the “time-based period”. Performance-based operating targets for grants made prior to 2020 include Simple Free Cash Flow, Consolidated Total Operating Revenues and Postpaid Handset Voluntary Defections, and for grants made during 2020 include Consolidated Total Service Revenues, Consolidated Operating Cash Flow, Consolidated Capital Expenditures and Postpaid Handset Voluntary Defections. Subject to vesting during the time-based period, the performance share unit award agreement provides that in no event shall the award be less than 50% of the target opportunity as of the grant date. The performance share units currently outstanding were granted in 2018, 2019 and 2020 and will vest in 2021, 2022 and 2023, respectively.

Additionally, UScellular granted performance share units during 2020 to a newly appointed President and Chief Executive Officer. The recipient may be entitled to shares of UScellular common stock equal to 100% of the communicated target award depending on the achievement of predetermined performance-based operating targets over the performance period, which is any two calendar-year period commencing no earlier than January 1, 2021 and ending no later than December 31, 2026. Performance-based operating targets include Average Total Revenue Growth and Average Annual Return on Capital. If one, or both, of the performance targets are not satisfied, the award will be forfeited.

UScellular estimates the fair value of performance share units using UScellular’s closing stock price on the date of grant. An estimate of the number of performance share units expected to vest based upon achieving the performance-based operating targets is made and the aggregate fair value is expensed on a straight-line basis over the requisite service period. Each reporting period, during the performance period, the estimate of the number of performance share units expected to vest is reviewed and stock compensation expense is adjusted as appropriate to reflect the revised estimate of the aggregate fair value of the performance share units expected to vest.

A summary of UScellular's nonvested performance share units and changes during 2020 is presented in the table below:

Common Performance Share Units	**Number**	**Weighted Average Grant Date Fair Value**
Nonvested at December 31, 2019	1,245,000	$ 40.16
Granted	582,000	$ 29.71
Vested	(398,000)	$ 36.92
Change in units based on approved performance factors	20,000	$ 46.43
Forfeited	(144,000)	$ 40.05
Nonvested at December 31, 2020	1,305,000	$ 36.60

The total fair value of performance share units that vested during 2020 and 2019 was $11 million and less than $1 million, respectively. No performance share units vested during 2018. The weighted average grant date fair value per share of the performance share units granted in 2020, 2019 and 2018 was $29.71, $46.43 and $38.81, respectively.

Long-Term Incentive Plans – Deferred Compensation Stock Units

Certain UScellular employees may elect to defer receipt of all or a portion of their annual bonuses and to receive a company matching contribution on the amount deferred. All bonus compensation that is deferred by employees electing to participate is immediately vested and is deemed to be invested in UScellular Common Share stock units. The amount of UScellular's matching contribution depends on the portion of the annual bonus that is deferred. Participants receive a 25% match for amounts deferred up to 50% of their total annual bonus and a 33% match for amounts that exceed 50% of their total annual bonus; such matching contributions also are deemed to be invested in UScellular Common Share stock units and vest over three years.

The total fair value of deferred compensation stock units that vested during 2020 was $1 million. The total fair value of deferred compensation stock units that vested during 2019 and 2018 was less than $1 million in each respective year. The weighted average grant date fair value per share of the deferred compensation stock units granted in 2020 and 2018 was $31.79 and $40.72, respectively. There were no deferred compensation stock units granted during 2019. As of December 31, 2020, there were 63,000 vested but unissued deferred compensation stock units valued at $2 million.

Compensation of Non-Employee Directors

UScellular issued 19,000, 13,000 and 18,000 Common Shares in 2020, 2019 and 2018, respectively, under its Non-Employee Director compensation plan.

Stock-Based Compensation Expense

The following table summarizes stock-based compensation expense recognized during 2020, 2019 and 2018:

Year Ended December 31,	**2020**	2019	2018
(Dollars in millions)			
Stock option awards	**$ —**	$ —	$ 2
Restricted stock unit awards	**21**	22	21
Performance share unit awards	**10**	18	13
Awards under Non-Employee Director compensation plan	**1**	1	1
Total stock-based compensation expense, before income taxes	**32**	41	37
Income tax benefit	**(8)**	(10)	(9)
Total stock-based compensation expense, net of income taxes	**$ 24**	$ 31	$ 28

The following table provides a summary of the classification of stock-based compensation expense included in the Consolidated Statement of Operations for the years ended:

December 31,	**2020**	2019	2018
(Dollars in millions)			
Selling, general and administrative expense	**$ 28**	$ 36	$ 33
System operations expense	**4**	5	4
Total stock-based compensation expense	**$ 32**	$ 41	$ 37

At December 31, 2020, unrecognized compensation cost for all UScellular stock-based compensation awards was $33 million and is expected to be recognized over a weighted average period of 2.1 years.

UScellular's tax benefits realized from the exercise of stock options and the vesting of other awards totaled $12 million in 2020.

Note 18 Supplemental Cash Flow Disclosures

Following are supplemental cash flow disclosures regarding interest paid and income taxes paid.

Year Ended December 31,	2020	2019	2018
(Dollars in millions)			
Interest paid	$ 105	$ 107	$ 113
Income taxes paid, net of refunds received	(38)	78	90

Following are supplemental cash flow disclosures regarding transactions related to stock-based compensation awards. In certain situations, UScellular withholds shares that are issuable upon the exercise of stock options or the vesting of restricted shares to cover, and with a value equivalent to, the exercise price and/or the amount of taxes required to be withheld from the stock award holder at the time of the exercise or vesting. UScellular then pays the amount of the required tax withholdings to the taxing authorities in cash.

Year Ended December 31,	2020	2019	2018
(Dollars in millions)			
Common Shares withheld	376,000	452,000	1,550,000
Aggregate value of Common Shares withheld	$ 11	$ 23	$ 73
Cash receipts upon exercise of stock options	—	1	29
Cash disbursements for payment of taxes	(11)	(10)	(11)
Net cash receipts (disbursements) from exercise of stock options and vesting of other stock awards	$ (11)	$ (9)	$ 18

Note 19 Certain Relationships and Related Transactions

The following persons are partners of Sidley Austin LLP, the principal law firm of UScellular and its subsidiaries: Walter C.D. Carlson, a director of UScellular, a director and non-executive Chairman of the Board of Directors of TDS and a trustee and beneficiary of a voting trust that controls TDS; and Stephen P. Fitzell, the General Counsel and/or an Assistant Secretary of TDS and UScellular and certain other subsidiaries of TDS. Walter C.D. Carlson does not provide legal services to TDS, UScellular or their subsidiaries. UScellular and its subsidiaries incurred legal costs from Sidley Austin LLP of $9 million, $7 million and $5 million in 2020, 2019 and 2018, respectively.

UScellular is billed for all services it receives from TDS, pursuant to the terms of various agreements between it and TDS. These billings are included in UScellular's Systems operations and Selling, general and administrative expenses. Some of these agreements were established at a time prior to UScellular's initial public offering when TDS owned more than 90% of UScellular's outstanding capital stock and may not reflect terms that would be obtainable from an unrelated third party through arms-length negotiations. Billings from TDS and certain of its subsidiaries to UScellular are based on expenses specifically identified to UScellular and on allocations of common expenses. Such allocations are based on the relationship of UScellular's assets, employees, investment in property, plant and equipment and expenses relative to all subsidiaries in the TDS consolidated group. Management believes the method TDS uses to allocate common expenses is reasonable and that all expenses and costs applicable to UScellular are reflected in its financial statements. Billings to UScellular from TDS totaled $81 million, $82 million and $86 million in 2020, 2019 and 2018, respectively.

The Audit Committee of the Board of Directors of UScellular is responsible for the review and evaluation of all related-party transactions as such term is defined by the rules of the New York Stock Exchange.

Reports of Management

Management's Responsibility for Financial Statements

Management of United States Cellular Corporation has the responsibility for preparing the accompanying consolidated financial statements and for their integrity and objectivity. The statements were prepared in accordance with accounting principles generally accepted in the United States of America and, in management's opinion, were fairly presented. The financial statements included amounts that were based on management's best estimates and judgments. Management also prepared the other information in the annual report and is responsible for its accuracy and consistency with the financial statements.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited these consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and has expressed herein its unqualified opinion on these financial statements.

/s/ Laurent C. Therivel	/s/ Douglas W. Chambers
Laurent C. Therivel President and Chief Executive Officer (principal executive officer)	Douglas W. Chambers Executive Vice President, Chief Financial Officer and Treasurer (principal financial officer)
/s/ Anita J. Kroll	/s/ Jeffrey S. Hoersch
Anita J. Kroll Chief Accounting Officer (principal accounting officer)	Jeffrey S. Hoersch Vice President and Controller

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. UScellular's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (GAAP). UScellular's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and, where required, the Board of Directors of the issuer; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the issuer's assets that could have a material effect on the interim or annual consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of UScellular's management, including its principal executive officer and principal financial officer, UScellular conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2020, based on the criteria established in the 2013 version of *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management has concluded that UScellular maintained effective internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 version of *Internal Control — Integrated Framework* issued by the COSO.

The effectiveness of UScellular's internal control over financial reporting as of December 31, 2020, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in the firm's report included herein.

/s/ Laurent C. Therivel	/s/ Douglas W. Chambers
Laurent C. Therivel President and Chief Executive Officer (principal executive officer)	Douglas W. Chambers Executive Vice President, Chief Financial Officer and Treasurer (principal financial officer)
/s/ Anita J. Kroll	/s/ Jeffrey S. Hoersch
Anita J. Kroll Chief Accounting Officer (principal accounting officer)	Jeffrey S. Hoersch Vice President and Controller

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of United States Cellular Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of United States Cellular Corporation and its subsidiaries (“the Company”) as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 10 and 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019 and the manner in which it accounts for revenue from contracts with customers in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Intangible Asset Impairment Assessment - Wireless Spectrum Licenses (UScellular Licenses)

As described in Notes 1 and 7 to the consolidated financial statements, the UScellular consolidated licenses balance was $2,629 million as of December 31, 2020. Management performs its annual impairment assessment of licenses as of November 1 of each year or more frequently if there are events or circumstances that cause management to believe it is more likely than not that the carrying value of licenses exceeds fair value. A qualitative impairment assessment was performed as of November 1, 2020, to determine whether the wireless spectrum licenses were impaired. As disclosed by management, the qualitative assessment considered several qualitative factors, including analyst estimates of wireless spectrum license values which contemplated recent spectrum auction results, recent UScellular and other market participant transactions and other industry and market factors. Based on this assessment, management concluded that it was not more likely than not that the carrying value of the wireless spectrum licenses in each unit of accounting exceeded their respective fair values. Therefore, no quantitative impairment evaluation was completed.

The principal considerations for our determination that performing procedures relating to the intangible asset impairment assessment for the UScellular licenses is a critical audit matter are (i) the significant judgment by management when performing the qualitative impairment assessment; and (ii) a high degree of auditor judgment and subjectivity in performing procedures and evaluating management’s qualitative impairment assessment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management’s annual intangible asset impairment assessment, including management’s review of qualitative factors affecting the UScellular licenses. These procedures also included, among others, evaluating management’s qualitative assessment by (i) obtaining analyst estimates of wireless spectrum license values; and (ii) considering recent UScellular and other market participant transactions and external market and industry data.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 18, 2021

We have served as the Company’s auditor since 2002.

Table of Contents

United States Cellular Corporation
Shareholder Information

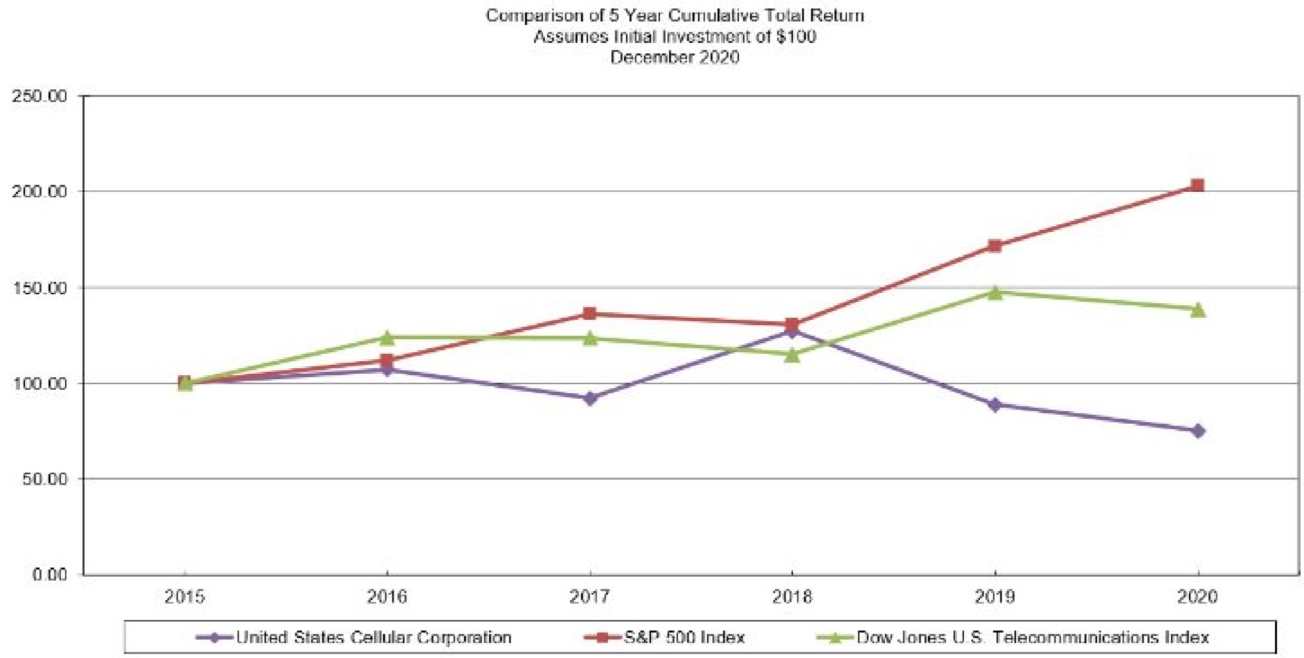
Stock and Dividend Information

UScellular's Common Shares are listed on the New York Stock Exchange under the symbol "USM." As of January 29, 2021, the last trading day of the month, UScellular's Common Shares were held by 232 record owners. All of the Series A Common Shares were held by TDS. No public trading market exists for the Series A Common Shares. The Series A Common Shares are convertible on a share-for-share basis into Common Shares.

UScellular has not paid any cash dividends in recent periods and currently intends to retain all earnings for use in UScellular’s business.

Stock Performance Graph

The following chart provides a comparison of UScellular’s cumulative total return to shareholders during the previous five years to the returns of the Standard & Poor's 500 Composite Stock Price Index and the Dow Jones U.S. Telecommunications Index.



Note: Cumulative total return assumes reinvestment of dividends.

	2015	2016	2017	2018	2019	2020
UScellular (NYSE: USM)	$ 100	$ 107.13	$ 92.21	$ 127.35	$ 88.78	$ 75.20
S&P 500 Index	100	111.96	136.40	130.42	171.49	203.04
Dow Jones U.S. Telecommunications Index	100	123.96	123.61	115.30	147.45	138.72

The comparison above assumes $100.00 invested at the close of trading on the last trading day preceding the first day of 2015, in UScellular Common Shares, S&P 500 Index and the Dow Jones U.S. Telecommunications Index.

Investor relations

UScellular's annual report, SEC filings and news releases are available to investors, securities analysts and other members of the investment community. These reports are provided, without charge, upon request to our Investor Relations department at the address below. Investors may also access these and other reports through the Investor Relations portion of the UScellular website (*www.uscellular.com*).

Questions regarding lost, stolen or destroyed certificates, consolidation of accounts, transferring of shares and name or address changes should be directed to:

Julie Mathews, IRC, Director — Investor Relations
Telephone and Data Systems, Inc.
30 North LaSalle Street, Suite 4000
Chicago, IL 60602
julie.mathews@tdsinc.com

General inquiries by investors, securities analysts and other members of the investment community should be directed to:

Jane W. McCahon, Senior Vice President — Corporate Relations and Corporate Secretary
Telephone and Data Systems, Inc.
30 North LaSalle Street, Suite 4000
Chicago, IL 60602
jane.mccahon@tdsinc.com

Directors and executive officers

See "Election of Directors" and "Executive Officers" sections of the Proxy Statement issued in 2021 for the 2021 Annual Meeting.

Principal counsel

Sidley Austin LLP, Chicago, Illinois

Transfer agent

Computershare Trust Company, N.A.
462 South 4th Street, Suite 1600
Louisville, KY 40202
312.360.5326

Independent registered public accounting firm

PricewaterhouseCoopers LLP

Visit UScellular's website at *www.uscellular.com*

Exhibit 21

UNITED STATES CELLULAR CORPORATION
SUBSIDIARY COMPANIES
December 31, 2020

SUBSIDIARY COMPANIES	STATE OF ORGANIZATION
BANGOR CELLULAR TELEPHONE, L.P.	DELAWARE
CALIFORNIA RURAL SERVICE AREA #1, INC.	CALIFORNIA
CEDAR RAPIDS CELLULAR TELEPHONE, L.P.	DELAWARE
CELLVEST, INC.	DELAWARE
CENTRAL CELLULAR TELEPHONES, LTD.	ILLINOIS
CHAMPLAIN CELLULAR, INC.	NEW YORK
COMMUNITY CELLULAR TELEPHONE COMPANY	TEXAS
CROWN POINT CELLULAR, INC.	NEW YORK
DUBUQUE CELLULAR TELEPHONE, L.P.	DELAWARE
HARDY CELLULAR TELEPHONE COMPANY	DELAWARE
IOWA RSA # 3, INC.	DELAWARE
IOWA RSA # 9, INC.	DELAWARE
IOWA RSA # 12, INC.	DELAWARE
JACKSONVILLE CELLULAR PARTNERSHIP	NORTH CAROLINA
JACKSONVILLE CELLULAR TELEPHONE COMPANY	NORTH CAROLINA
KANSAS #15 LIMITED PARTNERSHIP	DELAWARE
KENOSHA CELLULAR TELEPHONE, L.P.	DELAWARE
LAB465, LLC	ILLINOIS
MADISON CELLULAR TELEPHONE COMPANY	WISCONSIN
MAINE RSA # 1, INC.	MAINE
MAINE RSA # 4, INC.	MAINE
MCDANIEL CELLULAR TELEPHONE COMPANY	DELAWARE
MINNESOTA INVCO OF RSA # 7, INC.	DELAWARE
NEWPORT CELLULAR, INC.	NEW YORK
NH #1 RURAL CELLULAR, INC.	NEW HAMPSHIRE
OREGON RSA #2, INC.	OREGON
PCS WISCONSIN, LLC	WISCONSIN
RACINE CELLULAR TELEPHONE COMPANY	WISCONSIN
TENNESSEE NO. 3, LIMITED PARTNERSHIP	TENNESSEE
TEXAHOMA CELLULAR LIMITED PARTNERSHIP	TEXAS
TEXAS INVCO OF RSA # 6, INC.	DELAWARE
TOWNSHIP CELLULAR TELEPHONE, INC.	DELAWARE
UNITED STATES CELLULAR INVESTMENT CO. OF OKLAHOMA CITY, LLC.	OKLAHOMA
UNITED STATES CELLULAR INVESTMENT COMPANY, LLC	DELAWARE
UNITED STATES CELLULAR INVESTMENT CORPORATION OF LOS ANGELES	INDIANA
UNITED STATES CELLULAR OPERATING COMPANY LLC	DELAWARE
UNITED STATES CELLULAR OPERATING COMPANY OF BANGOR	MAINE
UNITED STATES CELLULAR OPERATING COMPANY OF CEDAR RAPIDS	DELAWARE
UNITED STATES CELLULAR OPERATING COMPANY OF CHICAGO, LLC	DELAWARE
UNITED STATES CELLULAR OPERATING COMPANY OF DUBUQUE	IOWA
UNITED STATES CELLULAR OPERATING COMPANY OF KNOXVILLE	TENNESSEE
UNITED STATES CELLULAR OPERATING COMPANY OF MEDFORD	OREGON
UNITED STATES CELLULAR OPERATING COMPANY OF YAKIMA	WASHINGTON
UNITED STATES CELLULAR TELEPHONE COMPANY (GREATER KNOXVILLE), L.P.	TENNESSEE
USCC DISTRIBUTION CO., LLC	DELAWARE
USCC EIP LLC	DELAWARE
USCC FINANCIAL L.L.C.	ILLINOIS
USCC FIRST RESPONDER, INC.	DELAWARE
USCC MASTER NOTE TRUST	DELAWARE

USCC PURCHASE, LLC	DELAWARE
USCC RECEIVABLES FUNDING LLC	DELAWARE
USCC SERVICES, LLC	DELAWARE
USCC WIRELESS INVESTMENT, INC.	DELAWARE
USCCI CORPORATION	DELAWARE
USCIC OF FRESNO	CALIFORNIA
USCOC NEBRASKA/KANSAS, INC.	DELAWARE
USCOC NEBRASKA/KANSAS, LLC	DELAWARE
USCOC OF CENTRAL ILLINOIS, LLC	ILLINOIS
USCOC OF CHICAGO REAL ESTATE HOLDINGS, LLC	DELAWARE
USCOC OF CUMBERLAND, LLC	DELAWARE
USCOC OF GREATER IOWA, LLC	DELAWARE
USCOC OF GREATER MISSOURI, LLC	DELAWARE
USCOC OF GREATER NORTH CAROLINA, LLC	DELAWARE
USCOC OF GREATER OKLAHOMA, LLC	OKLAHOMA
USCOC OF JACKSONVILLE, LLC	DELAWARE
USCOC OF LACROSSE, LLC	WISCONSIN
USCOC OF OREGON RSA # 5, INC.	DELAWARE
USCOC OF PENNSYLVANIA RSA NO. 10-B2, LLC	DELAWARE
USCOC OF RICHLAND, INC.	WASHINGTON
USCOC OF SOUTH CAROLINA RSA # 4, INC.	SOUTH CAROLINA
USCOC OF TEXAHOMA, INC.	TEXAS
USCOC OF VIRGINIA RSA # 3, INC.	VIRGINIA
USCOC OF WASHINGTON-4, INC.	DELAWARE
VERMONT RSA NO. 2-B2, INC.	DELAWARE
WASHINGTON RSA # 5, INC.	WASHINGTON
WESTELCOM CELLULAR, INC.	NEW YORK
WESTERN SUB-RSA LIMITED PARTNERSHIP	DELAWARE
YAKIMA MSA LIMITED PARTNERSHIP	DELAWARE

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-251482) and Form S-8 (Nos. 333-42366, 333-105675, 333-161119, 333-188966, 333-190331 and 333-211485) of United States Cellular Corporation of our report dated February 18, 2021, relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the 2020 Annual Report to Shareholders, which is incorporated by reference in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 18, 2021

Exhibit 31.1

Certification of principal executive officer

I, Laurent C. Therivel, certify that:

1. I have reviewed this annual report on Form 10-K of United States Cellular Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2021

/s/ Laurent C. Therivel

Laurent C. Therivel
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

Certification of principal financial officer

I, Douglas W. Chambers, certify that:

1. I have reviewed this annual report on Form 10-K of United States Cellular Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2021

/s/ Douglas W. Chambers

Douglas W. Chambers
Executive Vice President, Chief Financial Officer and Treasurer
(principal financial officer)

Exhibit 32.1

Certification Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code

I, Laurent C. Therivel, the principal executive officer of United States Cellular Corporation, certify that (i) the annual report on Form 10-K for the year ended December 31, 2020, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of United States Cellular Corporation.

/s/ Laurent C. Therivel
Laurent C. Therivel
February 18, 2021

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to United States Cellular Corporation and will be retained by United States Cellular Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code

I, Douglas W. Chambers, the principal financial officer of United States Cellular Corporation, certify that (i) the annual report on Form 10-K for the year ended December 31, 2020, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of United States Cellular Corporation.

/s/ Douglas W. Chambers
Douglas W. Chambers
February 18, 2021

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to United States Cellular Corporation and will be retained by United States Cellular Corporation and furnished to the Securities and Exchange Commission or its staff upon request.