UNITED STATES CELLULAR CORP
Form DEF 14A
April 25, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

United States Cellular Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
	(1)	Title of each class of securities to which transaction applies:
	(2)	Aggregate number of securities to which transaction applies:
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o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:
	(4)	Date Filed:

UNITED STATES CELLULAR CORPORATION

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Chicago, Illinois 60631

Phone: (773) 399-8900

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April 25, 2007

Please note: To increase the efficiency of our financial communications, U.S. Cellular will no longer produce a traditional printed annual report. The below letter to shareholders and the attached appendix of Exhibit 13 to U.S. Cellular s Form 10-K function as the company s annual report to shareholders, and are available, along with other financial and supplemental information, on the U.S. Cellular web site, uscellular.com.

To Our Shareholders

For more than 20 years, U.S. Cellular® has succeeded and grown by providing the best in customer satisfaction. This strategy continues to be the foundation for the company s success, resulting in both loyal customers and profitable growth.

Grew strategically and profitably

Added postpay customers

In 2006, the company added 297,000 net new retail customers, bringing its total customer base (including wholesale customers) to more than 5.8 million a 6 percent increase over 2005. Despite competitive pressure, U.S. Cellular s postpay churn rate remained at a low 1.5 percent, demonstrating the company s proven ability to attract and retain customers with high-value National, Wide Area, and Family calling plans.

Expanded network

U.S. Cellular increased the total number of cell sites in service to 5,925, a 9 percent increase over 2005, expanding the geographic scope of the network and improving signal quality.

Increased revenues

Customer interest in U.S. Cellular s service offerings pushed service revenues to more than $3.2 billion in 2006 a 14 percent increase over 2005. Increased data usage and higher customer usage drove average monthly service revenue per customer to $47.23, a 4 percent increase over 2005.

Increased profitability and cash flow

As a result of increased revenues and effective cost and expense management, net income increased 16 percent to $179.5 million in 2006, compared to $155 million in 2005. Cash flow from operating activities was $693.4 million, a 10 percent increase over $630.2 million in 2005.

Maintained high customer satisfaction and call quality rankings

Time and again, U.S. Cellular s commitment to the quality of both customer service and the overall customer experience is reflected in surveys from J.D. Power and Associates:

- For three consecutive times, U.S. Cellular received a ranking of Highest Call Quality Performance Among Wireless Cell Phone Users In North Central Region in the U.S. Wireless Call Quality Performance StudySM (Volumes 1 and 2 in 2006; Volume 1 in 2007). The North Central region covers Illinois, Indiana, Michigan, Ohio, and Wisconsin.

- U.S. Cellular received a ranking of Highest Overall Satisfaction Among Wireless Telephone Users in North Central Region in a Tie in the 2006 U.S. Wireless Regional Customer Satisfaction Index (CSI) StudySM Volume 1.

Strengthened existing markets

In 2006, U.S. Cellular focused on strengthening its markets. The company successfully transitioned the 15 Rural Service Area (RSA) markets in Nebraska and Kansas it received through an exchange of assets with Alltel in 2005. U.S. Cellular also acquired the remaining and majority interest in its Tennessee RSA 3 market, adding 21,000 retail customers, 8 retail stores, 17 authorized agent locations, and 46 cell sites.

Broadened distribution in Chicago and other markets

In the greater Chicago market, U.S. Cellular s largest, the company added 10 new company-owned locations and 11 authorized agent locations. Throughout U.S. Cellular, many locations were expanded, updated with a new store design, or converted from authorized-agent to company-owned locations.

Secured new spectrum through auctions

Carroll Wireless, L.P., in which U.S. Cellular is a limited partner, was granted 16 licenses in 2006 as a result of successful bids in the Federal Communication Commission s (FCC) Auction 58, held in 2005.

In addition, Barat Wireless L.P., in which U.S. Cellular is a limited partner, was the winning bidder in 2006 for 17 licenses in FCC Auction 66. The grant of these licenses is pending at the FCC.

All of these Carroll and Barat licenses cover market areas that are contiguous with or overlap U.S. Cellular s existing markets.

Expanded product and services offerings

Revenues related to data services and products increased 66 percent in 2006, to $217.4 million. Revenue related to data services continues to climb in response to an ever-growing array of **easy**edgeSM data services offerings, including new games and mobile information applications. U.S. Cellular s Short Messaging Service (SMS) and BlackBerry® service offerings are increasingly popular with customers. The company also introduced Mobile Shop, a new **easy**edge user interface for the MOTORAZR V3m, one of the strongest-selling handsets.

Introduced new handsets and services for consumers and businesses

U.S. Cellular introduced 27 new handsets in 2006, including the MOTOKRZR K1m and stylish new BlackBerry® Wireless Solution offerings for consumers and business customers. U.S. Cellular was the first to offer the RED MOTORAZR V3m, which was designed to raise money for (RED) , an initiative that raises money and awareness for the Global Fund. Sales of the handset exceeded U.S. Cellular sales targets.

To expand offerings for prepaid customers, U.S. Cellular added Text Messaging packages and Pay-As-You-Go Text Messaging to its Prepaid Wireless Plans in 2006.

The company also rolled out streamlined National, Wide Area, and Family calling plans in 2006 to make it easier for consumers and businesses to understand the valuable options available.

Added video, music, and games to 3G high-speed data market trial

The Milwaukee, Wisconsin market launch of services using the CDMA, 3G technology known as Evolution-Data Optimized (EV-DO) continues, with the recent addition of video, music, and 3D games. Depending on further results of the Milwaukee launch, U.S. Cellular may decide to offer EV-DO-based services in certain markets in 2007.

Remained a partially owned subsidiary of TDS

In March 2007, TDS announced that it was ceasing activity relating to its possible offer to acquire all of the Common Shares of U.S. Cellular that it did not already own. Early in 2005, TDS had disclosed that it might make an offer to issue its Special Common Shares in exchange for such U.S. Cellular Common Shares.

In ceasing activity related to the acquisition, TDS made it clear that it would not commence or complete a possible transaction for U.S. Cellular shares on uneconomic terms. TDS believes that an acceptable exchange ratio would need to reflect appropriately the relative values of TDS and U.S. Cellular, recognizing that a substantial portion of the value of TDS is comprised of its ownership of U.S. Cellular. TDS believes that the relative prices of TDS Special Common Shares and U.S. Cellular Common Shares do not reflect this fact. As a legal matter, termination of consideration of a possible offer does not preclude TDS from acquiring the remaining Common Shares of U.S. Cellular in the future, should conditions change.

Appointed new company officers

U.S. Cellular appointed Steven T. Campbell executive vice president and chief financial officer as of January 1, 2007. Campbell, formerly controller of U.S. Cellular, replaced Kenneth R. Meyers, who became executive vice president and chief financial officer of U.S. Cellular s parent company, Telephone & Data Systems, Inc. (TDS). U.S. Cellular also appointed Nadine A. Heidrich vice president and controller in March 2007.

Completed restatement of financial results

U.S. Cellular worked on two restatements in 2006 one was completed in April 2006; the other in February 2007. U.S. Cellular continues to review and improve its processes and controls and the expertise in its accounting functions.

Looking forward

For the remainder of 2007, U.S. Cellular will continue to:

- Grow the number of postpay customers and expand market share in recently developed markets. No major new market launches are planned for 2007.
- Expand points of distribution in larger markets.
- Continue to add popular and profitable **easy**edge services.
- Add new handsets targeted at both consumer and business segments.
- Expand services in the 3G market trial in Milwaukee.
- Improve profitability and cash flow from operating activities.

Thank you to all U.S. Cellular associates

The results U.S. Cellular achieved in 2006 would not have been possible without the significant efforts of its 8,100 associates, who are dedicated to providing the best in customer service and network quality to our customers.

Customers expect it. And we deliver!

Cordially yours,

John E. Rooney President and Chief Executive Officer	LeRoy T. Carlson, Jr. Chairman of the Board

UNITED STATES CELLULAR CORPORATION

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Suite 700

Chicago, Illinois 60631

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April 25, 2007

Dear Fellow Shareholders:

You are cordially invited to attend our 2007 annual meeting on Tuesday, May 8, 2007, at 8:30 a.m., Chicago time, at Ramada Plaza Hotel, 5615 N. Cumberland Avenue, Chicago, Illinois. At the meeting, we will report on the plans and accomplishments of United States Cellular Corporation.

The formal notice of the meeting and our board of directors proxy statement are enclosed. Appendix I to the proxy statement contains audited financial statements and certain other financial information for the year ended December 31, 2006, as required by the rules and regulations of the Securities and Exchange Commission (SEC). At the 2007 annual meeting, shareholders are being asked to take the following actions:

1. elect three Class II directors; and

2. ratify the selection of independent registered public accountants for the current fiscal year.

The board of directors recommends a vote **FOR** its nominees for election as directors and for the proposal to ratify accountants.

Our board of directors and members of our management team will be at the annual meeting to meet with you and discuss our record of achievement and plans for the future. Your vote is important. Therefore, please sign and return the enclosed proxy card, whether or not you plan to attend the meeting.

We look forward to visiting with you at the annual meeting.

Very truly yours,

LeRoy T. Carlson, Jr. Chairman	John E. Rooney President and Chief Executive Officer

Please help us avoid the expense of follow-up

proxy mailings to shareholders by

signing and returning the enclosed proxy card promptly

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
AND
PROXY STATEMENT

TO THE SHAREHOLDERS OF

UNITED STATES CELLULAR CORPORATION

We will hold the 2007 annual meeting of the shareholders of United States Cellular Corporation (American Stock Exchange: USM), a Delaware corporation, at Ramada Plaza Hotel, 5615 N. Cumberland Avenue, Chicago, Illinois, on Tuesday, May 8, 2007, at 8:30 a.m., Chicago time. At the meeting, we are asking shareholders to take the following actions:

1. To elect three Class II members of the board of directors. Your board of directors recommends that you vote FOR its nominees for Class II directors.

2. To consider and vote upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accountants for the year ended December 31, 2007. Your board of directors recommends that you vote FOR this proposal.

3. To transact such other business as may properly come before the meeting or any adjournments thereof.

We are first sending this notice of annual meeting of shareholders and Proxy Statement to you on or about April 25, 2007.

We have fixed the close of business on March 29, 2007 as the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting or any adjournments thereof.

A complete list of shareholders entitled to vote at the annual meeting, arranged in alphabetical order and by voting group, showing the address of and number of shares held by each shareholder, will be kept open at the offices of U.S. Cellular, 8410 West Bryn Mawr Avenue, Suite 700, Chicago, Illinois 60631, for examination by any shareholder during normal business hours, for a period of at least ten days prior to the annual meeting.

VOTING INFORMATION

What is the record date for the meeting?

The close of business March 29, 2007 is the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting or any adjournments thereof.

What shares of stock entitle holders to vote at the meeting?

We have the following classes or series of stock outstanding, each of which entitles holders to vote at the meeting:

- Common Shares; and
- Series A Common Shares.

The Common Shares are listed on the American Stock Exchange under the symbol USM.

No public market exists for the Series A Common Shares, but the Series A Common Shares are convertible on a share-for-share basis into Common Shares.

On March 29, 2007, U.S. Cellular had outstanding 54,867,197 Common Shares, par value $1.00 per share (excluding 178,488 shares held by U.S. Cellular and 22,534 shares held by a subsidiary of U.S. Cellular), and 33,005,877 Series A Common Shares, par value $1.00 per share. As of March 29, 2007, no shares of Preferred Stock, par value $1.00 per share, of U.S. Cellular were outstanding.

Telephone and Data Systems, Inc., a Delaware corporation (American Stock Exchange Listing Symbols TDS and TDS.S) (TDS), is the sole holder of Series A Common Shares and holds 37,782,826

Common Shares, representing approximately 68.9% of the Common Shares. By reason of such holdings, TDS has the voting power to elect all the directors of U.S. Cellular and has approximately 95.6% of the voting power with respect to matters other than the election of directors.

What is the voting power of the outstanding shares in the election of directors?

The following shows certain information relating to the outstanding shares and voting power of such shares in the election of directors as of the record date:

Class or Series of Common Stock	*Outstanding Shares*	*Votes per Share*	*Voting Power*	*Number of Directors Elected by Class or Series*	*Number of Directors Standing for Election*
Series A Common Shares	33,005,877	10	330,058,770	6	2
Common Shares	54,867,197	1	54,867,197	3	1
Total				9	3

What is the voting power of the outstanding shares in matters other than the election of directors?

Class or Series of Common Stock	*Outstanding Shares*	*Votes per Share*	*Total Voting Power*	*Percent*
Series A Common Shares	33,005,877	10	330,058,770	85.7 %
Common Shares	54,867,197	1	54,867,197	14.3 %
Total			384,925,967	100.0 %

How may shareholders vote in the election of directors in Proposal 1?

Holders of Common Shares may, with respect to the election of the one Class II director to be elected by the holders of Common Shares, vote FOR the election of such director nominee or WITHHOLD authority to vote for such director nominee.

TDS, as the sole holder of Series A Common Shares may, with respect to the election of the two Class II directors to be elected by the holder of Series A Common Shares, vote FOR the election of such director nominees or WITHHOLD authority to vote for such director nominees.

TDS has advised U.S. Cellular that it intends to vote FOR the board of directors nominees for election as Class II directors.

How may shareholders vote with respect to Proposal 2?

With respect to the proposal to ratify the selection of PricewaterhouseCoopers as our independent registered public accountants for 2007, shareholders may:

- vote FOR,
- vote AGAINST, or
- ABSTAIN from voting on the proposal.

TDS has advised U.S. Cellular that it intends to vote FOR the ratification of the selection of PricewaterhouseCoopers LLP.

How do I vote?

Proxies are being requested from the holders of Common Shares in connection with the election of one Class II director and the ratification of independent registered public accountants. Whether or not you plan to attend the meeting, please sign and mail your proxy in the enclosed self-addressed envelope to Proxy Services c/o Computershare Investor Services, P.O. Box 43102, Providence, Rhode Island 02940-5068. You have the power to revoke your proxy at any time before it is voted, and the giving of a proxy will not affect your right to vote in person if you attend the annual meeting.

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How will proxies be voted?

All properly executed and unrevoked proxies received in the accompanying form in time for the 2007 annual meeting will be voted in the manner directed on the proxies.

If no direction is made, a proxy by any shareholder will be voted FOR the election of the named director nominee to serve as a Class II director and FOR the proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accountants for 2007.

If a proxy indicates that all or a portion of the votes represented by such proxy are not being voted with respect to a particular matter, such non-votes will not be considered present and entitled to vote on such matter. However, the shares represented by such proxies may be considered present and entitled to vote on other matters and will count for purposes of determining the presence of a quorum.

What constitutes a quorum for the meeting?

In the election of directors, where a separate vote by a class or voting group is required, the holders of a majority of the votes of the stock of such class or voting group, present in person or represented by proxy, will constitute a quorum entitled to take action with respect to that vote on that matter.

The holders of a majority of the votes of the stock issued and outstanding and entitled to vote with respect to each of the other proposals, present in person or represented by proxy, will constitute a quorum at the annual meeting in connection with each of such other proposals.

What vote is required for the election of directors in Proposal 1?

The election of directors requires the affirmative vote of a plurality of the voting power of the shares present in person or represented by proxy and entitled to vote on such matter at the annual meeting. Accordingly, if a quorum of such shares is present at the annual meeting, the person receiving the plurality of votes of the holders of shares entitled to vote with respect to the election of such directors will be elected to serve as a director. Because the election of each director requires only the affirmative vote of a plurality of the shares present in person or represented by proxy and entitled to vote with respect to such matter, withholding authority to vote for the nominee and non-votes with respect to the election of the directors will not affect the outcome of the election of the directors.

What vote is required with respect to Proposal 2?

If a quorum is present at the annual meeting, the proposal to ratify independent registered public accountants will require the affirmative vote of a majority of the voting power of the Common Shares and Series A Common Shares voting together and present in person or represented by proxy and entitled to vote on such matter at the annual meeting. A vote to abstain from voting on such proposal will be treated as a vote against such proposal. Non-votes with respect to such proposal will not affect the determination of whether such proposal is approved.

PROPOSAL 1

ELECTION OF DIRECTORS

The nominees for election as Class II directors are identified in the table below. In the event any nominee, who has expressed an intention to serve if elected, fails to stand for election, the persons named in the proxy presently intend to vote for a substitute nominee if one is designated by the board of directors.

Nominees

The following persons, if elected at the 2007 annual meeting of shareholders, will serve as Class II directors until the 2010 annual meeting of shareholders, or until their successors are elected and qualified:

Class II Directors Terms Scheduled to Expire in 2010

The following persons are current Class II directors whose terms expire at the 2007 annual meeting of shareholders:

Elected by Holders of Common Shares

Name	*Age*	*Position with U.S. Cellular and Principal Occupation*	*Served as Director since*
Paul-Henri Denuit	72	Director of U.S. Cellular and former Chairman of the Board of Directors and Managing Director S.A. Coditel	1988

Elected by Holder of Series A Common Shares

Name	*Age*	*Position with U.S. Cellular and Principal Occupation*	*Served as Director since*
Ronald E. Daly	60	Director of U.S. Cellular and Private Investor	2004
Kenneth R. Meyers	53	Director and Chief Accounting Officer of U.S. Cellular and Executive Vice President and Chief Financial Officer of TDS	1999

The board of directors recommends a vote FOR the above nominees.

Background of Class II Directors

Paul-Henri Denuit. Prior to retiring from S.A. Coditel at the end of May 2001, Paul-Henri Denuit served as managing director of S.A. Coditel for more than five years. He was also the chairman of its board of directors. Mr. Denuit is a current Class II director who was previously elected by holders of Common Shares.

Ronald E. Daly. Mr. Daly is a private investor. Mr. Daly was the president and chief executive officer of Océ-USA Holding, Inc. between November 2002 and September 2004. Océ-USA Holding, Inc. is the North American operations of Netherlands based Océ-N.V., a publicly held company. Océ-N.V. is a global supplier of high-technology digital document management and delivery solutions. Prior to joining Océ-USA Holding, Inc., Mr. Daly worked 38 years for R.R. Donnelley, most recently as president of R.R. Donnelley Printing Solutions. Mr. Daly also serves as a director of SuperValu, a major distributor, wholesaler and retailer in the food service industry. Mr. Daly is a current Class II director who was previously elected by TDS as the sole holder of Series A Common Shares.

Kenneth R. Meyers. Kenneth R. Meyers was appointed Executive Vice President and Chief Financial Officer of TDS (an executive officer of TDS) and Chief Accounting Officer of U.S. Cellular (an executive officer of U.S. Cellular) and of

TDS Telecommunications Corporation (TDS Telecom), a subsidiary of TDS which operates local telephone companies, effective January 1, 2007. Prior to that, he was the Executive Vice President Finance, Chief Financial Officer and Treasurer of U.S. Cellular (an executive officer of U.S.

Cellular) for more than five years. Mr. Meyers was also appointed as a director of TDS and TDS Telecom effective January 1, 2007. Mr. Meyers is a current Class II director who was previously elected by TDS as the sole holder of Series A Common Shares.

The following additional information is provided in connection with the election of directors.

Other Directors

Class I Directors Terms Scheduled to Expire in 2009

The following persons are current Class I directors whose terms expire at the 2009 annual meeting of shareholders:

Elected by Holders of Common Shares

Name	*Age*	*Position with U.S. Cellular* and Principal Occupation	*Served as* Director since
Harry J. Harczak, Jr.	50	Director of U.S. Cellular and Executive Vice President of CDW Corporation	2003

Elected by Holder of Series A Common Shares

Name	*Age*	*Position with U.S. Cellular* and Principal Occupation	*Served as* Director since
LeRoy T. Carlson	90	Director of U.S. Cellular and Chairman Emeritus of TDS	1987
John E. Rooney	65	President and Chief Executive Officer of U.S. Cellular	2000

Background of Class I Directors

Harry J. Harczak, Jr. Mr. Harczak is executive vice president for CDW, a publicly held provider of technology products and services. He joined CDW in 1994 as chief financial officer after serving as partner at PricewaterhouseCoopers LLP and was executive vice president of sales from February 2002 to January 2006. CDW provides products and services to U.S. Cellular and its affiliates on a regular basis. In 2006, U.S. Cellular purchased $333,629 and TDS purchased an additional $48,193 in products and services from CDW, and a similar or greater volume of purchases is possible in 2007. This interest is not considered to be a direct or indirect material interest to Mr. Harczak under SEC rules, but is disclosed voluntarily, as discussed below.

LeRoy T. Carlson. LeRoy T. Carlson was appointed Chairman Emeritus of TDS (an executive officer of TDS) in February 2002. Prior to that time, he was the Chairman of TDS for more than five years. He is a member of the TDS board of directors. He is the father of LeRoy T. Carlson, Jr. and Walter C.D. Carlson.

John E. Rooney. John E. Rooney has been the President and Chief Executive Officer of U.S. Cellular (an executive officer of U.S. Cellular) for more than five years. Mr. Rooney is currently a director of First Midwest Bancorp, Inc., a diversified financial services company.

Class III Directors Terms Scheduled to Expire in 2008

The following persons are current Class III directors whose terms expire at the 2008 annual meeting of shareholders:

Elected by Holders of Common Shares

Name	*Age*	*Position with U.S. Cellular* and Principal Occupation	*Served as* Director since
J. Samuel Crowley	56	Director of U.S. Cellular and Chief Operating Officer of Gold s Gym International	1998

Elected by Holder of Series A Common Shares

Name	*Age*	*Position with U.S. Cellular* and Principal Occupation	*Served as* Director since
LeRoy T. Carlson, Jr.	60	Chairman and Director of U.S. Cellular and President and Chief Executive Officer of TDS	1984
Walter C.D. Carlson	53	Director of U.S. Cellular, non-executive Chairman of the Board of TDS and Partner, Sidley Austin LLP, Chicago, Illinois	1989

Background of Class III Directors

J. Samuel Crowley. J. Samuel Crowley has been the chief operating officer of Gold s Gym International, the nation s largest chain of co-ed fitness facilities, since November 2005. Between January 2004 and October 2005, Mr. Crowley was a private investor and prior to that, he was Senior Vice President New Ventures at Michaels Stores, Inc., a publicly-held national specialty retail company, from August 2002 until December 2003. Prior to that, Mr. Crowley was a business strategy consultant with Insider Marketing, a high tech marketing consulting firm, from April 2000 until July 2002. He was previously employed by CompUSA, Inc., a national retailer and reseller of personal computers and related products and services, for more than five years, most recently as executive vice president of operations between 1995 and 2000.

LeRoy T. Carlson, Jr. LeRoy T. Carlson, Jr., has been the Chairman of U.S. Cellular (an executive officer of U.S. Cellular), and the President and Chief Executive Officer of TDS (an executive officer of TDS), for more than five years. Mr. Carlson also serves on the board of directors of TDS. He is also a director and Chairman of TDS Telecom. He is the son of LeRoy T. Carlson and the brother of Walter C.D. Carlson.

Walter C.D. Carlson. Walter C.D. Carlson has been a partner of the law firm of Sidley Austin LLP for more than five years and is a member of its executive committee. The law firm of Sidley Austin LLP provides legal services to U.S. Cellular and TDS on a regular basis. See Certain Relationships and Related Transactions below. Mr. Carlson does not provide legal services to U.S. Cellular, TDS or their subsidiaries. Mr. Carlson serves on the board of directors of TDS and was elected non-executive Chairman of the Board of TDS in February 2002. He is the son of LeRoy T. Carlson and the brother of LeRoy T. Carlson, Jr.

Former Director

Sandra L. Helton. Sandra L. Helton resigned as a director of U.S. Cellular concurrently with her resignation as Executive Vice President and Chief Financial Officer of TDS (an executive officer of TDS) effective December 31, 2006, a position she held for more than five years. Ms. Helton also resigned as a member of the board of directors of TDS and TDS Telecom effective December 31, 2006. In 2006, Ms. Helton was a director of The Principal Financial Group, a global financial institution, and Covance, Inc., a drug development services company. Ms. Helton was a Class II director who was elected by TDS as the sole holder of Series A Common Shares. Concurrently with Ms. Helton s resignation, the size of the U.S. Cellular board of directors was reduced from ten to nine persons.

CORPORATE GOVERNANCE

Board of Directors

The business and affairs of U.S. Cellular are managed by or under the direction of the Board of Directors. The Board of Directors consists of nine members. Holders of Common Shares elect 25% of the directors rounded up to the nearest whole number, or three directors based on a board size of nine directors. TDS, as the sole holders of Series A Common Shares, elects the remaining six directors. TDS has 100% of the voting power in the election of such six directors, approximately 68.9% of the voting power in the election of the remaining three directors and approximately 95.6% of the voting power in all other matters.

U.S. Cellular s Code of Ethics for directors is available on U.S. Cellular s web site, *www.uscellular.com*, under About Us Investor Relations Corporate Governance BOD Code of Ethics.

Director Independence and American Stock Exchange Listing Standards

Because the U.S. Cellular Common Shares are listed on the American Stock Exchange, U.S. Cellular is required to comply with listing standards applicable to companies that have equity securities listed on the American Stock Exchange.

Under the listing standards of the American Stock Exchange, U.S. Cellular is a controlled company as such term is defined by the American Stock Exchange. U.S. Cellular is a controlled company because over 50% of the voting power of U.S. Cellular is held by TDS. Accordingly, it is exempt from certain listing standards that require listed companies that are not controlled companies to (i) have a board composed of a majority of directors that qualify as independent under the rules of the American Stock Exchange, (ii) have certain compensation approved by a compensation committee comprised solely of directors, or by a majority of directors, that qualify as independent under the rules of the American Stock Exchange, and (iii) have director nominations be made by a committee comprised solely of directors, or by a majority of directors, that qualify as independent under the rules of the American Stock Exchange.

As a controlled company, U.S. Cellular is required to have three directors who qualify as independent to serve on the audit committee. The U.S. Cellular board of directors has determined that all three members of the U.S. Cellular audit committee, J. Samuel Crowley, Paul-Henri Denuit and Harry J. Harczak, Jr., do not have any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and qualify as independent under the listing standards of the American Stock Exchange, as well as Section 10A-3 under the Securities Exchange Act of 1934, as amended. In addition, although not required to do so, the U.S. Cellular Board has also determined that Ronald E. Daly does not have any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and qualifies as independent under the listing standards of the American Stock Exchange, as well as the rules of the SEC. As a result, four of the nine directors, or 44% of the directors, have been determined to qualify as independent under the listing standards of the American Stock Exchange.

U.S. Cellular certifies compliance with specified listing standards to the American Stock Exchange on an annual basis. U.S. Cellular certified that it was in compliance with such American Stock Exchange listing standards in 2006.

Meetings of Board of Directors

Our board of directors held seven meetings during 2006. Each incumbent director attended at least 75 percent of the aggregate of the total number of meetings of the board of directors (held during 2006 for which such person has been a director) and the total number of meetings held by all committees of the board on which such person served (during the periods of 2006 that such person served).

Audit Committee

The primary function of the audit committee is to assist the board of directors in fulfilling its oversight responsibilities with respect to the quality, integrity and annual independent audit of U.S. Cellular s financial statements and other matters set forth in the charter for the audit committee, a copy of which is available on U.S. Cellular s web site, *www.uscellular.com*, under About Us Investor Relations Corporate Governance Audit Comm. Charter.

The audit committee is currently composed of three members who are not officers or employees of U.S. Cellular or any parent or subsidiary of U.S. Cellular and have been determined by the board of directors not to have any other relationship with U.S. Cellular that would interfere with their exercise of independent judgment in carrying out the responsibilities of a director. The board of directors has also determined that such directors qualify as independent under Rule 10A-3 of the Securities Exchange Act of 1934, as amended. Except as required by listing standards or SEC rule, U.S. Cellular does not have any categorical standards of independence that must be satisfied. The current members of the audit committee are J. Samuel Crowley (chairperson), Paul-Henri Denuit and Harry J. Harczak, Jr. The board of directors has determined that each of the members of the audit committee is independent and financially sophisticated as such terms are defined by the American Stock Exchange.

In addition, although Mr. Harczak is an executive officer of CDW which provides products and services to U.S. Cellular and its affiliates, this interest is not considered to be a direct or indirect material interest to Mr. Harczak under SEC rules. Nevertheless, U.S. Cellular has elected to disclose the dollar amount of such products and services in this proxy statement. As set forth above under Election of Directors, U.S. Cellular purchased $333,629 and TDS purchased an additional $48,193 in products and services from CDW, and a similar or greater volume of purchases is possible in 2007.

The board has made a determination that Harry J. Harczak, Jr. is an audit committee financial expert as such term is defined by the SEC.

In accordance with the SEC s safe harbor rule for audit committee financial experts, no member designated as an audit committee financial expert shall (i) be deemed an expert for any other purpose or (ii) have any duty, obligation or liability that is greater than the duties, obligations and liability imposed on a member of the board or the audit committee not so designated. Additionally, the designation of a member or members as an audit committee financial expert shall in no way affect the duties, obligations or liability of any member of the audit committee, or the board, not so designated.

The audit committee held twenty-five meetings during 2006.

Pre-Approval Procedures

The audit committee adopted a policy, effective May 6, 2003, as amended as of February 17, 2004 and November 1, 2005, pursuant to which all audit and non-audit services must be pre-approved by the audit committee. Under no circumstances may U.S. Cellular s principal external accountant provide services that are prohibited by the Sarbanes Oxley Act of 2002 or rules issued thereunder. Non-prohibited audit related services and certain tax and other services may be provided to U.S. Cellular, subject to such pre-approval process and prohibitions. The audit committee has delegated to the chairperson of the audit committee the authority to pre-approve services by the independent registered public accountants and to report such approvals to the full audit committee at each of its regularly scheduled meetings. The pre-approval policy relates to all services provided by U.S. Cellular s principal external auditor and does not include any de minimis exception.

Review, approval or ratification of transactions with related persons

The Audit Committee Charter provides that the Audit Committee shall be responsible for the review and oversight of all related-party transactions, as such term is defined by the rules of the American Stock Exchange. Section 120 of the American Stock Exchange Company Guide, Certain Relationships And Transactions, provides that Related party transactions must be subject to appropriate review and oversight by the company s Audit Committee or a comparable body of the Board of Directors.

Accordingly, pursuant to such provisions, the U.S. Cellular audit committee has review and oversight responsibilities over transactions that are deemed to be related-party transactions under Section 120 of the American Stock Exchange Company Guide. Other than the foregoing provisions, U.S. Cellular has no further written document evidencing policies and procedures relating to (i) the types of transactions that are covered by such policies and procedures; (ii) the standards to be applied pursuant to such policies and procedures; or (iii) the persons or groups of persons on the board of directors or otherwise who are responsible for applying such policies and procedures.

Since the beginning of the last fiscal year, the U.S. Cellular Audit Committee exercised oversight over related-party transactions, but did not take any formal action to approve any related-party transactions except for a transaction between U.S. Cellular and John E. Rooney, as discussed below. After changes in SEC rules that became effective for the 2007 proxy statement, transactions generally would not be subject to review and oversight by the Audit Committee unless they exceeded $120,000. Prior to the changes in such rules, this amount was $60,000 for 2006.

As disclosed below, a 2005 World Series Ring was given to Mr. Rooney by the Chicago White Sox as an honorarium, following review and approval by the U.S. Cellular Audit Committee. U.S. Cellular did not incur any out of pocket costs relating to this ring. The U.S. Cellular Audit Committee reviewed and approved this transaction pursuant to the company s Code of Conduct. The value of the ring did not exceed $60,000.

Compensation Committee

U.S. Cellular does not have a formal standing compensation committee for all executive compensation, except that long-term equity compensation of executive officers is approved by the Stock Option Compensation Committee, as discussed below. However, LeRoy T. Carlson, Jr., Chairman of U.S. Cellular, functions as the compensation committee for all matters not within the authority of the Stock Option Compensation Committee, but does not do so pursuant to a charter. LeRoy T. Carlson, Jr. does not approve any compensation to himself as Chairman. Mr. Carlson receives no compensation directly from U.S. Cellular. Mr. Carlson is compensated by TDS in connection with his services for TDS and TDS subsidiaries, including U.S. Cellular. A portion of Mr. Carlson s salary and bonus paid by TDS is allocated to U.S. Cellular by TDS, along with other expenses of TDS. This allocation by TDS to U.S. Cellular is done in the form of a single management fee pursuant to the Intercompany Agreement discussed below under Intercompany Agreement. John E. Rooney, President and Chief Executive Officer of U.S. Cellular, makes recommendations with respect to compensation for the other named executive officers. For further information, see Compensation Discussion and Analysis below.

The basis for the view of the board of directors that it is appropriate for U.S. Cellular not to have a formal independent compensation committee for all executive compensation is that it is controlled by TDS. As a controlled corporation, U.S. Cellular is not required to have an independent compensation committee under listing standards of the American Stock Exchange. As a controlled company, except with respect to matters within the authority of the Stock Option Compensation Committee, U.S. Cellular considers it sufficient and appropriate that LeRoy T. Carlson, Jr., who is a director and president of TDS, approve compensation decisions for U.S. Cellular. As a result of Mr. Carlson s position with TDS, which is the majority shareholder of TDS, he represents the interests of all shareholders of U.S. Cellular in his compensation decisions.

Stock Option Compensation Committee

Although it is not required to do so under American Stock Exchange listing standards, U.S. Cellular has a Stock Option Compensation Committee comprised solely of directors that qualify as independent under the rules of the American Stock Exchange. In addition, the Stock Option Compensation Committee is comprised of at least two non-employee members of the U.S. Cellular Board of Directors, each of whom is an outside director within the meaning of section 162(m) of the Internal Revenue Code of 1986, as amended, and a Non-Employee Director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

The Stock Option Compensation Committee of our board of directors currently consists of J. Samuel Crowley, Ronald E. Daly and Paul-Henri Denuit. The principal functions of the Stock Option Compensation Committee are to consider and approve long-term compensation for executive officers and to consider and recommend to our board of directors new long-term compensation plans or changes in existing plans. All actions of the Stock Option Compensation Committee in 2006 were approved by unanimous consent.

A copy of the current charter of the Stock Option Compensation Committee is not available on U.S. Cellular s web site and, accordingly, is attached hereto as Exhibit A.

The Stock Option Compensation Committee may delegate power and authority to the Chairman of U.S. Cellular or any executive officer of U.S. Cellular or as otherwise permitted by any applicable long-term incentive plan, except that the Stock Option Compensation Committee may not delegate its power and authority with respect to the long-term compensation of executive officers of U.S. Cellular who are subject to the requirements of Section 16 of the Securities Exchange Act of 1934, as amended, or as otherwise provided in any applicable long-term incentive plan. The Stock Option Compensation Committee has not delegated any authority with respect to the officers identified in the below Summary Compensation Table.

Compensation Consultant

Towers-Perrin is U.S. Cellular s primary compensation consultant and is engaged by the U.S. Cellular Human Resources department, rather than by the Chairman who functions as the compensation committee, or the Stock Option Compensation Committee. U.S. Cellular s Human Resources Department supports the Chairman and the Stock Option Compensation Committee in their functions, and uses information produced by the consultant in such support. Such consultant did not provide any advice as to director compensation and only provided advice as to compensation to officers and employees.

In 2006, the role of such compensation consultant in determining or recommending the amount or form of executive officer compensation was to provide recommendations on the type and amount of long-term incentive compensation to be granted to officers and non-officers.

The nature and scope of the assignment, and the material elements of the instructions or directions given to such consultants with respect to the performance of their duties under their engagement, was to make recommendations based on external benchmarking data obtained from their executive compensation survey database using a mix of two-thirds telecommunications and one-third general industry data.

Director Compensation

Neither LeRoy T. Carlson, Jr. nor the Stock Option Compensation Committee approves director compensation. It is the view of the U.S. Cellular board of directors that this should be the responsibility of the full board of directors. In particular, only non-employee directors receive compensation in their capacity as directors and, as a result, the view of the U.S. Cellular board of directors is that all directors should participate in such decisions, rather than only the Chairman or only some or all of the non-employee directors.

U.S. Cellular does not have any stock ownership guidelines for directors.

Other Committees

Special Committee. On February 17, 2005, TDS announced that, at some time in the future, TDS may possibly offer to issue Special Common Shares in exchange for all of the Common Shares of U.S. Cellular which are not owned by TDS (a Possible U.S. Cellular Transaction). Although TDS has not taken any such action, at the request of the independent directors of U.S. Cellular, on May 3, 2005, the U.S. Cellular Board appointed a special committee consisting of all of such independent directors. The purpose of establishing a special committee in advance of any action by TDS was to permit the independent directors to consult with counsel regarding their responsibilities with respect to a Possible U.S. Cellular Transaction and to interview potential financial advisors. However, the special committee did not have authority to take other action unless and until TDS takes action with respect to a Possible U.S. Cellular Transaction, if ever. The Special Committee did not have a charter. On March 5, 2007, TDS announced that it has terminated activity relating to a Possible U.S. Cellular Transaction. Accordingly, the U.S. Cellular Special Committee was dissolved on March 6, 2007.

Pricing Committee. U.S. Cellular has a Pricing Committee, consisting of LeRoy T. Carlson, Jr. as Chairman, and John E. Rooney and Kenneth R. Meyers as members. The Pricing Committee does not have a charter. Pursuant to resolutions of the U.S. Cellular Board of Directors from time to time, the Pricing Committee is authorized to take certain action with respect to financing and capital transactions of

U.S. Cellular, such as the issuance, redemption or repurchase of debt or the repurchase of shares of capital stock of U.S. Cellular.

Director Nomination Process

U.S. Cellular does not have a nominating committee and, accordingly, does not have a nominating committee charter. Under listing standards of the American Stock Exchange, U.S. Cellular is exempt from the requirement to have a nominating committee because it is a controlled company as such term is defined by the American Stock Exchange. Instead, the entire board of directors participates in the consideration of director nominees. Similarly, since U.S. Cellular is a controlled company, U.S. Cellular also is exempt from the listing standard that requires director nominations to be made by a nominating committee comprised solely of independent directors or by a majority of independent directors.

The U.S. Cellular board of directors does not have a formal policy with regard to the consideration of any director candidates recommended by shareholders. Because TDS has sole voting power in the election of directors elected by holders of Series A Common Shares and a majority of the voting power in the election of directors elected by holders of Common Shares, nominations of directors for election by the holders of Series A Common Shares and Common Shares are generally based on the recommendation of TDS. With respect to candidates for director to be elected by the Common Shares, the U.S. Cellular board may from time to time informally consider candidates by shareholders that hold a significant number of Common Shares. The U.S. Cellular board has no formal procedures to be followed by shareholders in submitting recommendations of candidates for director.

The U.S. Cellular board of directors does not have any specific, minimum qualifications that the board believes must be met by a nominee for a position on the U.S. Cellular board of directors, or any specific qualities or skills that the board believes are necessary for one or more of the U.S. Cellular directors to possess. The U.S. Cellular board has consistently sought to nominate to the board of directors eminently qualified individuals whom the board believes would provide substantial benefit and guidance to U.S. Cellular. The U.S. Cellular board believes that substantial judgment, diligence and care are required to identify and select qualified persons as directors and does not believe that it would be appropriate to place limitations on its own discretion.

In general, the U.S. Cellular board will nominate existing directors for re-election unless the board has a concern about the director s ability to perform his or her duties. In the event of a vacancy on the board of a director elected by the Series A Common Shares, nominations are based on the recommendation of TDS. In the event of a vacancy on the board of a Common Share director, U.S. Cellular may use various sources to identify potential candidates, including an executive search firm. In addition, the Chairman may consider recommendations by shareholders that hold a significant number of Common Shares. Potential candidates are initially screened by the Chairman and by other persons as the Chairman designates. Following this process, if appropriate, information about the candidate is presented to and discussed by the full board of directors.

Each of the nominees approved by the U.S. Cellular board for election at the 2007 annual meeting is an executive officer and/or director who is standing for re-election.

U.S. Cellular has not paid a fee in 2006 to any third party or parties to identify or evaluate or assist in identifying or evaluating potential nominees for election of directors at the 2007 annual meeting. However, from time to time, U.S. Cellular may pay a fee to an executive search firm to identify potential candidates for election as directors.

Shareholder Communication with Directors

Shareholders may send communications to the board of directors of U.S. Cellular or to specified individual directors at any time. Shareholders should direct their communication to the board or to specified individual directors, in care of the Secretary of U.S. Cellular at its corporate headquarters. Any shareholder communications that are addressed to the board of directors or specified individual directors will be delivered by the Secretary of U.S. Cellular to the board of directors or such specified individual directors.

Information on communicating with directors is available on U.S. Cellular s web site, *www.uscellular.com*, under About Us Investor Relations Corporate Governance Contact the Board.

U.S. Cellular Policy on Attendance of Directors at Annual Meeting of Shareholders

All directors are invited and encouraged to attend the annual meeting of shareholders, which is normally followed by the annual meeting of the board of directors. In general, all directors attend the annual meeting of shareholders unless they are unable to do so because of unavoidable commitments or intervening events. Six of the directors attended the 2006 annual meeting of shareholders.

Codes of Ethics for Directors

U.S. Cellular has adopted Code of Ethics for its directors. This code has been posted to U.S. Cellular s web site, www.uscellular.com, under About Us Investor Relations Corporate Governance.

PROPOSAL 2
INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

We anticipate continuing the services of PricewaterhouseCoopers LLP as independent registered public accountants for the current fiscal year. Representatives of PricewaterhouseCoopers LLP, who served as independent registered public accountants for the last fiscal year, are expected to be present at the annual meeting of shareholders and will have the opportunity to make a statement and to respond to appropriate questions raised by shareholders at the annual meeting or submitted in writing prior thereto.

We are not required to obtain shareholder ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accountants by the Bylaws or otherwise. However, we have elected to seek such ratification by the affirmative vote of the holders of a majority of the votes cast by shares entitled to vote with respect to such matter at the annual meeting. Should the shareholders fail to ratify the selection of PricewaterhouseCoopers LLP as independent registered public accountants, the board of directors will consider whether to retain such firm for the year ending December 31, 2007.

The board of directors recommends a vote FOR ratification of the Selection of PricewaterhouseCoopers LLP as independent registered public accountants for the current fiscal year.

FEES PAID TO PRINCIPAL ACCOUNTANTS

The following sets forth the aggregate fees (including expenses) billed by U.S. Cellular s principal accountants, PricewaterhouseCoopers LLP, for 2006 and 2005:

	2006		*2005*	
Audit Fees(1)	$	1,839,894	$	1,947,171
Audit Related Fees				
Tax Fees				
All Other Fees(2)	1,500		1,500	
Total Fees(3)	$	1,841,394	$	1,948,671

(1) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for professional services rendered for the audit of the annual financial statements for the years 2006 and 2005 included in U.S. Cellular s Form 10-K for each of these years and the reviews of the financial statements included in U.S. Cellular s Forms 10-Q for each of these years, including the attestation and report relating to internal control over financial reporting as well as accounting research, audit fees related to the restatement of U.S. Cellular s financial statements for the five years in the periods ended December 31, 2005 and 2004, review of financial information included in other SEC filings and the issuance of consents and comfort letters. Although PricewaterhouseCoopers LLP has billed U.S. Cellular for these fees and expenses, management of U.S. Cellular has not yet completed its review of all of the amounts billed. Includes an estimate for incremental audit fees to be billed upon completion of the 2006 audit.

(2) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for services, other than services covered in (1) above, for the years 2006 and 2005.

(3) Amounts do not include fees billed by PricewaterhouseCoopers LLP directly to TDS except for fees billed on lease reviews. Although TDS bills U.S. Cellular an overall management fee pursuant to the Intercompany Agreement discussed below, TDS does not specifically identify and allocate fees of PricewaterhouseCoopers LLP to U.S. Cellular.

The audit committee determined that the payment of fees for non-audit related services does not conflict with maintaining PricewaterhouseCoopers LLP s independence.

See Corporate Governance Audit Committee for information relating to the audit committee s pre-approval policies.

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AUDIT COMMITTEE REPORT

This report is submitted by the current members of the audit committee of the board of directors of U.S. Cellular identified below. The audit committee operates under a written charter adopted by the U.S. Cellular board of directors, a copy of which is available on U.S. Cellular s web site, *www.uscellular.com*, under About Us Investor Relations Corporate Governance Audit Comm. Charter.

Management is responsible for U.S. Cellular s internal controls and the financial reporting process. U.S. Cellular utilizes services from the TDS internal audit staff, which performs testing of internal controls and the financial reporting process. U.S. Cellular s independent registered public accountants are responsible for performing an independent audit of U.S. Cellular s consolidated financial statements in accordance with auditing standards generally accepted in the United States of America, and issuing a report thereon. The audit committee s responsibility is to monitor and oversee these processes.

In this context, the audit committee held meetings with management, the TDS internal audit staff and representatives of PricewaterhouseCoopers LLP, U.S. Cellular s independent registered public accountants for 2006. In these meetings, the audit committee reviewed and discussed the audited financial statements as of and for the year ended December 31, 2006. Management represented to the audit committee that U.S. Cellular s consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the audit committee has reviewed and discussed the consolidated financial statements with management and representatives of PricewaterhouseCoopers LLP.

The discussions with PricewaterhouseCoopers LLP also included the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, relating to information regarding the scope and results of the audit. The audit committee also received from PricewaterhouseCoopers LLP written disclosures and a letter regarding its independence as required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as amended, and this information was discussed with PricewaterhouseCoopers LLP.

Based on and in reliance upon these reviews and discussions, the audit committee recommended to the board of directors that the audited financial statements as of and for the year ended December 31, 2006 be included in U.S. Cellular s Annual Report on Form 10-K for the year ended December 31, 2006.

By the members of the audit committee of the board of directors of U.S. Cellular:

J. Samuel Crowley Chairperson	Paul-Henri Denuit	Harry J. Harczak, Jr.

EXECUTIVE OFFICERS

The following executive officers of U.S. Cellular were identified in the above tables regarding the election of directors: LeRoy T. Carlson, Jr., Chairman; John E. Rooney, President and Chief Executive Officer; and Kenneth R. Meyers, Chief Accounting Officer. The following is a table identifying our other executive officers who are currently serving but are not identified in the above tables regarding the election of directors.

Name	*Age*	*Position with U.S. Cellular*
Steven T. Campbell	56	Executive Vice President Finance, Chief Financial Officer and Treasurer
Jay M. Ellison	54	Executive Vice President and Chief Operating Officer
Michael S. Irizarry	45	Executive Vice President and Chief Technical Officer
Jeffrey J. Childs	50	Senior Vice President Human Resources

Steven T. Campbell. Steven T. Campbell has been the Executive Vice President Finance, Chief Financial Officer and Treasurer of U.S. Cellular since March 7, 2007. Prior to that time, he was Executive Vice President Finance, Chief Financial Officer, Treasurer and Controller of U.S. Cellular since January 1, 2007. Prior to that time, he was Vice President and Controller since June 2005. Prior to that time, he was vice president financial operations at 3Com Corporation from 2003 to 2005 and vice president finance and operations at CommWorks Corporation, a subsidiary of 3Com Corporation, from 2000 to 2003.

Jay M. Ellison. Jay M. Ellison was appointed Executive Vice President and Chief Operating Officer on March 3, 2005. He joined our company on September 5, 2000 as Executive Vice President Operations.

Michael S. Irizarry. Michael S. Irizarry was appointed Executive Vice President and Chief Technical Officer on May 2, 2006. He joined our company as Executive Vice President Engineering and Chief Technical Officer on February 18, 2002. Prior to that time, he was vice president network, for the midwest area at Verizon Wireless from 2000 to 2001.

Jeffrey J. Childs. Jeffrey J. Childs joined U.S. Cellular and was appointed Senior Vice President Human Resources on February 17, 2004. Prior to that time, he was president and owner of Childs Consulting Services, LLC and senior partner of Brimstone Consulting Group since May 2001. Prior to that time, Mr. Childs was vice president human resources & corporate services at SecurityLink from Ameritech between November 1999 and February 2001.

All of our executive officers devote all their employment time to the affairs of U.S. Cellular, except for LeRoy T. Carlson, Jr., Chairman, and Kenneth R. Meyers, Chief Accounting Officer, of U.S. Cellular. LeRoy T. Carlson, Jr., who is employed by TDS as its President and Chief Executive Officer, and Kenneth R. Meyers, who is employed by TDS as its Executive Vice President and Chief Financial Officer, devote a portion of their time to the affairs of U.S. Cellular. However, prior to 2007, Kenneth R. Meyers was U.S. Cellular s Executive Vice President Finance, Chief Financial Officer and Treasurer and in such capacity devoted all of his employment time to the affairs of U.S. Cellular.

Codes of Conduct and Ethics

As required by Section 807 of the American Stock Exchange Company Guide, U.S. Cellular has adopted a Code of Business Conduct, applicable to all officers and employees of U.S. Cellular and its subsidiaries, which includes a Code of Ethics for certain Senior Executives and Financial Officers, that complies with the definition of a code of ethics as set forth in Item 406 of Regulation S-K of the SEC. U.S. Cellular has also adopted a Code of Ethics for its directors. Each of the foregoing codes have been posted to U.S. Cellular s web site, www.uscellular.com, under About Us Investor Relations Corporate Governance.

U.S. Cellular intends to satisfy the disclosure requirement under Item 10 of Form 8-K regarding any amendment to its Code of Ethics for certain Senior Executives and Financial Officers, and will disclose all other amendments to any of the foregoing codes, by posting such information to such internet website. Any waivers of any of the foregoing codes for directors or executive officers, including any waiver of the Code of Ethics for certain Senior Executives and Financial Officers, will be approved by U.S. Cellular s board of directors, as applicable, and disclosed in a Form 8-K that is filed with the SEC within four business days of such waiver.

EXECUTIVE AND DIRECTOR COMPENSATION

Summary of Compensation

The following table summarizes the compensation paid by U.S. Cellular to the identified officers for 2006. These officers consist of the following:

John E. Rooney, director and President and Chief Executive Officer of U.S. Cellular. U.S. Cellular has an employment letter agreement with Mr. Rooney, a portion of which is executory. Under the executory portions of an offer letter which was accepted by John E. Rooney on March 28, 2000 relating to his employment as President and Chief Executive Officer, all unvested stock option and restricted stock awards granted on or prior to April 10, 2006 fully vested on October 10, 2006, and all stock option and restricted stock awards granted after April 10, 2006 will fully vest six months after the date they are granted.

Kenneth R. Meyers, director of U.S. Cellular and Executive Vice President Finance, Chief Financial Officer and Treasurer of U.S. Cellular prior to January 1, 2007. U.S. Cellular does not have any employment, severance or similar agreement with Mr. Meyers that is executory. Mr. Meyers was appointed Executive Vice President and Chief Financial Officer of TDS and Chief Accounting Officer of U.S. Cellular and of TDS Telecom effective January 1, 2007 and, concurrently, was also appointed as a director of TDS and TDS Telecom effective January 1, 2007. In connection therewith, TDS has entered into a Retention Agreement with Kenneth R. Meyers relating to his U.S. Cellular options and restricted stock units in connection with his employment as Executive Vice President and Chief Financial Officer of TDS. See Narrative Disclosure to Table of Potential Payments upon Termination or Change in Control below.

Jay M. Ellison, Executive Vice President and Chief Operating Officer of U.S. Cellular. U.S. Cellular does not have any employment, severance or similar agreement with Mr. Ellison.

Michael S. Irizarry, Executive Vice President and Chief Technical Officer of U.S. Cellular. U.S. Cellular does not have any employment, severance or similar agreement with Mr. Irizarry.

Jeffery J. Childs, Senior Vice President Human Resources of U.S. Cellular. U.S. Cellular does not have any employment, severance or similar agreement with Mr. Childs.

Summary Compensation Table

Name and Principal Position	Year	*Salary ($)*	*Bonus ($)*	*Stock Awards ($)*	*Option Awards ($)*	*Non-Equity Incentive Plan Compensation ($)*	*Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)*	*All Other Compensation ($)*	*Total ($)*
(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*	*(j)*
John E. Rooney(1)	2006	$ 734,084	$ 300,000	$ 1,185,929	$ 3,158,606		$ 3,335	$ 51,921	$ 5,433,875
President and Chief Executive Officer									
Kenneth R. Meyers(2)	2006	$ 462,959	$ 132,000	$ 469,694	$ 497,628		$ 49	$ 40,895	$ 1,603,225
Executive Vice President Finance, Chief Financial Officer and Treasurer during 2006									
Jay M. Ellison(3)	2006	$ 467,867	$ 176,000	$ 480,214	$ 535,037		$ 1,201	$ 43,727	$ 1,704,046
Executive Vice President and Chief Operating Officer									
Michael S. Irizarry(4)	2006	$ 393,434	$ 110,000	$ 305,673	$ 388,879			$ 27,380	$ 1,225,366
Executive Vice President and Chief Technical Officer									
Jeffery J. Childs(5)	2006	$ 347,710	$ 86,000	$ 238,273	$ 258,849			$ 23,197	$ 954,029
Senior Vice President Human Resources									

Column Notes:

(a) Includes the following named executive officers : all individuals serving as U.S. Cellular s principal executive officer or acting in a similar capacity during the last completed fiscal year; all individuals serving as the principal financial officer or acting in a similar capacity during the last completed fiscal year; and the three most highly compensated executive officers other than the foregoing who were serving as executive officers at the end of the last completed fiscal year, including executive officers of subsidiaries. The determination as to which executive officers are most highly compensated is made by reference to total compensation for the last completed fiscal year as set forth in column (j), reduced by any amount in column (h).

LeRoy T. Carlson, Jr., Chairman of U.S. Cellular, and LeRoy T. Carlson, a director of U.S. Cellular and executive officers of TDS, receive no compensation from U.S. Cellular. In addition, Sandra L. Helton, a former director of U.S. Cellular and executive officer of TDS, received no compensation from U.S. Cellular. LeRoy T. Carlson, Jr., is compensated, and Sandra L. Helton was compensated, by TDS in connection with their services for TDS and TDS subsidiaries, including U.S. Cellular. A portion of their compensation expense incurred by TDS is allocated to U.S. Cellular by TDS, along with the allocation of other compensation expense and other expenses of TDS. This allocation by TDS to U.S. Cellular is done in the form of a single management fee pursuant to the Intercompany Agreement discussed below under Intercompany Agreement. There is no identification or quantification of the compensation of such persons to U.S. Cellular, or of any other allocated expense in this management fee. The management fee is recorded as a single expense by U.S. Cellular. U.S. Cellular does not obtain details of the components that make up this fee and does not segregate this fee or allocate any part of the management fee to other accounts such as compensation expense. Accordingly, the compensation expenses incurred by TDS with respect to such persons are not reported in the above table. However, for purposes of disclosure, approximately 74% of LeRoy T. Carlson, Jr. s compensation expense, approximately 76% of Sandra L. Helton s compensation expense in 2006 and approximately 74% of LeRoy T. Carlson s compensation expense in 2006 incurred by TDS is included by TDS in the total management fee to U.S. Cellular. Information with respect to compensation from TDS to LeRoy T. Carlson, Jr., Sandra L. Helton and LeRoy T. Carlson is included in TDS s proxy statement related to its 2007 annual meeting of shareholders.

(b) Although three years of compensation are required to be reported, pursuant to transition rules, the amounts for 2005 and 2004 are not reported.

(c) Represents the dollar value of base salary (cash and non-cash) earned by the named executive officer during the fiscal year. John E. Rooney has deferred 20% of his 2006 base salary and Mr. Meyers deferred 8% of his 2006 salary, all of which salary is included in column (c) whether or not deferred. See Information Regarding Nonqualified Deferred Compensation below. The other officers did not defer any salary in 2006.

(d) Represents the dollar value of bonus (cash and non-cash) earned by the named executive officer during the fiscal year. As discussed in the Narrative Disclosure below, officers do not become entitled to any amount of bonus solely as a result of achievement of any performance measures. The officers are not entitled to any amount of bonus unless and only to the extent awarded and paid. Performance measures are only one category of the factors used to determine the amount of the bonus, all of which is discretionary, as discussed below. The entire amount of the bonus is not earned until awarded. Because officers are not entitled to any bonus until awarded, the bonus amounts reported as earned in 2006 above represent bonuses awarded and paid in 2006. This includes the bonus based on 2005 performance that was paid on March 15, 2006. See Executive Bonus Program under the Narrative Disclosure below. Mr. Rooney deferred 100% of his 2005 bonus (paid in 2006). The amount deferred is deemed invested in phantom stock bonus match

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units in U.S. Cellular Common Shares. See Grants of Plan-Based Awards below. The entire amount of his bonus earned in 2006, including the amount deferred, is included above in column (d). See Information Regarding Nonqualified Deferred Compensation below. The other officers did not defer any bonus in 2006.

For disclosure purposes, the amount of bonus paid on March 15, 2007 with respect to 2006 is as follows:

	John E. Rooney	*Kenneth R. Meyers*	*Jay M. Ellison*	*Michael S. Irizarry*	*Jeffery J. Childs*
Total Bonus for 2006 paid in 2007	$ 525,000	$ 276,860	$ 336,414	$ 212,528	$ 166,170

The amount of the Bonus for 2006 paid in 2007 is only provided for disclosure purposes. These amounts were not earned until paid in 2007 and will be reported in next year s Summary Compensation Table with respect to 2007.

(e) Represents the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standard No. 123 (revised 2004), *Share Based Payments* (which we refer to as FAS 123R), disregarding the estimate of forfeitures related to service-based vesting conditions. The vesting period of the awards is set forth under Grants of Plan-Based Awards below. Assumptions made in the valuation of stock awards in this column are incorporated by reference to Note 18 in U.S. Cellular s financial statements for the year ended December 31, 2006 included in its Form 10-K for the year ended December 31, 2006. All stock awards are valued based on grant date fair value using a 0% forfeiture rate (the percentage of stock awards granted in 2006 that are assumed will be forfeited). U.S. Cellular has used a 0% forfeiture rate due to a lack of historical forfeiture information. There were no forfeitures of stock awards in 2006 for the identified officers.

Includes the amount of FAS 123R expense related to restricted stock units under the U.S. Cellular 2005 Long-Term Incentive Plan. U.S. Cellular restricted stock units granted in 2006 will become vested on the third anniversary of the grant date, or on April 3, 2009, except with respect to Mr. Rooney whose restricted stock units became vested on October 10, 2006.

Also includes the amount of FAS 123R expense related to phantom stock bonus match units in U.S. Cellular Common Shares credited to such officer with respect to deferred bonuses. Mr. Rooney deferred 100% of his 2005 bonus, which was paid in 2006. Accordingly, Mr. Rooney received a phantom stock bonus match with respect to such deferred bonus in 2006. As a result, he received a matching stock grant having a grant date value of $87,510. However, column (e) above includes the amount of FAS 123R expense recognized in 2006 of $121,548. See Information Regarding Nonqualified Deferred Compensation below.

The following is a summary of the amount of FAS 123R expense related to stock awards reflected in column (e) above:

	John E. Rooney	*Kenneth R. Meyers*	*Jay M. Ellison*	*Michael S. Irizarry*	*Jeffery J. Childs*
2003 Restricted Stock Units	$	$ 60,085	$ 60,086	$ 37,830	$
2004 Restricted Stock Units	309,388	151,845	151,845	97,913	88,031
2005 Restricted Stock Units	563,786	210,993	210,993	133,559	118,090
2006 Restricted Stock Units	191,207	46,771	57,290	36,371	32,152
Amount of restricted stock expense in 2006	$ 1,064,381	$ 469,694	$ 480,214	$ 305,673	$ 238,273
Amount of bonus match expense in 2006	121,548				
Total	$ 1,185,929	$ 469,694	$ 480,214	$ 305,673	$ 238,273

For reference purposes, the following is a summary of the grant date value of stock awards in 2006 reflected in column (l) of the Grants of Plan Based Awards Table below:

	John E. Rooney	*Kenneth R. Meyers*	*Jay M. Ellison*	*Michael S. Irizarry*	*Jeffery J. Childs*
2006 Restricted Stock Units	$ 195,584	$ 187,977	$ 230,172	$ 146,079	$ 129,082
2006 Bonus Match Awards	87,510				
Total	$ 283,094	$ 187,977	$ 230,172	$ 146,079	$ 129,082

If an award ultimately vests in full, the amount cumulatively recognized in the Summary Compensation Table over a period of years should equal 100% of the grant date fair value of the equity award or the total fair value at the date of settlement for a liability award.

(f) Represents the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding the estimate of forfeitures related to service-based vesting conditions. The dates on which the options become exercisable and expire is set forth below under Grants of Plan-Based Awards. Assumptions made in the valuation of the option awards in this column are incorporated by reference from Note 18 in

U.S. Cellular s financial statements for the year ended December 31, 2006 included in its Form 10-K for the year ended December 31, 2006. All stock options are valued based on grant date fair value using a forfeiture rate of 3% to 4.4% (the percentage of stock options granted in 2006 that are assumed will be forfeited).

There were no forfeitures of stock options in 2006 for the identified officers. The awards represent options with respect to USM Common Shares awarded during the fiscal year.

The following is a summary of the amount of FAS 123R expense relating to options reflected in column (f) above:

	John E. Rooney	*Kenneth R. Meyers*	*Jay M. Ellison*	*Michael S. Irizarry*	*Jeffery J. Childs*
2001 Options	$ 6,117	$ 5,409	$ 5,409	$	$
2002 Options	10,405	8,275	8,275	57,510	
2003 Options	148,036	61,489	61,489	38,710	
2004 Options	282,322	103,718	103,718	66,910	59,322
2005 Options	772,398	152,587	152,587	96,601	85,388
2006 Options	1,939,328	166,150	203,559	129,148	114,139
Amount of option expense in 2006	$ 3,158,606	$ 497,628	$ 535,037	$ 388,879	$ 258,849

For reference purposes, the following is a summary of the grant date value of options in 2006 reflected in column (l) of the Grants of Plan Based Awards Table below:

	John E. Rooney	*Kenneth R. Meyers*	*Jay M. Ellison*	*Michael S. Irizarry*	*Jeffery J. Childs*
Grant date value of options awarded in 2006	$ 1,939,328	$ 427,566	$ 523,829	$ 332,356	$ 293,709

If an option ultimately vests in full, the amount cumulatively recognized in the Summary Compensation Table over a period of years should equal 100% of the grant date fair value of the equity award or the total fair value at the date of settlement for a liability award.

(g) None of the above executive officers has any earnings for services performed during the fiscal year pursuant to awards under non-equity incentive plans or earnings on any outstanding awards, pursuant to SEC rules. All amounts paid or awarded are disclosed in other columns under SEC rules. Although the 2006 Executive Officer Annual Incentive Plan Effective January 1, 2006 provides incentives to executive officers other than the Chairman and the President, this plan does not function in a way which permits the determination of the bonus based on achievement of performance measures, and is based on the judgment and discretion of the President and Chairman, as discussed below. Amounts under this plan are not earned until they are awarded and paid in the following year. There is no way under such plan to determine the amount to be paid prior to such time. Accordingly, amounts paid under such plan are set forth above under Bonus in column (d). See Executive Bonus Program in the Narrative Disclosure below.

(h) Column (h) includes a portion of the interest that Messrs. Rooney, Meyers and Ellison receive on salary that is deferred on a basis that is not tax-qualified. Interest is compounded monthly, computed at a rate equal to one-twelfth of the sum of the average thirty-year Treasury Bond rate plus 1.25 percentage points. As required by SEC rules, column (h) includes the portion of such interest that exceeded 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), at the time each monthly interest rate is set. The other officers have not deferred any of their salaries.

Each of the identified officers participates in a supplemental executive retirement plan or SERP. As discussed below, pursuant to SEC rules, column (h) does not include any portion of interest earned under the SERP in 2006.

Does not include any changes in pension values because U.S. Cellular does not have any defined benefit pension plans or pension plans (including supplemental plans) where the retirement benefit is actuarially determined that cover executive officers.

(i) Does not include the discount amount under the employee stock purchase plan because such discount is available generally, either to all security holders or to all employees of U.S. Cellular. Does not include perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is $10,000 or more.

Column (i) includes the following: (1) if applicable, the total of perquisites and personal benefits if they equal or exceed $10,000, summarized by type, or specified for any perquisite or personal benefit that exceeds the greater of $25,000 or 10% of the total amount of perquisites and personal benefits for each officer, which are referred to as Specified Perquisites, in each case, valued on the basis of the aggregate incremental cost of such perquisite or personal benefit to U.S. Cellular, including any related tax gross up, and (2) contributions by U.S. Cellular for the benefit of the named executive officer under (a) the TDS tax-deferred savings plan which is referred to as the TDSP, (b) the Pension Plan, and (c) the SERP:

	John E. Rooney	*Kenneth R. Meyers*	*Jay M. Ellison*	*Michael S. Irizarry*	*Jeffery J. Childs*
TDSP	$ 7,921	$ 8,023	$ 7,921	$	$
Pension Plan	10,374	10,374	10,374	10,374	10,374
SERP	33.626	22,498	25,432	17,006	12,823

Total	$ 51,921	$ 40,895	$ 43,727	$ 27,380	$ 23,197

None of the named executive officers had perquisites or personal benefits that equaled or exceeded $10,000 in 2006. See Compensation Discussion and Analysis for more information on the TDSP, Pension Plan and SERP.

(j) Represents the dollar value of total compensation for the fiscal year based on the sum of all amounts reported in columns (c) through (i).

Footnotes:

(1) John E. Rooney, as President and Chief Executive Officer, is included above as U.S. Cellular s principal executive officer.

Pursuant to an offer letter which was accepted by John E. Rooney on March 28, 2000 relating to his employment as President and Chief Executive Officer, all unvested stock option and restricted stock awards granted on or prior to April 10, 2006 fully vested on October 10, 2006, and all stock option and restricted stock awards granted after April 10, 2006 will fully vest six months after the date they are granted.

(2) Kenneth R. Meyers, who was U.S. Cellular s Executive Vice President Finance, Chief Financial Officer and Treasurer in 2006, is included above as U.S. Cellular s principal financial officer. Mr. Meyers was appointed Executive Vice President and Chief Financial Officer of TDS and Chief Accounting Officer of U.S. Cellular and of TDS Telecom effective January 1, 2007. Mr. Meyers was also appointed as a director of TDS and TDS Telecom effective January 1, 2007.

(3) Jay M. Ellison, Executive Vice President and Chief Operating Officer, is included above as one of the three most highly compensated executive officers other than the principal executive officer or principal financial officer who was serving as an executive officer at the end of the last completed fiscal year.

(4) Michael S. Irizarry, Executive Vice President and Chief Technical Officer, is included above as one of the three most highly compensated executive officers other than the principal executive officer or principal financial officer who was serving as an executive officer at the end of the last completed fiscal year.

(5) Jeffrey J. Childs, Senior Vice President Human Resources, is included above as one of the three most highly compensated executive officers other than the principal executive officer or principal financial officer who was serving as an executive officer at the end of the last completed fiscal year.

Narrative Disclosure to Summary Compensation Table

Benefits and Plans Available to Identified Officers

The identified officers participate in the following benefits and plans that are not generally available to all salaried employees.

Deferred Salary

Messrs. Rooney, Meyers and Ellison are parties to executive deferred compensation agreements, pursuant to which each of them deferred a specified portion of his salary in 2006 and/or prior years. The officer makes an election as to when to receive a distribution of the deferred compensation account. All of the 2006 salary is included above in column (c), whether or not deferred. The accumulated deferred compensation is credited with interest compounded monthly, computed at a rate equal to one-twelfth of the sum of the average thirty-year Treasury Bond rate plus 1.25 percentage points until the deferred compensation amount is paid to such person. Pursuant to SEC rules, column (h) of the Summary Compensation Table includes the portion of the interest on such deferred compensation that exceeded 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), in 2006. See Information Regarding Nonqualified Deferred Compensation below.

Executive Bonus Program

On July 12, 2006, the United States Cellular Corporation (U.S. Cellular) 2006 Executive Officer Annual Incentive Plan Effective January 1, 2006 (Executive Bonus Plan) was approved by U.S. Cellular s Chairman of the Board of Directors, who does not participate in such incentive plan.

The purposes of the Executive Bonus Plan are: to provide incentive for the officers of U.S. Cellular to extend their best efforts toward achieving superior results in relation to key business measures; to reward U.S. Cellular s executive officers in relation to their success in meeting and exceeding the performance targets; and to help U.S. Cellular attract and retain talented leaders in positions of critical importance to the success of U.S. Cellular. Eligible participants in the Executive Bonus Plan are executive vice presidents and senior vice presidents of U.S. Cellular. Each participant s target incentive is expressed as a percentage of base salary.

The officer bonus plans of U.S. Cellular are discretionary and are based, in part, on U.S. Cellular s performance, individual performance and individual bonus targets, which contribute to the formation and size of a bonus pool. The total pool is then divided into Executive Officer and Vice President annual plan pools, and allocated at the discretion of the President and CEO. The President and CEO considers

performance measures and any other information that he deems relevant in determining the pools and allocations.

The following performance measures, using weights and definitions as approved by the Chairman, are considered in evaluating the achievements of the eligible participants for purposes of the Executive Bonus Plan: Customer Addition Equivalents; Customer Defections; Consolidated Revenue; Consolidated Cash Flow; and Return on Capital. U.S. Cellular has set target levels for such measures at levels that it believes are achievable with above average performance. U.S. Cellular believes it would require superior performance to achieve 200% of the target levels, which is the maximum for each factor and the plan. Nevertheless, although such performance measures may impact the amount of bonus an officer receives, all officer bonuses are discretionary, and individual performance and other factors contribute to the amount of bonus an officer receives. The President and CEO may consider the performance factors and any other information he deems relevant in determining the bonus. Bonuses are not earned, nor are payouts vested until a bonus has been approved and paid to an officer. As a result, the performance measures are one category of the factors used in determining the bonus, but do not entitle the officer to any bonus until awarded. In addition, a bonus can be awarded based on judgment even if the performance measures are not met. Although performance measures influence the decision of the amount of the bonus, the entire amount of the bonus is discretionary and cannot be calculated in advance of approval and payment to the officer.

The President and CEO determines the actual payout that each officer will receive allocating the bonus pool among officers as he deems appropriate, and is not bound to adhere to any guideline, including any of the identified performance measures. However, the sum of all participants actual awards cannot deviate from the amount of the total officer pool by more than plus or minus 18% for 2006. In addition, the Chairman of the Board must approve all officer bonuses prior to payout.

There is no written bonus plan for the President. The bonus of the U.S. Cellular President (chief executive officer) is determined in a manner similar to the foregoing, but with some differences. In addition to the factors described above for all executive officers in general, the Chairman considers compensation paid to chief executive officers of other comparable companies, including those which are divisions or subsidiaries of parent companies. These companies include the peer companies included in the Stock Performance Graph in the 2006 annual report to shareholders: ALLTEL Corp., Centennial Communications Corp., Dobson Communications Corp., and Sprint/Nextel Corp., as well as U.S. Cellular. The peer group was changed from the prior year to add Dobson Communications Corp. and Sprint Nextel Corp. and delete Rural Cellular Corporation to make it more representative of U.S. Cellular s peers. Other telecommunications companies that are considered include Verizon Wireless, AT&T s wireless business (formerly Cingular) and T-Mobile. No written or formal list of specific companies is prepared. Instead, the Chairman is provided with information about executive compensation at these other companies by the Vice President of Human Resources of TDS. This information includes compensation reported in proxy statements of comparable companies and salary surveys. The Chairman uses these sources and makes a determination of appropriate sources, companies and ranges for the President, based on the judgment of the Chairman.

No specific measures of performance are considered determinative in the compensation of the President. As with the other executive officers, all facts and circumstances are taken into consideration by the Chairman in his executive compensation decisions for the President. Ultimately, it is the informed judgment of the Chairman that determines the salary and bonus for the President. With respect to the President s bonus, the Chairman does consider the results of the above described Executive Bonus Plan and bases the amount of the President s bonus to a large degree upon the results of U.S. Cellular as measured by the performance objectives set by the Executive Bonus Plan. However, with respect to the President, the relationship of the bonus to such performance measures is not direct and is based on the sole judgment of the Chairman based on the total mix of information.

Deferred Bonus

The U.S. Cellular 2005 Long-Term Incentive Plan permits the above officers to defer all or a portion of their annual bonus to a deferred compensation account. Deferred compensation will be deemed invested in phantom U.S. Cellular Common Shares. The phantom stock units are not credited with dividends because U.S. Cellular does not currently pay dividends. The officer makes an election as to when to receive a distribution of the deferred compensation account. If an officer elects to defer all or a portion of his annual bonus, U.S. Cellular will allocate a match award to the employee s deferred compensation account in an amount equal to the sum of (i) 25% of the deferred bonus amount which is not in excess of one-half of the employee s gross bonus for the year and (ii) 33⅓% of the deferred bonus amount which is in excess of one-half of the employee s gross bonus for the year. The entire amount of the bonus is included in the Summary Compensation Table in column (d) under Bonus, whether or not deferred. The value of the matched stock units are reported in the Summary Compensation Table in column (e) under Stock Awards. See Information Regarding Nonqualified Deferred Compensation below.

Long-Term Incentive Plan

The named executive officers participate in the U.S. Cellular 2005 Long-Term Incentive Plan. Under such plan, the following awards may be granted: (i) incentive stock options or ISOs and nonqualified stock options; (ii) stock appreciation rights or SARs; (iii) restricted stock awards and restricted stock unit or RSU awards, which may be subject to a restriction period or specified performance measures or both; (iv) performance awards; and (v) company match awards for deferred bonus payments.

The purposes of the such plan are: (i) to align the interests of the shareholders of U.S. Cellular and the key executive and management employees of U.S. Cellular and certain affiliates who receive awards under the Incentive Plan by increasing the proprietary interest of such employees in U.S. Cellular s growth and success; (ii) to advance the interests of U.S. Cellular by attracting and retaining key executive and management employees of U.S. Cellular and such affiliates; and (iii) to motivate such employees to act in the long-term best interests of U.S. Cellular s shareholders.

The 2005 Long-Term Incentive Plan provides that the approval by the full Board of Directors, including the affirmative vote of a majority of the members of the Stock Option Compensation Committee, shall be required with respect to any grant of stock options, restricted stock awards or similar stock-based compensation if the number of Common Shares which could be issued pursuant to such award, when added to the then currently outstanding Common Shares plus the number of Common Shares then subject to purchase or receipt pursuant to all grants of stock options, employee stock purchase plans, restricted stock awards and any other plan or program pursuant to which Common Shares of U.S. Cellular have been optioned or granted, whether vested or not, would result in U.S. Cellular no longer satisfying the eligibility requirements to file a consolidated tax return with TDS. Because the requisite triggering circumstances exist, in addition to approval by the Stock Option Compensation Committee, each year the full Board of Directors also approves an aggregate limit to the total of all grants of options and restricted stock units, but does not approve individual awards.

Pursuant to the U.S. Cellular 2005 Long-Term Incentive Plan, each officer may elect to defer all or a portion of his annual bonus as discussed above.

Restricted stock units may be granted under the U.S. Cellular 2005 Long-Term Incentive Plan. The aggregate grant date fair value of the restricted stock unit awards in 2006 computed in accordance with FAS 123R is included in column (l) of the Grants of Plan Based Awards Table. Column (e), Stock Awards, of the Summary Compensation Table includes the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding the estimate of forfeitures related to service-based vesting conditions.

Options may be granted under the U.S. Cellular 2005 Long-Term Incentive Plan. The aggregate grant date fair value of the option awards in 2006 computed in accordance with FAS 123R is included in column (l) of the Grants of Plan Based Awards Table. Column (f), Options, of the Summary Compensation Table includes the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding the estimate of forfeitures related to service-based vesting conditions.

SERP

TDS also sponsors an unfunded nonqualified deferred supplemental executive retirement plan or SERP to supplement the benefits under the pension plan to offset the reduction of benefits caused by the limitation on annual employee compensation under the tax laws. Each of the identified officers participates in the SERP. This plan provides supplemental benefits under the TDS Pension Plan to offset the reduction of benefits caused by the limitation on annual employee compensation which can be considered for tax qualified pension plans under the Internal Revenue Code. The SERP is a non-qualified deferred compensation plan and is intended to be unfunded. The amount of the contribution with respect to the executives identified in the Summary Compensation Table is included in column (i), All Other Compensation, of the Summary Compensation Table. Such officers are credited with interest on balances of the SERP. The interest rate for 2006 was set as of the last trading date of 2005 at 5.6445% per annum, based on the yield on ten year BBB rated industrial bonds at such time. Such rate did not exceed 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), of 5.76% at such time. Accordingly, pursuant to SEC rules, column (h) does not include any portion of interest earned under the SERP in 2006.

Perquisites

U.S. Cellular provides an automobile allowance to certain executive officers. U.S. Cellular values this benefit based on the actual cost to U.S. Cellular, including any related tax gross up. U.S. Cellular may provide tickets to sporting or other events for business purposes and may reimburse club or similar memberships for officers for business purposes. Occasionally, such events or memberships may be used for personal purposes. However, if there is no incremental cost to the company, no amount is included in the Summary Compensation Table. Column (i), All Other Compensation, of the Summary Compensation Table includes the total of perquisites and personal benefits if they equal or exceed $10,000, summarized by type, or specified for any perquisite or personal benefit that exceeds the greater of $25,000 or 10% of the total amount of perquisites and personal benefits for each officer. The total of perquisites and personal benefits, including any related tax gross ups, to the named executive officers did not equal or exceed $10,000 in 2006. Because perquisites and personal benefits represent a relatively insignificant portion of the named executive officers total compensation, they do not materially influence considerations in setting compensation.

Other General Benefits and Plans

The officers identified in the Summary Compensation Table participate in the following plans that do not discriminate in scope, terms or operation, in favor of executive officers or directors of the registrant and that are available generally to all employees.

Employee Stock Purchase Plans

TDS sponsors an Employee Stock Purchase Plan that permits eligible employees of TDS and its subsidiaries, including U.S. Cellular, to purchase a limited number of TDS Special Common Shares on a quarterly basis. The per share cost to each participant is at 85% of the market value of the Special Common Shares as of the issuance date. Pursuant to SEC rules, the Summary Compensation Table does not include the discount amount because such discount is available generally to all employees of TDS.

U.S. Cellular also sponsors an Employee Stock Purchase Plan that permits eligible employees of U.S. Cellular and its subsidiaries to purchase a limited number of U.S. Cellular Common Shares on a quarterly basis. The per share cost to each participant is at 85% of the market value of the Common Shares as of the issuance date. Pursuant to SEC rules, the Summary Compensation Table does not include the discount amount because such discount is available generally to all employees of U.S. Cellular.

Tax-Deferred Savings Plan

TDS and U.S. Cellular sponsor the Tax-Deferred Savings Plan, a qualified profit-sharing plan pursuant to Sections 401(a) and 401(k) of the Internal Revenue Code. This plan is available to employees of TDS and its subsidiaries, including U.S. Cellular. Employees contribute amounts and U.S. Cellular makes matching contributions in part. Prior to May 31, 2006, U.S. Cellular and participating employers made matching contributions to the plan in cash equal to 100% of an employee s contributions up to the first 2% and 40% of an employee s contributions up to the next 4% of such employee s compensation. Beginning May 31, 2006, U.S. Cellular and participating employers make matching contributions to the plan in cash equal to 100% of an employee s contributions up to the first 3% and 40% of an employee s contributions up to the next 2% of such employee s compensation. Participating employees have the option of investing their contributions and U.S. Cellular s contributions in a TDS Common Share fund, a TDS Special Common Share fund, a U.S. Cellular Common Share fund or certain unaffiliated funds. The amount of the contribution with respect to the executives identified in the Summary Compensation Table is included in column (i), All Other Compensation, of the Summary Compensation Table. SEC rules do not require the Summary Compensation Table to include earnings or other amounts with respect to tax-qualified defined contribution plans.

Pension Plan

TDS sponsors a qualified noncontributory defined contribution Pension Plan for the employees of TDS and its subsidiaries, including U.S. Cellular. Under this plan, pension costs are calculated separately for each participant and are funded currently. The Pension Plan is designed to provide retirement benefits for eligible employees of TDS and certain of its affiliates which adopted the Pension Plan. TDS and its subsidiaries make annual employer contributions for each participant. The amount of the contribution with respect to the executives identified in the Summary Compensation Table is included in column (i), All Other Compensation, of the Summary Compensation Table. SEC rules do not require the Summary Compensation Table to include earnings or other amounts with respect to tax-qualified defined contribution plans.

Health and Welfare Benefits

U.S. Cellular also provides customary health and welfare and similar plans for the benefit of its employees. Pursuant to SEC rules, no amount is included in the Summary Compensation Table relating to such plans because they are group life, health, hospitalization, disability and/or medical reimbursement plans that do not discriminate in scope, terms or operation, in favor of executive officers or directors of the registrant and are available generally to all employees.

Information Regarding Plan-Based Awards Table

The following table shows, as to the executive officers who are named in the Summary Compensation Table, certain information regarding plan-based awards in 2006.

Grants of Plan-Based Awards

Name *(a)*	*Grant Date* *(b)*	*Estimated Future Payouts Under Non-Equity Incentive Plan Awards* *(c)*	*(d)*	*(e)*	*Estimated Future Payouts Under Equity Incentive Plan Awards* *(f)*	*(g)*	*(h)*	*All Other Stock Awards: Number of Shares of Stock or Units (#)* *(i)*	*All Other Option Awards: Number of Securities Underlying Options (#)* *(j)*	*Exercise or Base Price of Option Awards ($/Sh)* *(k)*	*Grant Date Fair Value of Stock and Option Awards* *(l)*
John E. Rooney											
Awards in USM Common Shares(1)											
Restricted Stock Units	04/03/06							3,291			$ 195,584
Options	04/03/06								138,000	$ 59.43	$ 1,939,328
Phantom Stock Bonus Match Units in USM Common Shares(2)											
Deferred Bonus	03/15/06							5,290			$ 300,000
Company Match	03/15/06							1,543			$ 87,510
Kenneth R. Meyers											
Awards in USM Common Shares(1)											
Restricted Stock Units	04/03/06							3,163			$ 187,977
Options	04/03/06								30,425	$ 59.43	$ 427,566
Jay M. Ellison											
Awards in USM Common Shares(1)											
Restricted Stock Units	04/03/06							3,873			$ 230,172
Options	04/03/06								37,275	$ 59.43	$ 523,829
Amended Initial Options(3)	12/26/06								4,613	$ 75.00	
Michael S. Irizarry											
Awards in USM Common Shares(1)											
Restricted Stock Units	04/03/06							2,458			$ 146,079
Options	04/03/06								23,650	$ 59.43	$ 332,356
Amended Initial Options(4)	12/26/06								10,800	$ 41.00	
Jeffery J. Childs											
Awards in USM Common Shares(1)											
Restricted Stock Units	04/03/06							2,172			$ 129,082
Options	04/03/06								20,900	$ 59.43	$ 293,709

Explanation of Columns:

(a) Includes the persons identified in the Summary Compensation Table.

(b) Represents the date on which the Stock Option Compensation Committee took action to grant the awards.

(c) (e) These columns as set forth in SEC rules are not applicable because the identified officers did not receive any non-equity incentive plan awards, as defined by SEC rules.

(f) (h) These columns as set forth in SEC rules are not applicable because the identified officers did not receive any equity incentive plan awards, as defined by SEC rules.

(i) Includes the number of USM Common Shares underlying restricted stock units awarded pursuant to the U.S. Cellular 2005 Long-Term Incentive Plan. Such restricted stock becomes vested on April 3, 2009, except that the restricted stock award became fully vested on October 10, 2006 with respect to Mr. Rooney.

Also includes the number of phantom stock bonus match units in U.S. Cellular Common Shares credited to such officer with respect to deferred bonus compensation. Mr. Rooney deferred part of his bonus earned in 2006 under the U.S. Cellular long-term incentive plan. The matched stock units vest ratably at a rate of one-third per year over three years. See Information Regarding Non-Qualified Deferred Compensation below.

(j) Represents the number of U.S. Cellular Common Shares underlying options awarded during the fiscal year pursuant to the U.S. Cellular 2005 Long-Term Incentive Plan. The U.S. Cellular options were granted at an exercise price of $59.43 per share, which was the closing price of a U.S. Cellular Common Share on April 3, 2006. Such options become exercisable with respect to 25% of the shares underlying the option on April 3, 2007, 2008, 2009 and 2010, except that the options vested on October 10, 2006 with respect to Mr. Rooney, and are exercisable until April 3, 2016.

(k) Represents the per-share exercise price of the options granted in column (j). Such exercise price is not less than the closing market price of the underlying security on the date of the grant.

(l) Represents the grant date fair value of each equity award computed in accordance with FAS 123R or, in the case of any adjustment or amendment of the exercise or base price of options, SARs or similar option-like instruments previously awarded to a named executive officer, whether through amendment, cancellation or replacement grants, or any other means (repriced), or other materially modification of such awards, represents the incremental fair value, computed as of the repricing or modification date in accordance with FAS 123R, with respect to that repriced or modified award. Only the options identified as Amended Initial Options were repriced or materially modified in the last fiscal year with respect to the identified executive officers. However, because such options were repriced to increase the exercise price, there was no incremental fair value of such options.

Footnotes:

(1) Pursuant to the U.S. Cellular 2005 Long-Term Incentive Plan, on April 3, 2006, such executive officer was granted restricted stock units and options to purchase U.S. Cellular Common Shares as indicated above. The value of the stock awards are reported in the Summary Compensation Table in column (e) and the value of the option awards are reported in the Summary Compensation Table in column (f).

(2) Includes the number of phantom stock units in U.S. Cellular Common Shares credited to such officer with respect to deferred bonus compensation. Only Mr. Rooney deferred his bonus earned in 2006. John E. Rooney participates in the U.S. Cellular 2005 Long-Term Incentive Plan. This plan permits officers to defer all or a portion of their annual bonus to a deferred compensation account. For further information relating to this plan, see Narrative Disclosure to Summary Compensation Table above. The entire amount of the bonus earned is reported in the Summary Compensation Table in column (d) under Bonus, whether or not deferred and deemed invested in phantom stock. The value of the company match stock units are reported in the Summary Compensation Table in column (e) under Stock Awards. U.S. Cellular does not currently pay dividends.

(3) The Amended Initial Options were originally granted on September 1, 2000 and were scheduled to become exercisable with respect to 20% of the shares underlying the option on September 1 of each year beginning in 2001 and ending in 2005, and were exercisable until September 1, 2010 at an exercise price of $73.31. No portion of the option has been exercised. The option was amended on December 26, 2006 to correct the exercise price of the option to the closing price of the underlying Common Shares as of the date of approval of the original option by the Stock Option Compensation Committee of $75.00 on September 8, 2000. In connection therewith, U.S. Cellular agreed to pay $7,784 to Mr. Ellison, which was paid in 2007, representing the aggregate amount of a make-whole payment as a result of the increase in the exercise price of the original option. The amended option with respect to 4,613 shares is immediately exercisable in full.

(4) The Amended Initial Options were originally granted on February 18, 2002 and were scheduled to become exercisable in annual increments of 20% on February 18 of each year beginning in 2003 and ending in 2007, and were exercisable until February 18, 2012 at an exercise price of $37.19. Options with respect to 16,200 shares have been exercised. The unexercised portion of this option was amended on December 26, 2006 to correct the exercise price of the option to the closing price of the underlying Common Shares as of the date of approval of the original option by the Stock Option Compensation Committee of $41.00 on March 31, 2002. In connection therewith, U.S. Cellular agreed to pay $41,148 to Mr. Irizarry, which was paid in 2007, representing the aggregate amount of a make-whole payment as a result of the increase in the exercise price of the original option. The amended option with respect to 10,800 shares is exercisable with respect to 5,400 shares as of December 31, 2006 and will become fully exercisable on February 18, 2007.

Information Regarding Outstanding Equity Awards at Year End Table

The following table shows, as to the executive officers who are named in the Summary Compensation Table, certain information regarding outstanding equity awards at year end.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards					*Stock Awards*			
Name (a)	*Number of Securities Underlying Unexercised Options (#) Exercisable (b)*	*Number of Securities Underlying Unexercised Options (#) Unexercisable (c)*	*Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)*	*Option Exercise Price (e)*	*Option Expiration Date (f)*	*Number of Shares or Units of Stock That Have Not Vested (#) (g)*	*Market Value of Shares or Units of Stock That Have Not Vested ($) (h)*	*Equity Incentive Plan Awards Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)*	*Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#) (j)*
John E. Rooney									
Options:									
2006 Options(1)	138,000			$ 59.43	4/3/16				
2005 Options(2)	131,000			$ 45.63	3/31/15				
2004 Options(3)	92,000			$ 38.65	3/31/14				
2003 Options(4)	105,250			$ 24.47	4/21/13				
2002 Options(5)	16,500			$ 41.00	3/31/12				
2001 CEO Options(6)	20,000			$ 59.40	5/29/11				
2000 CEO Initial Options(7)	55,000			$ 69.19	4/10/10				
Stock Awards:									
Bonus Match in 2006(16)						1,029	$ 71,608		
Bonus Match in 2005(16)						1,213	$ 84,413		
Total	557,750					2,242	$ 156,021		
Kenneth R. Meyers									
Options:									
2006 Options(1)		30,425		$ 59.43	4/3/16				
2005 Options(2)	8,600	25,800		$ 45.63	3/31/15				
2004 Options(3)	17,612	17,613		$ 38.65	3/31/14				
2003 Options(4)	49,706	16,569		$ 23.61	3/31/13				
2002 Options(5)	26,225			$ 41.00	3/31/12				
2001 Options(8)	16,600			$ 64.16	5/8/11				
2000 Options(9)	4,762			$ 71.00	3/31/10				
1999 Options(10)	9,600			$ 44.00	3/31/09				
1998 Options(11)	7,680			$ 33.94	3/31/08				
1997 Options(12)	4,010			$ 25.25	5/14/07				
Stock Awards:									
2006 Restricted Stock Units(17)						3,163	$ 220,113		
2005 Restricted Stock Units(18)						13,897	$ 967,092		
2004 Restricted Stock Units(19)						6,551	$ 455,884		
Total	144,795	90,407				23,611	$ 1,643,089		
Jay M. Ellison									
Options:									
2006 Options(1)		37,275		$ 59.43	4/3/16				
2005 Options(2)	8,600	25,800		$ 45.63	3/31/15				
2004 Options(3)	8,806	17,613		$ 38.65	3/31/14				
2003 Options(4)	16,569	16,569		$ 23.61	3/31/13				
2002 Options(5)	6,557			$ 41.00	3/31/12				
2001 Options(8)	16,600			$ 64.16	5/8/11				
Amended Initial Options(13)	4,613			$ 75.00	9/1/10				

Stock Awards:							
2006 Restricted Stock Units(17)					3,873	$	269,522
2005 Restricted Stock Units(18)					13,897	$	967,092
2004 Restricted Stock Units(19)					6,551	$	455,884
Total	61,745	97,257			24,321	$	1,692,498

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Michael S. Irizarry								
Options:								
2006 Options(1)		23,650	$	59.43	4/3/16			
2005 Options(2)	5,443	16,332	$	45.63	3/31/15			
2004 Options(3)	5,681	11,363	$	38.65	3/31/14			
2003 Options(4)	10,431	10,432	$	23.61	3/31/13			
2002 Options(5)	5,288		$	41.00	3/31/12			
Amended Initial Options(14)	5,400	5,400	$	41.00	2/18/12			
Stock Awards:								
2006 Restricted Stock Units(17)						2,458	$	171,052
2005 Restricted Stock Units(18)						8,798	$	612,253
2004 Restricted Stock Units(19)						4,225	$	294,018
Total	32,243	67,177				15,481	$	1,077,323
Jeffery J. Childs								
Options:								
2006 Options(1)		20,900	$	59.43	4/3/16			
2005 Options(2)	4,812	14,438	$	45.63	3/31/15			
2004 Initial Options(15)	12,850	12,850	$	43.20	2/17/14			
Stock Awards:								
2006 Restricted Stock Units(17)						2,172	$	151,150
2005 Restricted Stock Units(18)						7,776	$	541,132
2004 Restricted Stock Units(19)						3,798	$	264,303
Total	17,662	48,188				13,746	$	956,585

Explanation of Columns:

(a) Includes the persons identified in the Summary Compensation Table.

(b) Includes, on an award-by-award basis, the number of securities underlying unexercised options, including any awards that have been transferred other than for value, that are exercisable as of December 31, 2006. No awards have been transferred.

(c) Includes on an award-by-award basis, the number of securities underlying unexercised options, including any awards that have been transferred other than for value, that are unexercisable as of December 31, 2006.

(d) This column is not applicable because the identified officers do not have any options that are equity incentive plan awards, as defined by SEC rules.

(e) Represents the exercise prices of the awards identified in columns (b) and (c).

(f) Represents the expiration dates of the awards identified in columns (b) and (c).

(g) Represents the total number of shares underlying stock awards that have not vested as of December 31, 2006.

(h) Represents the aggregate market value of shares underlying stock awards that have not vested as of December 31, 2006, calculated using the closing price of U.S. Cellular Common Shares of $69.59 on December 29, 2006, the last trading day of 2006.

(i) This column is not applicable because the identified officers do not have any stock awards that are equity incentive plan awards, as defined by SEC rules.

(j) This column is not applicable because the identified officers do not have any stock awards that are equity incentive plan awards, as defined by SEC rules.

Footnotes:

The following provides additional information with respect to outstanding equity awards at year end. Number references correspond to numbers in the above table. The following discloses the date that options were scheduled to become exercisable and that restricted stock was scheduled to become vested. However, due to the delay in SEC filings resulting from the restatement discussed below, U.S. Cellular suspended the exercise of options and the issuance of shares between March 17 and October 10, 2006. As a result, the options that were scheduled to become exercisable on March 31, 2006 were not exercisable until October 10, 2006.

(1) The 2006 Options become exercisable in annual increments of 25% on April 3 of each year beginning in 2007 and ending in 2010 (except that all options became fully vested on October 10, 2006 with respect to Mr. Rooney), and are exercisable until April 3, 2016 at an exercise price of $59.43.

(2) The 2005 Options were scheduled to become exercisable in annual increments of 25% on March 31 of each year beginning in 2006 and ending in 2009 (except that all options became fully vested on October 10, 2006 with respect to Mr. Rooney), and are exercisable until March 31, 2015 at an exercise price of $45.63.

(3) The 2004 Options were scheduled to become exercisable in annual increments of 25% on March 31 of each year beginning in 2005 and ending in 2008 (except that all options became fully vested on October 10, 2006 with respect to Mr. Rooney), and are exercisable until March 31, 2014 at an exercise price of $38.65.

(4) The 2003 Options were scheduled to become exercisable in annual increments of 25% on March 31 of each year beginning in 2004 and ending in 2007 (except that all options became fully vested on October 10, 2006 with respect to Mr. Rooney), and are exercisable until April 21, 2013 at an exercise price of $24.47 for Mr. Rooney, and are exercisable until March 31, 2013 at an exercise price of $23.61 for the other executive officers.

(5) The 2002 Options were scheduled to become exercisable in annual increments of 25% on March 31 of each year beginning in 2003 and ending in 2006, and are exercisable until March 31, 2012 at an exercise price of $41.00.

(6) The 2001 CEO Options were scheduled to become exercisable in annual increments of 20% on March 31 of each year beginning in 2002 and ending in 2006, and are exercisable until May 29, 2011 at an exercise price of $59.40.

(7) The 2000 CEO Initial Options became exercisable in annual increments of 20% on April 10 of each year beginning in 2001 and ending in 2005, and are exercisable until April 10, 2010 at an exercise price of $69.19.

(8) The 2001 Options were scheduled to become exercisable in annual increments of 20% on March 31 of each year beginning in 2002 and ending in 2006, and are exercisable until May 8, 2011 at an exercise price of $64.16.

(9) The 2000 Options became exercisable in annual increments of 20% on March 31 of each year beginning in 2001 and ending in 2005, and are exercisable until March 31, 2010 at an exercise price of $71.00.

(10) The 1999 Options became exercisable in annual increments of 20% on March 31 of each year beginning in 2000 and ending in 2004, and are exercisable until March 31, 2009 at an exercise price of $44.00.

(11) The 1998 Options became exercisable in annual increments of 20% on March 31 of each year beginning in 1999 and ending in 2003, and are exercisable until March 31, 2008 at an exercise price of $33.94.

(12) The 1997 Options became exercisable in annual increments of 20% on March 31 of each year beginning in 1998 and ending in 2002, and are exercisable until May 14, 2007 at the exercise price of $25.25.

(13) The Amended Initial Options were originally granted on September 1, 2000 and were scheduled to become exercisable with respect to 20% of the shares underlying the option on September 1 of each year beginning in 2001 and ending in 2005, and were exercisable until September 1, 2010 at an exercise price of $73.31. No portion of the option has been exercised. The option was amended on December 26, 2006 to correct the exercise price of the option to the closing price of the underlying Common Shares as of the date of approval of the original option by the Stock Option Compensation Committee of $75.00 on September 8, 2000. In connection therewith, U.S. Cellular agreed to pay $7,784 to Mr. Ellison, which was paid in 2007, representing the aggregate amount of a make-whole payment as a result of the increase in the exercise price of the original option. The amended option with respect to 4,613 shares is immediately exercisable in full.

(14) The Amended Initial Options were originally granted on February 18, 2002 and were scheduled to become exercisable in annual increments of 20% on February 18 of each year beginning in 2003 and ending in 2007, and were exercisable until February 18, 2012 at an exercise price of $37.19. Options with respect to 16,200 shares have been exercised. The unexercised portion of this option was amended on December 26, 2006 to correct the exercise price of the option to the

closing price of the underlying Common Shares as of the date of approval of the original option by the Stock Option Compensation Committee of $41.00 on March 31, 2002. In connection therewith, U.S. Cellular agreed to pay $41,148 to Mr. Irizarry, which was paid in 2007, representing the aggregate amount of a make-whole payment as a result of the increase in the exercise price of the original option. The amended option with respect to 10,800 shares is immediately exercisable with respect to 5,400 shares and will become fully exercisable on February 18, 2007.

(15) The 2004 Initial Options become exercisable with respect to 6,425 Common Shares on January 19, 2005 and with respect to an additional 6,425 Common Shares on each anniversary thereof, through and including January 19, 2008 for a total of 25,700 Common Shares, and are exercisable until February 17, 2014 at an exercise price of $43.20.

(16) Represents U.S. Cellular Common Shares underlying phantom stock bonus match units credited to such officer with respect to deferred bonus compensation, including accumulated dividends on such deferred units. One-third of the U.S. Cellular phantom

stock bonus match units become vested on each of the first three anniversaries of the last day of the year for which the applicable bonus is payable, provided that such employee is an employee of U.S. Cellular or an affiliate on such date and the deferred bonus amount has not been withdrawn or distributed before such date.

(17) Such restricted stock units become vested on April 3, 2009, except with respect to Mr. Rooney whose restricted stock units became vested on October 10, 2006.

(18) Such restricted stock units become vested on March 31, 2008, except with respect to Mr. Rooney whose restricted stock units became vested on October 10, 2006.

(19) Such restricted stock units became vested on March 31, 2007, except with respect to Mr. Rooney whose restricted stock units became vested on October 10, 2006.

Option Exercises and Stock Vested

	Option Awards		*Stock Awards*	
Name (a)	*Number of Shares Acquired on Exercise (#)* *(b)*	*Value Realized Upon Exercise ($)* *(c)*	*Number of Shares Acquired on Vesting (#)* *(d)*	*Value Realized on Vesting ($)* *(e)*
John E. Rooney(1)				
Options:				
Stock Awards:				
2006 Restricted Stock Units(1)			3,291	$ 191,207
2005 Restricted Stock Units(1)			11,474	$ 666,639
2004 Restricted Stock Units(1)			8,726	$ 506,981
2003 Restricted Stock Units(2)			14,981	$ 870,396
2006 Bonus Match Units(3)			514	$ 35,769
2005 Bonus Match Units(3)			1,213	$ 84,413
2004 Bonus Match Units(3)			906	$ 63,049
Total			41,105	$ 2,418,454
Kenneth R. Meyers				
Options:				
Stock Awards:				
2003 Restricted Stock Units(2)			12,605	$ 748,233
2004 Bonus Match Units(3)			119	$ 8,281
Total			12,724	$ 756,514
Jay M. Ellison				
Options:				
Stock Awards:				
2003 Restricted Stock				