

UNITED STATES CELLULAR CORP  
Form DEF 14A  
April 11, 2017

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

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Registrant

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Fee computed  
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0-11.

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class of  
1. securities to  
which  
transaction  
applies:

Aggregate  
number of  
2. securities to  
which  
transaction  
applies:

Per unit price  
or other  
underlying  
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computed  
pursuant to  
Exchange  
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forth the  
amount on  
which the  
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Fee paid  
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and identify the  
filing for which  
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fee was paid  
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Identify the  
previous filing  
by registration  
statement  
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Form or

Schedule and  
the date of its  
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1. Previously  
Paid:

Form,  
Schedule or

2. Registration  
Statement  
No.:

3. Filing Party:

4. Date Filed:

UNITED STATES CELLULAR  
CORPORATION

8410 West Bryn Mawr Avenue  
Chicago, Illinois 60631  
Phone: (773) 399-8900  
Fax: (773) 399-8936  
April 11, 2017

Dear Fellow Shareholders:

You are cordially invited to attend the 2017 annual meeting of shareholders ("2017 Annual Meeting") of United States Cellular Corporation ("U.S. Cellular") on Tuesday, May 23, 2017, at 8:30 a.m., central time, at U.S. Cellular Plaza, 8430 W. Bryn Mawr Avenue, Chicago, Illinois. At the meeting, we will report on the accomplishments and plans of U.S. Cellular.

The Notice of 2017 Annual Meeting of Shareholders and 2017 Proxy Statement ("2017 Proxy Statement") of our board of directors is attached. Also enclosed is our 2016 Annual Report to shareholders ("2016 Annual Report"). At the 2017 Annual Meeting, shareholders are being asked to take the following actions:

1. Elect members of the board of directors nominated by our board of directors and named in the attached 2017 Proxy Statement.
2. Ratify the selection of independent registered public accountants for the current fiscal year.
3. Approve, on an advisory basis, the compensation of our named executive officers as disclosed in the attached 2017 Proxy Statement (commonly known as "Say-on-Pay").
4. Approve, on an advisory vote on whether future Say-on-Pay votes should be held every year, every two years or every three years (commonly known as "Say-on-Frequency").

Your board of directors unanimously recommends a vote "FOR" its nominees for election as directors, "FOR" the proposal to ratify accountants, "FOR" the Say-on-Pay proposal, and "EVERY YEAR" for the Say-on-Frequency proposal.

#### Considerations relating to the Say-on-Pay Proposal

U.S. Cellular operates in a highly competitive market, and needs to and has been able to attract and retain high-quality executives. We believe that our compensation practices are transparent and reflect our commitment to align compensation with our business strategy and our short-and long-term performance.

Highlights of the U.S. Cellular compensation programs:

- ◆ We have a Long-Term Incentive Compensation Committee ("LTICC"), comprised solely of independent directors, that reviews and approves the long-term incentive compensation of executive officers.

- ◆ Other executive compensation is approved by U.S. Cellular's Chairman, LeRoy T. Carlson, Jr., who is also a director and President and Chief Executive Officer of U.S. Cellular's parent company, Telephone and Data Systems, Inc. ("TDS"). Mr. Carlson's position with TDS, which is the majority shareholder of U.S. Cellular, permits him to represent the interests of all shareholders of U.S. Cellular in his compensation decisions. Mr. Carlson does not receive any compensation directly from U.S. Cellular and is compensated by TDS.
- ◆ We designed our compensation programs to motivate executive officers to act in the long-term interests of U.S. Cellular.
- ◆ Our executive officer compensation levels are based in part on competitive market compensation data supplied by our compensation consultant, Willis Towers Watson.
- ◆ A major compensation goal is to provide compensation and benefit programs that we believe are both competitive and fiscally responsible.
- ◆ We provide few perquisites ("perks") to our officers.
- ◆ We believe our executive bonus program is appropriately balanced between company and individual performance.

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### 2016 Compensation

The primary financial focus of U.S. Cellular is to increase long-term shareholder value. We believe revenues, adjusted earnings before interest, taxes, depreciation and amortization, and managing capital expenditures drive long-term shareholder value. Therefore, compensation decisions are made considering these performance measures, as well as all other appropriate facts and circumstances, including factors such as customer growth and employee engagement.

Our executive officers' 2016 compensation was comprised of a mix of base salary, annual cash bonuses and equity-based, long-term incentive awards.

- ◆ When setting 2016 base salaries, we considered the competitive market compensation data supplied by our compensation consultant, the executive officers' personal accomplishments and their overall contribution to the success of the organization. Please refer to a description of each named executive officer's base salary in the attached 2017 Proxy Statement under "Compensation Discussion and Analysis—Annual Cash Compensation—Base Salary".
- ◆ Bonus awards for 2016 performance paid in 2017 were based on company performance (60%), the Chairman's assessment of strategic initiatives (10%) and individual performance (30%). For 2016, we determined that U.S. Cellular's results produced a payout of 130.7% of target for the company performance factor. Please refer to a description of U.S. Cellular's 2016 performance in the attached 2017 Proxy Statement under "Compensation Discussion and Analysis—Company Performance" and a description of each named executive officer's bonus in the attached 2017 Proxy Statement under "Compensation Discussion and Analysis—Annual Cash Compensation—Bonus".
- ◆ Long-term equity compensation awards to executive officers in 2016 were based, in part, on the company's achievement of 130.1% of the target company performance for 2015 and the individual performance of each executive officer in 2015. Stock options, restricted stock units and bonus match units generally vest over several years, thereby tying long-term executive compensation to increases in shareholder value over the same period. Please refer to a description of each named executive officer's 2016 long-term equity compensation awards in the attached 2017 Proxy Statement under "Compensation Discussion and Analysis—Long-Term Equity Compensation".

### Changes to Compensation Policies

During 2016, certain changes were made to the executive compensation policies. The performance measures considered in evaluating U.S. Cellular quantitative performance under the 2016 Executive Officer Bonus Plan were revised from the similar bonus plan in 2015 and a new performance measure, "Customer Engagement" was included. The weightings of the performance measures are now Consolidated Total Revenues (from 40% in 2015 to 35% in 2016), Consolidated EBITDA (from 35% in 2015 to 30% in 2016), Consolidated Capital Expenditures (from 25% in 2015 to 20% in 2016), and Customer Engagement (N/A in 2015 and 15% in 2016). If the maximum performance or greater is achieved, 225% of the bonus opportunity for that metric will be funded (which is the same as used in 2015), except with respect to Customer Engagement for which 200% of the bonus opportunity will be funded. For more information on this change, please refer to the attached 2017 Proxy Statement under "Compensation Discussion and Analysis—Changes to Compensation Policies."

Beginning in 2017, the LTICC will be adding performance-based shares and removing stock options from the Long-Term Incentive Program.



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Corporate Governance

U.S. Cellular, and TDS in its capacity as U.S. Cellular's parent and controlling shareholder, endeavor to follow good corporate governance practices. For instance, U.S. Cellular has established a Long-Term Incentive Compensation Committee composed only of independent directors with authority over long-term equity compensation, even though it is not required to do so under law, Securities and Exchange Commission regulations or New York Stock Exchange listing requirements because it is controlled by TDS. Other executive compensation is approved by U.S. Cellular's Chairman, LeRoy T. Carlson, Jr., who is also a director and President and Chief Executive Officer of TDS, the majority and largest shareholder of U.S. Cellular. Additional information relating to U.S. Cellular's good corporate governance practices and other best practices is set forth in the Corporate Governance section of the attached Proxy Statement.

We encourage you to read the Compensation Discussion and Analysis in the attached 2017 Proxy Statement for a detailed discussion and analysis of our executive compensation program, including information about the fiscal 2016 compensation of our named executive officers.

Our board of directors and members of our management team will be at the 2017 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 2017 Annual Meeting.

Very truly yours,

LeRoy T. Carlson, Jr.  
Chairman

Kenneth R. Meyers  
President and Chief Executive Officer

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NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS AND 2017 PROXY STATEMENT

TO THE SHAREHOLDERS OF

UNITED STATES CELLULAR CORPORATION

We will hold the 2017 annual meeting of the shareholders ("2017 Annual Meeting") of United States Cellular Corporation ("U.S. Cellular"), a Delaware corporation, at U.S. Cellular Plaza, 8430 W. Bryn Mawr Avenue, Chicago, Illinois, on Tuesday, May 23, 2017, at 8:30 a.m., central time. At the meeting, we are asking shareholders to take the following actions:

1. To elect members of the board of directors nominated by your board of directors and named in this proxy statement. Your board of directors unanimously recommends that you vote FOR its nominees.
2. To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accountants for the year ending December 31, 2017. Your board of directors unanimously recommends that you vote FOR this proposal.
3. To approve, on an advisory basis, the compensation of our named executive officers as disclosed herein (commonly known as "Say-on-Pay"). Your board of directors unanimously recommends that you vote FOR the Say-on-Pay proposal.
4. To approve, on an advisory basis, the Say-on-Pay frequency. Your board of directors unanimously recommends you vote EVERY YEAR on the Say-on-Pay frequency proposal.
5. To transact such other business as may properly come before the meeting or any postponement, adjournment or recess thereof.

We have fixed the close of business on March 27, 2017, as the record date for the determination of shareholders entitled to notice of, and to vote at, the 2017 Annual Meeting or any postponement, adjournment or recess thereof.

We are first sending this Notice of 2017 Annual Meeting of Shareholders and 2017 Proxy Statement, together with our 2016 Annual Report, on or about April 11, 2017 to shareholders who are receiving a paper copy of the proxy materials. We made arrangements to commence mailing a Notice of Internet Availability of Proxy Materials on or about April 11, 2017 to other shareholders as discussed below.



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**IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS  
FOR THE SHAREHOLDERS MEETING TO BE HELD ON MAY 23, 2017**

The following information about the Internet availability of proxy materials is being provided under rules of the Securities and Exchange Commission ("SEC"):

Effective April 11, 2017, the following documents are available at [www.uscellular.com](http://www.uscellular.com) under About Us—Investor Relations—Proxy Vote, or at [investors.uscellular.com/proxyvote](http://investors.uscellular.com/proxyvote):

1. 2017 Proxy Statement
2. 2016 Annual Report
3. Form of Proxy Card
4. Notice of Internet Availability of Proxy Materials

Under SEC rules, proxy materials are being furnished to many of our shareholders via the Internet, instead of mailing printed copies of those materials to each shareholder. Beginning April 11, 2017, U.S. Cellular made arrangements to commence sending certain shareholders a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our proxy materials, including our 2017 Proxy Statement and 2016 Annual Report. The Notice also instructs shareholders on how to vote through the Internet.

This process is designed to reduce the environmental impact and expenses associated with our annual meeting and help conserve resources. However, if a shareholder prefers to receive printed proxy materials at no additional cost, on a one-time or ongoing basis, instructions for doing so are included in the Notice or at [investors.uscellular.com/proxyvote](http://investors.uscellular.com/proxyvote).

If you have previously elected to receive our proxy materials electronically or in paper format, you will continue to receive these materials in accordance with your election until you elect otherwise.

We encourage you to formally consent to receive all proxy materials electronically in the future. If you wish to receive these materials electronically next year, please follow the instructions at [investors.uscellular.com/proxyvote](http://investors.uscellular.com/proxyvote).

If you received a Notice, any control/identification numbers that you need to access the proxy materials and vote are set forth on your Notice.

If you received printed materials, any control/identification numbers that you need to vote are set forth on your proxy card if you are a record holder, or on your voting instruction card if you hold shares through a broker, dealer or bank.

In addition, all additional soliciting materials sent to shareholders or made public after this Notice has been sent will be made publicly accessible at the above website address no later than the day on which such materials are first sent to shareholders or made public.

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The location where the 2017 Annual Meeting will be held is on the first floor of the U.S. Cellular Plaza, 8430 W. Bryn Mawr Avenue, Chicago. This building is just south of Interstate 90 and approximately one block west of Cumberland Avenue.

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UNITED STATES CELLULAR CORPORATION

2017 PROXY STATEMENT

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SUMMARY

The following is a summary of the actions being taken at the 2017 Annual Meeting and does not include all of the information that may be important to you. You should carefully read this entire 2017 Proxy Statement and not rely solely on the following summary.

Proposal 1—Election of Directors

Under the terms of U.S. Cellular's Restated Certificate of Incorporation ("Restated Charter") the terms of all incumbent directors will expire at the 2017 Annual Meeting.

The holders of Common Shares are entitled to elect four directors at the 2017 Annual Meeting. Your board of directors has nominated the following incumbent directors for election as directors by the holders of Common Shares in 2017: J. Samuel Crowley, Harry J. Harczak, Jr., Gregory P. Josefowicz and Cecelia D. Stewart.

TDS, as the sole holder of Series A Common Shares, is entitled to elect nine directors at the 2017 Annual Meeting. Your board of directors has nominated the following incumbent directors for election as directors by the holder of Series A Common Shares in 2017: James Barr III, Steven T. Campbell, LeRoy T. Carlson, Jr., Walter C. D. Carlson, Ronald E. Daly, Kenneth R. Meyers, Peter L. Sereda, Douglas D. Shuma, and Kurt B. Thaus.

Paul-Henri Denuit who was elected by the holders of the Common Shares will not stand for reelection at the 2017 annual meeting. Following the 2017 annual meeting, the size of the U.S. Cellular board of directors will be reduced to 13 directors.

Your board of directors unanimously recommends that you vote FOR the above nominees.

Proposal 2—Ratification of Independent Registered Public Accounting Firm for 2017

As in prior years, shareholders are being asked to ratify PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2017.



Your board of directors unanimously recommends that you vote FOR this proposal.

Proposal 3—Advisory Vote on Executive Compensation or "Say-on-Pay"

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), at the 2017 Annual Meeting, shareholders are being asked to approve, on an advisory basis, the compensation of our named executive officers for 2016 as disclosed in this 2017 Proxy Statement.

Your board of directors unanimously recommends that you vote FOR this proposal

Proposal 4— Advisory Vote on Frequency of Say-on-Pay Votes or "Say-on-Frequency"

As required by the Dodd-Frank Act, shareholders are being asked to provide an advisory vote on whether future Say-on-Pay votes should be held every year, every two years, or every three years (commonly known as "Say-on-Frequency").

Your board of directors unanimously recommends that you vote for holding future Say-on-Pay votes EVERY YEAR.

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VOTING INFORMATION

Voting Rights

Under the Restated Charter, each Series A Common Share is entitled to ten votes on all matters, and each Common Share is entitled to one vote on all matters. The holders of Common Shares, voting as a separate class, are entitled to elect 25% of the directors (rounded up to the nearest whole number), and the holders of Series A Common Shares are entitled to elect the remaining 75% of the directors (rounded down to the nearest whole number).

What is the record date for the meeting?

The close of business on March 27, 2017 is the record date for the determination of shareholders entitled to notice of, and to vote at, the 2017 Annual Meeting or any postponement, adjournment or recess thereof.

A complete list of shareholders entitled to vote at the 2017 Annual Meeting, arranged in alphabetical order and by voting group, showing the address of and number of shares held by each shareholder, will be made available at the offices of U.S. Cellular, 8410 West Bryn Mawr Avenue, Chicago, Illinois 60631, for examination by any shareholder, for any purpose germane to the 2017 Annual Meeting, during normal business hours, for a period of at least ten days prior to the 2017 Annual Meeting.

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 New York Stock Exchange ("NYSE") 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 the record date, U.S. Cellular had outstanding 51,877,429 Common Shares, par value \$1.00 per share (excluding 3,190,572 Common Shares held by U.S. Cellular and a subsidiary of U.S. Cellular), and 33,005,877 Series A Common Shares, par value \$1.00 per share. As of the record date, 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 (NYSE: TDS), which we refer to as "TDS", is the sole holder of Series A Common Shares and holds 37,782,826 Common Shares, representing approximately 72.8% of the outstanding Common Shares. By reason of such holdings, TDS has the voting power to elect all of the directors of U.S. Cellular and has approximately 96.3% of the voting power with respect to matters other than the election of directors. The Voting Trust under Agreement dated June 30, 1989, as amended (the "TDS Voting Trust") controls TDS.



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

The following shows 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	Total Voting Power	Total
				Number of Directors Elected by Class or Series
Series A Common Shares	33,005,877	10	330,058,770	9
Common Shares	51,877,429	1	51,877,429	4
Total	N/A	N/A	N/A	13

TDS, as the sole holder of Series A Common Shares, is entitled to elect nine of the directors at the 2017 Annual Meeting. The holders of Common Shares are entitled to elect four of the directors at the 2017 Annual Meeting.

Director Voting Sunset Provision.

As noted above, the holders of Series A Common Shares and holders of Common Shares vote separately in the election of directors. However, pursuant to U.S. Cellular's Restated Charter, if the number of Series A Common Shares issued and outstanding at any time falls below 12.5% of the number of outstanding shares of common stock, because of the conversion of Series A Common Shares into Common Shares or otherwise, the holder of Series A Common Shares would lose the right to vote as a separate class, and thereafter the holder of Series A Common Shares, with ten votes per share, and the holders of Common Shares, with one vote per share, would vote as a single class in the election of all directors.

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

The following shows information relating to the outstanding shares and voting power of such shares in matters other than the election of directors as of the record date.

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	86.4%
Common Shares	51,877,429	1	51,877,429	13.6%
Total	N/A	N/A	381,936,199	100.00%

Voting Power Sunset Provision.

As noted above, each Series A Common Share has ten votes per share in all matters and, as a result, the Series A Common Shares have a substantial majority of votes in matters other than the election of directors. However, this percentage could decrease. For instance, this could occur if TDS converts Series A Common Shares into Common Shares for any reason. Accordingly, the Restated Charter effectively has a sunset provision for voting in matters other than the election of directors because, if a sufficient number of Series A Common Shares are converted into Common Shares, the voting power of Series A Common Shares could decline below 50%.

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

Holders of Common Shares may, with respect to the election of the four directors to be elected by the holders of Common Shares, vote FOR the election of such director nominees or WITHHOLD authority to vote for such director nominees.

TDS, as the sole holder of Series A Common Shares may, with respect to the election of the nine 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.

Your board of directors unanimously recommends a vote FOR its nominees for election as directors.

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How may shareholders vote with respect to the ratification of independent registered public accounting firm in Proposal 2?

Shareholders may, with respect to the proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2017:

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

Your board of directors unanimously recommends a vote FOR this proposal.

How may shareholders vote with respect to the Say-on-Pay proposal in Proposal 3?

Shareholders may, with respect to the Say-on-Pay proposal:

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

Your board of directors unanimously recommends a vote FOR this proposal.

How may shareholders vote with respect to Say-on-Frequency in Proposal 4?

Shareholders may, with respect to Say-on-Frequency in Proposal 4, vote for the Say-on-Pay votes to be held:

- ◆ Every year,
- ◆ Every two years,
- ◆ Every three years, or
- ◆ ABSTAIN from voting on this proposal.

Your board of directors unanimously recommends a vote for holding future Say-on-Pay votes EVERY YEAR.

How does TDS intend to vote?

TDS is the sole holder of Series A Common Shares and on the record date held 33,005,877 Series A Common Shares. By reason of such holding, TDS has the voting power to elect all of the directors to be elected by the Series A Common Shares. TDS also held 37,782,826 Common Shares on the record date, representing approximately 72.8% of the Common Shares. By reason of such holding, TDS has approximately 72.8% of the voting power with respect to the election of the directors to be elected by the holders of Common Shares. By reason of the foregoing holdings, TDS has approximately 96.3% of the voting power with respect to matters other than the election of directors.

TDS has advised us that it intends to vote:

- ◆ FOR the board of directors' nominees for election by the holder of Series A Common Shares and the board of directors' nominees for election by the holders of Common Shares,

- ◆ FOR the proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2017,
- ◆ FOR the Say-on-Pay proposal, and
- ◆ For holding future Say-on-Pay votes EVERY YEAR.

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How do I vote?

Proxies are being requested from the holders of Common Shares in connection with the election of four directors, the ratification of independent registered public accountants, the Say-on-Pay proposal and the Say-on-Frequency proposal. Whether or not you plan to attend the meeting, please sign, date and mail your proxy card(s) in the enclosed self-addressed envelope to Proxy Services, c/o Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77842-3170, or vote on the Internet using the control/identification number on your proxy card in accordance with the instructions set forth on the proxy card. 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 2017 Annual Meeting.

How will proxies be voted?

All properly voted and unrevoked proxies received using the enclosed form in time for the 2017 Annual Meeting will be voted in the manner directed.

If no direction is made, a proxy by a shareholder will be voted FOR the election of each of the named director nominees to serve as a director in Proposal 1, FOR Proposal 2, FOR Proposal 3 and, for holding Say-on-Pay votes EVERY YEAR in Proposal 4.

If a proxy indicates that all or a portion of the votes represented by such proxy are not being voted or abstained with respect to a particular matter, and the shareholder giving such proxy does not attend and vote at the 2017 Annual Meeting, such "non-votes" will not be considered present and entitled to vote on such matter. However, the shares represented by such a proxy may be considered present and entitled to vote on other matters and will count for the purpose of determining the presence of a quorum.

Proxies given pursuant to this solicitation may be revoked at any time prior to the voting of the shares at the 2017 Annual Meeting by written notice to the Secretary of U.S. Cellular, by submitting a later dated proxy or by attendance and voting in person at the 2017 Annual Meeting.

The board of directors has no knowledge of any other proposals that may be properly presented at the 2017 Annual Meeting and no other proposals were received by U.S. Cellular by the date specified by the advance notice provision in U.S. Cellular's Bylaws. Accordingly, as permitted by SEC rules, the proxy solicited by the board of directors for the 2017 Annual Meeting confers discretionary authority to the proxies named therein to vote on any matter that may properly come before such meeting or any adjournment, postponement or recess thereof, in addition to the foregoing proposals, to the extent permitted by Rule 14a-4(c) under the Securities Exchange Act of 1934, as amended.

How will my shares be voted if I own shares through a broker?

If you are the beneficial owner of shares held in "street name" by a broker, bank, or other nominee ("broker"), such broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. If you do not give specific instructions to the broker or have standing instructions on file with the broker, under Rule 452 of the NYSE, depending on the timing of certain actions, the broker may be entitled to vote the shares with respect to "discretionary" items but will not be permitted to vote the shares with respect to "non-discretionary" items (in which



case such shares will be treated as non-votes). In addition, whether the broker can or will vote your shares with respect to discretionary items if you have not given instructions to the broker and how such shares may be voted by the broker (i.e., proportionately with voting instructions received by the broker from other shareholders or pursuant to the recommendation of management, etc.) depend on the particular broker's policies. As a result, we cannot advise you whether your broker will or will not vote your shares or how it may vote the shares if it does not receive or have voting instructions from you and, accordingly, recommend that you contact your broker. In general, the ratification of auditors is a discretionary item. On the other hand, matters such as the election of directors (whether contested or not), votes on Say-on-Pay, votes on Say-on-Frequency, the approval of an equity compensation plan, and shareholder proposals are non-discretionary items. In such cases, if your broker does not have specific or standing instructions, your shares will be treated as non-votes and will not be voted on such matters. Accordingly, we urge you to provide instructions to your broker so that your votes may be counted on all matters. If your shares are held in street name, your broker will include a voting instruction form with this 2017 Proxy Statement. We strongly encourage you to vote your shares by following the instructions provided on the voting instruction form. Please return your voting instruction form to your broker and/or contact your broker to ensure that a proxy card is voted on your behalf.

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What constitutes a quorum for the meeting?

A majority of the voting power of shares of capital stock in matters other than the election of directors and entitled to vote, present in person or represented by proxy, will constitute a quorum to permit the 2017 Annual Meeting to proceed. Withheld votes and abstentions of shares entitled to vote and non-votes will be treated as present in person or represented by proxy for purposes of establishing a quorum for the meeting. If such a quorum is present or represented by proxy, the meeting can proceed. If the shares beneficially owned by TDS are present in person or represented by proxy at the 2017 Annual Meeting, such shares will constitute a quorum at the 2017 Annual Meeting to permit the meeting to proceed. In addition, where a separate vote by a class or group is required with respect to a proposal, a quorum is also required with respect to such proposal for the vote to proceed with respect to such proposal.

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. Withheld votes by shares entitled to vote with respect to a director and non-votes with respect to such director will be treated as present in person or represented by proxy for the purpose of establishing a quorum for the election of such director. If the shares beneficially owned by TDS are present in person or represented by proxy at the 2017 Annual Meeting, such shares will constitute a quorum at the 2017 Annual Meeting with respect to the nine directors to be elected by the Series A Common Shares and with respect to the four directors to be elected by the Common Shares.

The holders of a majority of the votes of the stock issued and outstanding and entitled to vote with respect to the other proposals, present in person or represented by proxy, will constitute a quorum at the 2017 Annual Meeting in connection with such other proposals. Abstentions from voting on such proposals by shares entitled to vote on such proposals and non-votes with respect to such proposals will be treated as present in person or represented by proxy for the purpose of establishing a quorum for such proposals. If the shares beneficially owned by TDS are present in person or represented by proxy at the 2017 Annual Meeting, such shares will constitute a quorum at the 2017 Annual Meeting in connection with such proposals.

Even if a quorum is present, the holders of a majority of the voting stock present in person or represented by proxy may adjourn the 2017 Annual Meeting. Because it holds a majority of the voting power of all classes of stock, TDS has the voting power to approve an adjournment. U.S. Cellular does not currently have any expectation that the 2017 Annual Meeting would be adjourned for any reason. However, if there is a proposal to adjourn the 2017 Annual Meeting by a vote of the shareholders, the persons named in the enclosed proxy will have discretionary authority to vote with respect to such adjournment.

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

The holders of Common Shares will vote separately with respect to the election of four directors. TDS as the sole holder of Series A Common Shares will vote separately with respect to the election of nine directors.

Directors will be elected by a plurality of the votes cast in the election of directors by the class of shareholders entitled to vote in the election of such directors which are present in person or represented by proxy at the meeting.

Accordingly, if a quorum of such shares is present at the 2017 Annual Meeting, the person receiving a plurality of the votes cast by holders of such shares entitled to vote with respect to the election of such director will be elected to serve as a director. Withheld votes and non-votes with respect to the election of directors will not be counted as votes

cast for the purpose of determining if a director has received a plurality of the votes.

In the election of directors by holders of Common Shares, each holder of outstanding Common Shares is entitled to one vote for each Common Share held in such holder's name. In the election of directors by the holder of Series A Common Shares, TDS is entitled to ten votes for each Series A Common Share held in its name.

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What vote is required with respect to Proposals 2 and 3?

The holders of Common Shares and Series A Common Shares will vote together as a single group with respect to Proposals 2, 3 and 4. Each holder of Common Shares is entitled to one vote for each Common Share held in such holder's name. TDS as the sole holder of Series A Common Shares is entitled to ten votes for each Series A Common Share held in its name.

If a quorum is present at the 2017 Annual Meeting, Proposals 2 and 3 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 2017 Annual Meeting. An abstention from voting on such proposal will not be an affirmative vote and, as a result, will effectively be treated as a vote against such proposal. Although non-votes may be included for the purpose of determining a quorum, they will not be treated as entitled to vote on Proposals 2 and 3 at the 2017 Annual Meeting and, therefore, will not be included in the calculation of whether these proposals have received the requisite vote.

What vote is required with respect to Proposal 4?

The holders of Common Shares and Series A Common Shares will vote together as a single group with respect to Proposal 4. Each holder of Common Shares is entitled to one vote for each Common Share held in such holder's name. TDS as the sole holder of Series A Common Shares is entitled to ten votes for each Series A Common Share held in its name.

Accordingly, if a quorum is present at the 2017 Annual Meeting, the frequency receiving a plurality of the votes cast by shareholders entitled to vote with respect to Proposal 4 will be considered to be the shareholders' recommendation as to the frequency of future Say-on-Pay votes. Withheld votes and broker non-votes with respect to Proposal 4 will not be counted as votes cast for purposes of Proposal 4.

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ELECTION OF DIRECTORS

The terms of all incumbent directors will expire at the 2017 Annual Meeting. The board of directors' nominees for election as directors are identified in the table below. Each of the nominees has consented to be named in the 2017 Proxy Statement and to serve if elected. The age of the following persons is as of the date of this 2017 Proxy Statement.

## To be Elected by Holders of Common Shares

Name	Age	Position with U.S. Cellular and Principal Occupation	Served as Director since
J. Samuel Crowley	66	Director of U.S. Cellular, Former executive at Gold's Gym International, Inc., Michaels Stores, Inc. and CompUSA, Inc.	1998
Harry J. Harczak, Jr.	60	Director of U.S. Cellular, Managing Director of Sawdust Capital, LLC and former Executive Vice President at CDW Corporation	2003
Gregory P. Josefowicz	64	Director of U.S. Cellular, Former Chairman, Chief Executive Officer and President of Borders Group, Inc.	2009
Cecelia D. Stewart	58	Director of U.S. Cellular, Former President of U.S. Consumer and Commercial Banking of Citigroup Inc.	2013

Cecelia D. Stewart has been nominated for election as a director to succeed Mr. Paul-Henri Denuit. Ms. Stewart was previously elected by the holder of Series A Common Shares.

## To be Elected by Holder of Series A Common Shares

Name	Age	Position with U.S. Cellular and Principal Occupation	Served as Director since
James Barr III	77	Director of U.S. Cellular, Retired President and Chief Executive Officer of TDS Telecommunications Corporation	2009
Steven T. Campbell	65	Director and Executive Vice President-Finance, Chief Financial Officer and Treasurer of U.S. Cellular	2014
LeRoy T. Carlson, Jr.	70	Chairman and Director of U.S. Cellular and President and Chief Executive Officer of TDS	1984
Walter C. D. Carlson	63	Director of U.S. Cellular, non-executive Chairman of the Board of TDS and Partner, Sidley Austin LLP, Chicago, Illinois	1989
	70		2004

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Ronald E. Daly Director of U.S. Cellular, Former President and Chief Executive Officer of Océ-USA Holding, Inc. and former President of the Printing Solutions division of R.R. Donnelley, Inc.

Kenneth R. Meyers 63 Director and President and Chief Executive Officer of U.S. Cellular 1999

Peter L. Sereda 58 Director of U.S. Cellular and Senior Vice President – Finance and Treasurer of TDS 2014

Douglas D. Shuma 56 Director and Chief Accounting Officer of U.S. Cellular and Senior Vice President – Finance and Chief Accounting Officer of TDS 2014

Kurt B. Thaus 58 Director of U.S. Cellular and Senior Vice President and Chief Information Officer of TDS 2014

Your board of directors unanimously recommends a vote "FOR" the above nominees.

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Background of Board of Directors' Nominees

The following briefly describes the business experience during at least the past five years of each of the nominees, including each person's principal occupation(s) and employment during at least the past five years; the name and principal business of any corporation or other organization in which such occupation(s) and employment were carried on; and whether such corporation or organization is a parent, subsidiary or other affiliate of U.S. Cellular. The following also indicates any other directorships held, including any other directorships held during at least the past five years, by each nominee, in any SEC registered company or any investment company, and the identity of such company.

In addition, the following also briefly discusses the specific experience, qualifications, attributes or skills that led to the conclusion that each such person should serve as a director of U.S. Cellular, in light of U.S. Cellular's business and structure, including information about the person's particular areas of expertise or other relevant qualifications. As discussed below under "Director Nomination Process", 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 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. The U.S. Cellular board of directors 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. Also, as discussed below under "Director Nomination Process", U.S. Cellular believes that it is desirable for directors to have diverse backgrounds, experience, skills and other characteristics. In addition, the conclusion of which persons should serve as directors of U.S. Cellular is based in part on the fact that U.S. Cellular is a controlled company with a capital structure in which different classes of stock vote for different directorships. In particular, as discussed under "Director Nomination Process", because TDS owns 100% of the Series A Common Shares, nominations of directors for election by the holder of the Series A Common Shares are based on the recommendation of TDS. In addition, the board of directors may consider the recommendations of large shareholders, including TDS, in nominating persons for election as directors by the holders of Common Shares.

Nominees for Election by Holders of Common Shares

J. Samuel Crowley. J. Samuel Crowley was last elected as a director by the holders of Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Crowley, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

J. Samuel Crowley has significant experience with U.S. Cellular and the wireless industry as a director of U.S. Cellular since 1998. Also, he has been a member and chairperson of the U.S. Cellular Audit Committee since 2001 and a member of the U.S. Cellular Long-Term Incentive Compensation Committee ("LTICC") since 2001.

Mr. Crowley is currently a private investor.

Between 2005 and 2007, Mr. Crowley was the chief operating officer of Gold's Gym International, Inc., a private company which operates fitness facilities.

Between 2002 and 2003, Mr. Crowley was senior vice president—new ventures, at Michaels Stores, Inc., a national specialty retail company (formerly NYSE: MIK).

Between 2000 and 2002, he was a business strategy consultant with Insider Marketing, a high tech marketing consulting firm.

Prior to that, Mr. Crowley was employed for more than five years by CompUSA, Inc. which, before it was acquired, was a national retailer and reseller of personal computers and had been listed on the NYSE (formerly NYSE: CPU). Mr. Crowley was part of the team that founded CompUSA and took the company public on the NYSE in 1992. He served in several roles as vice president and then was named executive vice president of operations in 1995, a position that he held until the company was acquired in 2000.

Between 2014 and August 2016, Mr. Crowley was a director and a member and chairman of the audit committee of Goodman Networks, which provides network products and services to wireless companies. Mr. Crowley had been designated as an "audit committee financial expert" by Goodman Networks. Goodman Networks does not have any publicly traded common stock but, as a result of its registration with the SEC of notes in 2013, files periodic reports with the SEC. Goodman Networks provided network products and services on a regular basis to U.S. Cellular and/or its affiliates through 2015. In 2016, U.S. Cellular did not make any purchases from Goodman Networks. Mr. Crowley resigned from the Goodman board in August 2016.



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In 2013, the National Association of Corporate Directors (NACD) named Mr. Crowley a NACD Fellow recognizing his commitment to the highest standards of boardroom leadership.

In 2010 and 2011, Mr. Crowley was a director of Vois, Inc., a public (over-the-counter: VOIS.PK) development-stage company that focused on the development and marketing of an Internet social networking site.

Mr. Crowley has an MBA from the University of Texas at Dallas.

Mr. Crowley brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications in retail management and operations as a result of having been the chief operating officer of Gold's Gym International, Inc., a senior vice president at Michaels Stores, Inc. and a vice president and the executive vice president of operations at CompUSA, Inc. In addition, Mr. Crowley brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications with respect to U.S. Cellular and the telecommunications industry as a result of his service as a director of U.S. Cellular since 1998 and as a result of his service as the chairperson of the U.S. Cellular Audit Committee since 2001, as well as membership on the U.S. Cellular LTICC since 2001.

Harry J. Harczak, Jr. Harry J. Harczak, Jr. was last elected as a director by the holders of Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Harczak, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Mr. Harczak has significant experience with U.S. Cellular and the wireless industry as a director of U.S. Cellular since 2003. He also has been a member of and has served as an "audit committee financial expert" on U.S. Cellular's Audit Committee since 2003.

Mr. Harczak is a private investor and has been a managing director of Sawdust Capital, LLC, a privately-owned investment management company, since 2008.

Mr. Harczak was appointed to the Board of Trustees of XA Investments, a registered investment fund, in October 2016.

Mr. Harczak was an officer of CDW Corporation, a provider of technology products and services, between 1994 and 2007, where he was successively the chief financial officer and the executive vice president of sales, marketing and business development. During that period, CDW was publicly-traded and listed on the NASDAQ under the symbol: CDWC. CDW became privately-held in 2007 and in 2013 resumed public-trading on the NASDAQ under the symbol: CDW.

Prior to that, Mr. Harczak was a partner at PricewaterhouseCoopers LLP, an international public accounting firm and, prior to that, was employed by PricewaterhouseCoopers LLP in managing and senior-level auditing capacities.

Mr. Harczak is a director and member of the audit committee and governance and nominating committee of Tech Data Corporation (NASDAQ: TECD), a distributor of technology products from information technology hardware and software producers.

Mr. Harczak is a director of Jail Education Solutions, Inc., a private company doing business as Edovo, which provides education services to correctional facilities.

Mr. Harczak is also a board member of several private and non-profit entities.

Mr. Harczak is a Certified Public Accountant (inactive).

Mr. Harczak has an undergraduate degree in accounting from DePaul University and an MBA from the University of Chicago.

Mr. Harczak brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications in finance, sales, operations and management as a result of his prior positions at CDW Corporation. In addition, Mr. Harczak brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications with respect to U.S. Cellular and the telecommunications industry as a result of his service as a director of U.S. Cellular for many years. In addition, Mr. Harczak has substantial experience, expertise and qualifications in accounting and auditing as a Certified Public Accountant, as a former chief financial officer of CDW Corporation and as a former partner and employee of PricewaterhouseCoopers LLP. As a result, he has been designated as an audit committee financial expert on U.S. Cellular's Audit Committee.

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Gregory P. Josefowicz. Gregory P. Josefowicz was last elected as a director by the holders of Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Josefowicz, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Mr. Josefowicz has significant experience with U.S. Cellular and the wireless industry, having served as a director of U.S. Cellular since 2009 and a member of its Audit Committee from 2010 to 2015 and a member of its LTICC since 2015. Mr. Josefowicz was a director of TDS between 2007 and 2009.

Mr. Josefowicz is currently a private investor. He previously served as a non-exclusive, senior level consultant to Borders Group, Inc. (NYSE: BGP), a global retailer of books, music and movies, between 2006 and 2008. From 1999 until his retirement in 2006, Mr. Josefowicz served as a director and president and chief executive officer, and was named chairman of the board in 2002, of Borders Group which, at the time, had over 14,000 employees worldwide.

Prior to that, he was chief executive officer of the Jewel-Osco division of American Stores Company, which operated food and drug stores in the greater Chicago, Illinois and Milwaukee, Wisconsin areas, from 1997 until 1999 when American Stores merged into Albertson's Inc., a national retail food-drug chain. At that time, Mr. Josefowicz became president of Albertson's Midwest region. Mr. Josefowicz joined Jewel in 1974, and was elected senior vice president of marketing and advertising in 1993.

Mr. Josefowicz has been a member of the board of directors of True Value Company, a retailer-owned cooperative that operates hardware stores, since 2010.

Mr. Josefowicz is a member of the board of directors of KeHE Distributors, LLC, an employee-owned company which distributes food products to retailers in North America, since 2006.

Mr. Josefowicz has been a member of the board of directors of Empire Company Limited, (TSX: EMP.A), a Canadian public company with business in retailing and related real estate, since June 2016 and is a member of its human resources committee.

Mr. Josefowicz was formerly a director of Roundy's, Inc. (formerly NYSE: RNDY), a leading grocer in the Midwest, between 2012 and 2015. He was the "lead director" of Roundy's, a member and chairperson of its nominating and corporate governance committee, and a member of its audit committee and of its compensation committee. Roundy's, Inc. was acquired by and became a wholly-owned subsidiary of The Kroger Company in 2015.

Mr. Josefowicz was formerly the non-executive chairman of the board of directors of PetSmart, Inc. (formerly NASDAQ: PETM), a leading pet supply and services retailer, between 2013 and 2015. Before that, he was the "lead director" of PetSmart and had been a member of its board of directors between 2004 and 2015. He was a member and the chairperson of its nomination and governance committee and a member of its compensation committee. PetSmart effected a merger in 2015 pursuant to which it became privately held.

Mr. Josefowicz was formerly a member of the board of directors of Tops Holding Corporation, the parent of Tops Markets, LLC, which operates and franchises supermarkets, between 2008 and 2013. Tops Holding Corporation does not have any publicly traded common stock but, as a result of its registration with the SEC of debt securities, Tops Holding Corporation files periodic reports with the SEC.

Mr. Josefowicz was formerly a director of Winn-Dixie Stores, Inc. (formerly NASDAQ: WINN), one of the nation's largest food retailers, between 2006 and 2012, when it was acquired by Bi-Lo Holdings, Inc. He was also a member and an "audit committee financial expert" of its audit committee and the "lead director" of Winn-Dixie Stores.

Mr. Josefowicz was formerly a director of Ryerson Inc. (formerly NYSE: RYI), a leading distributor and processor of metals in North America, between 1999 and 2006, when it was acquired by Rhombus Holding Corp. Mr. Josefowicz had been a member and the chairperson of the audit committee of Ryerson.

Mr. Josefowicz also was formerly a director of Spartan Stores (NASDAQ: SPTN), a U.S. grocery distributor, between 2001 and 2005. Mr. Josefowicz had been a member of the compensation committee of Spartan Stores.

Mr. Josefowicz had been a director of TDS between 2007 and 2009.

As a result of the settlement of a proxy contest at TDS in 2009, Mr. Josefowicz ceased to be a director of TDS at its 2009 annual meeting. However, because TDS believed that Mr. Josefowicz was an outstanding director, TDS requested that the U.S. Cellular board of directors consider nominating Mr. Josefowicz to the U.S. Cellular board in 2009 in order to permit U.S. Cellular to benefit from his experience and insights. After consideration of the background and experience of Mr. Josefowicz, the U.S. Cellular board of directors nominated him for election as a director at the 2009 annual meeting and Mr. Josefowicz has been a director since that annual meeting.

Mr. Josefowicz has an MBA from Northwestern University's J. L. Kellogg Graduate School of Management.

Mr. Josefowicz brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications in retail marketing and management and service as a public company board member. He has over 20 years of management experience, including senior management experience leading large retail organizations. Because of the retail nature of the U.S. Cellular business, the U.S. Cellular board believes that it is highly desirable to have a director with significant knowledge and experience in retail marketing and management of retail businesses.

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Cecelia D. Stewart. Cecelia D. Stewart was last elected as a director by the holder of Series A Common Shares at the 2016 annual meeting. The following provides information on the background of Ms. Stewart, including the specific factors that led to the conclusion that she should serve as a director of U.S. Cellular.

Ms. Stewart has experience with U.S. Cellular and the wireless industry by having served as a director of U.S. Cellular since 2013. Ms. Stewart is also a member of the LTICC and Technology Advisory Group ("TAG") Committee.

Before her retirement in 2014, Ms. Stewart had been the president of U.S. Consumer and Commercial Banking of Citigroup Inc. (NYSE: C), a global bank which provides a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management, since 2011.

Prior to that, Ms. Stewart was the president of the retail banking group and chief executive officer of the private bank division of Morgan Stanley (NYSE: MS), a global financial services firm providing a wide range of investment banking, securities, investment management and wealth management services, between 2009 and 2011.

Prior to that, Ms. Stewart served as executive vice president and head of retail and small business banking at Wachovia Corporation, which at the time was a publicly-held diversified financial services company (formerly NYSE: WB), from 2003 to 2008. Prior to that, she had been employed by Wachovia Corporation since 1978 in a variety of regional banking positions.

Ms. Stewart has been a director of First Horizon National Corporation (NYSE: FHN), a bank holding company providing regional banking and other financial services primarily in Tennessee and surrounding markets, since 2014. She also serves as a member of this company's audit committee and trust committee and is chairperson of its information technology committee.

Ms. Stewart attended the University of South Carolina and graduated from Winthrop University's Executive Master of Business Administration program with honors in 1993.

Ms. Stewart is on the Foundation Board for Winthrop University and was also previously on the board of directors and the prior Chair of the Consumer Bankers Association.

Ms. Stewart brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications as a member of senior management of large, public companies and in financial services as a result of having been the president of U.S. Consumer and Commercial Banking of Citigroup, the president of the retail banking group and chief executive officer of the private bank division of Morgan Stanley and an executive vice president and head of retail and small business banking at Wachovia Corporation. Further, Ms. Stewart's background and attributes bring diversity to the board.

Nominees for Election by Holder of Series A Commons Shares

James Barr III. James Barr III was last elected as a director by the holder of Series A Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Barr, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Mr. Barr has extensive experience with U.S. Cellular and the wireless industry, having served as a director of U.S. Cellular since 2009, and as a director of TDS between 1990 and 2009. Mr. Barr has also been a member of U.S. Cellular's Audit Committee since 2014.

Mr. Barr is currently a private investor.

Mr. Barr had been the President and Chief Executive Officer of TDS Telecommunications Corporation ("TDS Telecom"), a wholly-owned subsidiary of TDS, which operated TDS' Wireline business between 1990 when he joined TDS Telecom and his retirement from TDS Telecom in 2007. Mr. Barr stepped down as the President and Chief Executive Officer of TDS Telecom and retired as an employee in 2007.

After his retirement, Mr. Barr served as a consultant to TDS until 2009.

As a result of the settlement of a proxy contest at TDS in 2009, James Barr III ceased to be a director of TDS at its 2009 annual meeting. However, because TDS believed that Mr. Barr was an outstanding director, TDS requested that the U.S. Cellular board of directors consider nominating Mr. Barr to the U.S. Cellular board in 2009 in order to permit U.S. Cellular to benefit from his experience and insights. After consideration of the background and experience of Mr. Barr, the U.S. Cellular board of directors nominated him for election as a director at the 2009 annual meeting and Mr. Barr has been a director since that annual meeting.

Prior to his employment with TDS Telecom in 1990, Mr. Barr served as a Sales Vice President for American Telephone and Telegraph Company ("AT&T"), an international telecommunications company (NYSE: T), from 1985 through 1989.

Mr. Barr was previously a director of former TDS subsidiaries Aerial Communications, Inc. (formerly NASDAQ: AERL), which developed and operated wireless personal communications services, and American Paging, Inc. (formerly AMEX: APP), which operated wireless paging services.

Mr. Barr has an undergraduate degree in Mechanical Engineering from Iowa State University and an MBA from the University of Chicago.

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Mr. Barr brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications with respect to the telecommunications industry as a result of his many years as a director of TDS and as President and Chief Executive Officer of TDS Telecom, and as an executive with AT&T.

Steven T. Campbell. Steven T. Campbell was last elected as a director by the holder of Series A Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Campbell, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Mr. Campbell has significant experience with U.S. Cellular and the wireless industry, having served as an executive officer of U.S. Cellular since 2005 and as a director of U.S. Cellular since 2014.

Mr. Campbell has been the Executive Vice President—Finance, Chief Financial Officer and Treasurer of U.S. Cellular since 2007. Mr. Campbell is responsible for all financial matters for U.S. Cellular, including accounting, financial reporting and transparency, financial planning and analysis, and treasury functions. In addition, his team leads long-term business strategies, risk management, intercarrier business, legal and regulatory affairs, real estate leasing and site services, and supply chain activities.

Mr. Campbell joined U.S. Cellular as Vice President and Controller in 2005. Prior to joining U.S. Cellular, Mr. Campbell held senior finance and accounting positions at 3Com Corporation (formerly NASDAQ: COMS), which was a digital electronics manufacturer, U.S. Robotics Corporation (formerly NASDAQ: USRX), a data communications company that manufactured modems and related products prior to its acquisition by 3Com in 1997, and Amoco Corporation (formerly NYSE: AN), which was an integrated petroleum company. He began his finance and accounting career with PricewaterhouseCoopers LLP.

Mr. Campbell is a Certified Public Accountant (inactive), has a bachelor's degree in accounting from Quincy University and has an MBA from Northwestern University's J. L. Kellogg Graduate School of Management.

Mr. Campbell brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications with respect to U.S. Cellular and the telecommunications industry as a result of his employment with U.S. Cellular since 2005. He also brings substantial experience, expertise and qualifications with respect to finance and accounting as a result of his extensive experience at U.S. Cellular, 3Com Corporation, U.S. Robotics Corporation, Amoco Corporation and PricewaterhouseCoopers LLP.

LeRoy T. Carlson, Jr. LeRoy T. Carlson, Jr. was last elected as a director by the holder of Series A Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Carlson, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Mr. Carlson has extensive experience with U.S. Cellular and the wireless industry as a director of U.S. Cellular since the time that U.S. Cellular was founded in 1984. He has also been a member of the U.S. Cellular Pricing Committee for many years. He is also chairperson of the U.S. Cellular TAG committee.

Mr. Carlson has been the Chairman (an executive officer) of U.S. Cellular since 1989.

Mr. Carlson is also TDS' President and Chief Executive Officer (an executive officer of TDS). He has been TDS' President since 1981 and its Chief Executive Officer since 1986 and he has served on TDS' board of directors since it was founded in 1968.

He has been a director of TDS Telecom since 1988 and the Chairman (an executive officer) of TDS Telecom since 1990.

Mr. Carlson was previously a director and Chairman (an executive officer) of former TDS subsidiaries Aerial Communications, Inc. (formerly NASDAQ: AERL), which developed and operated wireless personal communications services, and American Paging, Inc. (formerly AMEX: APP), which operated wireless paging services.

Mr. Carlson has bachelor's degree from Harvard College and an MBA from Harvard Graduate School of Business.

Mr. Carlson brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications with respect to U.S. Cellular and the telecommunications industry as a result of his many years as a director and President and Chief Executive Officer of TDS, as a director and Chairman of U.S. Cellular and as a director and Chairman of TDS Telecom. As the senior executive officer of U.S. Cellular and of its parent, TDS, the board of directors considers it essential that Mr. Carlson serve on the U.S. Cellular board. Also, because he is a director and officer of TDS, the largest shareholder of U.S. Cellular, his participation on the U.S. Cellular board of directors permits him to represent the long-term interests of U.S. Cellular shareholders.

LeRoy T. Carlson, Jr. is the brother of Walter C. D. Carlson.



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Walter C. D. Carlson. Walter C. D. Carlson was last elected as a director by the holder of Series A Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Carlson, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Mr. Carlson has extensive experience with U.S. Cellular and the wireless industry as a director of U.S. Cellular since 1989.

Mr. Carlson has been a partner of the law firm of Sidley Austin LLP since 1986 and is a member of its executive committee. Mr. Carlson is an experienced litigator, and has represented clients in a variety of types of specialized and general commercial litigation.

Mr. Carlson has served on the board of directors of TDS since 1981 and has been TDS' non-executive Chairman of the Board since 2002. Mr. Carlson was a director of former TDS subsidiary Aerial Communications, Inc. (formerly NASDAQ: AERL), which developed and operated wireless personal communications services.

Mr. Carlson has a bachelor's degree from Yale University and a J.D. from Harvard University.

Mr. Carlson brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications with respect to U.S. Cellular and the telecommunications industry as a result of his many years as a director of U.S. Cellular and TDS, and as Chairman of the Board of TDS. He also has substantial experience, expertise and qualifications as a result of having represented many corporate clients as a lawyer. Also, because he is a director of TDS, the largest shareholder of U.S. Cellular, his participation on the U.S. Cellular board of directors permits him to represent the long-term interests of U.S. Cellular shareholders.

Walter C. D. Carlson is the brother of LeRoy T. Carlson, Jr.

Ronald E. Daly. Ronald E. Daly was last elected as a director by the holder of Series A Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Daly, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Ronald E. Daly has significant experience with U.S. Cellular and the wireless industry, having served as a director of U.S. Cellular since 2004. He is also a member of the U.S. Cellular LTICC and the TAG Committee. Mr. Daly is currently a private investor.

Mr. Daly was the president and chief executive officer of Océ-USA Holding, Inc. between 2002 and 2004. Océ-USA Holding is the North American operations of Netherlands based Océ-N.V., a publicly-held global supplier of high-technology, digital document management and delivery solutions. Océ was subsequently acquired by Canon.

Prior to that, Mr. Daly worked for R.R. Donnelley, Inc. (NASDAQ: RRD), a global provider of printing and communications services, for 38 years, most recently as president of R.R. Donnelley Printing Solutions. His career at R.R. Donnelley included seven years as president of its telecom group, the customers of which included major telecommunications companies.

Between 2003 and 2013, Mr. Daly served as a director of SuperValu, Inc. (NYSE: SVU), a major distributor, wholesaler and retailer in the food service industry. He also served as a member of the compensation committee, governance committee and finance committee of SuperValu.

Mr. Daly was a Trustee of Loyola University Chicago until 2014 and served as an Adjunct Professor of Strategy and Leadership thereof between 2004 and 2010. During this period, he taught strategy for MBA students and also taught a course on the subject of guiding transformational change.

Mr. Daly is also a member of the board of directors of AARP, Inc. and also serves as a member of the board of directors of the AARP Foundation.

In addition, Mr. Daly has served as vice chairman of the Environmental Law and Policy Center board, president of the Leadership Greater Chicago Board, member of the Board of Trustees for the Chicago Symphony Orchestra, member of the Conference Board Council of Operating Executives and member of the National Black MBA Association.

Mr. Daly has an MBA from the Loyola University School of Business.

Mr. Daly brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications in management as a result of having been the president and chief executive officer of Océ-USA Holding and president of R.R. Donnelley Printing Solutions. In addition, Mr. Daly has experience and knowledge with respect to the telecommunications industry as a result of his service as a director of U.S. Cellular since 2004 and his service as the president of the R.R. Donnelley telecom group for seven years. Further, his background and attributes bring diversity to the board.

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**Kenneth R. Meyers.** Kenneth R. Meyers was last elected as a director by the holder of Series A Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Meyers, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Mr. Meyers has extensive experience with U.S. Cellular and the wireless industry, including as a director of U.S. Cellular since 1999. In 2013, Kenneth R. Meyers was appointed President and Chief Executive Officer (an executive officer) of U.S. Cellular.

Mr. Meyers has been a director of TDS since 2007. Mr. Meyers was Executive Vice President and Chief Financial Officer (an executive officer) of TDS between 2007 and 2013. He was Chief Accounting Officer (an executive officer) of U.S. Cellular and Chief Accounting Officer (an executive officer) of TDS Telecom between 2007 and 2011.

Prior to that, he was Executive Vice President—Finance, Chief Financial Officer and Treasurer (an executive officer) of U.S. Cellular since 1999 and Senior Vice President-Finance (Chief Financial Officer) and Treasurer of U.S. Cellular from 1997 to 1999. Prior to that, he was the Vice President-Finance (Chief Financial Officer) and Treasurer of U.S. Cellular for more than five years. Mr. Meyers had been employed by U.S. Cellular in accounting and financial capacities since 1987.

Mr. Meyers is a Certified Public Accountant (inactive) and has an MBA from Northwestern University's J. L. Kellogg Graduate School of Management.

Mr. Meyers was a director of TDS Telecom between 2007 and 2014.

Mr. Meyers brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications with respect to U.S. Cellular and the telecommunications industry as a result of his many years as a director of U.S. Cellular, TDS and TDS Telecom, as a result of his many years as Executive Vice President—Finance, Chief Financial Officer and Treasurer of U.S. Cellular and his other prior positions at U.S. Cellular and as a result of having served as Executive Vice President and Chief Financial Officer of TDS. He also brings substantial experience, expertise and qualifications in management, finance and accounting as a result of such background. As the current President and Chief Executive Officer of U.S. Cellular, the board of directors considers it necessary that Mr. Meyers serve on the U.S. Cellular board to provide the board with his views on strategy and operations of U.S. Cellular.

**Peter L. Sereda.** Peter L. Sereda was last elected as a director by the holder of Series A Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Sereda, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Mr. Sereda has extensive experience with U.S. Cellular and the wireless industry, having served as an executive officer of TDS since 1998 and as a director of U.S. Cellular since 2014.

Mr. Sereda was appointed Senior Vice President—Finance and Treasurer of TDS in 2011. Mr. Sereda is responsible for strategy development, long- and short-term financing, cash and investment management, commercial and investment bank relationships, risk and pension asset management, and stock repurchases and other equity capital markets transactions for TDS and its subsidiaries, including U.S. Cellular.

Mr. Sereda joined TDS in 1998 as Vice President and Treasurer. Prior to joining TDS, Mr. Sereda held senior finance positions with Specialty Foods Corporation, a private producer of meat products, and Duchossois Industries, a private manufacturer of security, lighting and other products.

Mr. Sereda has a BS in civil engineering and economics from the Massachusetts Institute of Technology and an MBA in finance and statistics from the University of Chicago Graduate School of Business.

Mr. Sereda brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications with respect to U.S. Cellular and the telecommunications industry as a result of his employment with TDS since 1998. He also brings substantial experience, expertise and qualifications with respect to finance and capital markets as a result of his extensive experience at TDS and U.S. Cellular, Specialty Foods Corporation and Duchossois Industries.

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**Douglas D. Shuma.** Douglas D. Shuma was last elected as a director by the holder of Series A Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Shuma, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Mr. Shuma has significant experience with U.S. Cellular and the wireless industry, having served as an executive officer of TDS since 2007 and as a director of U.S. Cellular since 2014.

Mr. Shuma was appointed Chief Accounting Officer of U.S. Cellular, and also of TDS Telecom, in 2011. Mr. Shuma was appointed Senior Vice President—Finance and Chief Accounting Officer of TDS in 2015. Prior to that, he was the Senior Vice President and Controller of TDS since 2007. Pursuant to the TDS Bylaws, Mr. Shuma has been chief accounting officer of TDS since 2007 and has been the chief financial officer of TDS since 2013. Mr. Shuma is responsible for strategy development, financial reporting, accounting policy and internal controls, tax functions, and budgeting, planning and analysis for TDS and its subsidiaries.

Prior to joining TDS, Mr. Shuma owned an accounting consulting company. Prior to that, he held senior accounting and finance positions with Baxter International and Caremark International. He began his career with PricewaterhouseCoopers LLP.

Mr. Shuma is a Certified Public Accountant (inactive), has a BS in accounting science from the University of Illinois at Urbana-Champaign and an MBA from Northwestern University's J. L. Kellogg Graduate School of Management.

Mr. Shuma brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications with respect to U.S. Cellular and the telecommunications industry as a result of his employment with TDS since 2007. He also brings substantial experience, expertise and qualifications with respect to accounting and finance as a result of his extensive experience at TDS, Baxter International, Caremark International and PricewaterhouseCoopers LLP and as Chief Accounting Officer of U.S. Cellular and of TDS Telecom.

**Kurt B. Thaus.** Kurt B. Thaus was last elected as a director by the holder of Series A Common Shares at the 2016 annual meeting. The following provides information on the background of Mr. Thaus, including the specific factors that led to the conclusion that he should serve as a director of U.S. Cellular.

Mr. Thaus has significant experience with U.S. Cellular and the wireless industry, having served as an executive officer of TDS since 2004 and as a director of U.S. Cellular since 2014.

Mr. Thaus has been the Senior Vice President and Chief Information Officer of TDS since 2004. He is responsible for strategy development and for all elements of TDS' information technology function, including cybersecurity, data management, and financial and operational applications.

Prior to joining TDS, Mr. Thaus held senior leadership positions with T-Systems North America, Inc., a subsidiary of T-Systems International, a private information and communication technology company that is wholly-owned by Deutsche Telekom, AG, and Waste Management, Inc. (NYSE: WM), a provider of waste management and environmental services.

Earlier in his career, Mr. Thaus assessed mechanical systems for nuclear power plants as a Senior Systems Engineer for Sargent & Lundy Engineers, a private company that provides consulting to the electric power industry.

Mr. Thaus holds a BS in mechanical engineering from the University of Illinois at Urbana-Champaign and an MS in engineering management from Northwestern University.

Mr. Thaus brings to the U.S. Cellular board of directors substantial experience, expertise and qualifications with respect to U.S. Cellular, the telecommunications industry, technology and IT security as a result of his many years as TDS' Senior Vice President and Chief Information Officer. He also brings substantial experience, expertise and qualifications with respect to technology, IT security and related matters as a result of his more than 30 years of successive experience in information technology, mechanical, environmental, and systems engineering, and operations leadership.

Director Emeritus

LeRoy T. Carlson. LeRoy T. Carlson, formerly director emeritus of U.S. Cellular and Chairman Emeritus of TDS passed away in May 2016. Mr. Carlson was the father of LeRoy T. Carlson, Jr. and Walter C. D. Carlson.

Paul-Henri Denuit. Paul Henri-Denuit is a current director elected by the holders of Common shares whose term will expire at the 2017 Annual Meeting. Mr. Denuit has determined not to stand for election at the 2017 Annual Meeting. The U.S. Cellular board of directors will appoint Mr. Denuit as director emeritus following the expiration of his term at the 2017 Annual Meeting.

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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 currently consists of fourteen members but will be reduced to thirteen at the 2017 Annual Meeting. Holders of Common Shares elect 25% of the directors rounded up to the nearest whole number, or four directors based on a board size of thirteen directors. TDS, as the sole holder of Series A Common Shares, elects the remaining nine directors. As of the record date, TDS had 100% of the voting power in the election of such nine directors, approximately 72.8% of the voting power in the election of the remaining four directors and approximately 96.3% of the voting power in all other matters.

Board Leadership Structure

Under the leadership structure selected for U.S. Cellular, the same person does not serve as both the chairman and chief executive officer. LeRoy T. Carlson, Jr. serves as Chairman and, in that capacity, sets the agenda and presides over board of directors meetings, and assesses the performance of U.S. Cellular. Kenneth R. Meyers serves as President and Chief Executive Officer and is responsible for day-to-day leadership and performance of U.S. Cellular and, in that capacity, regularly confers and consults with the Chairman with respect to important strategic, operating and financial activities and decisions. This leadership structure is set forth in U.S. Cellular's Bylaws. U.S. Cellular has determined that this leadership structure is appropriate given the specific characteristics and circumstances of U.S. Cellular. In particular, U.S. Cellular is a subsidiary of, and controlled by, TDS. As a result, it is considered appropriate that LeRoy T. Carlson, Jr. (who is the President and Chief Executive Officer of TDS), should serve as the Chairman of U.S. Cellular, and that the President and Chief Executive Officer of U.S. Cellular should report to the Chairman. This permits the President and Chief Executive Officer of U.S. Cellular's controlling shareholder to provide oversight with respect to the President and Chief Executive Officer who has operating authority over U.S. Cellular. In addition, this leadership structure separates the executive who is primarily responsible for the performance of the company from the person who sets the agenda for and presides over board of directors meetings at which performance of U.S. Cellular is evaluated.

Board Role in Risk Oversight

The following discloses the extent of the board of directors' role in the risk oversight of U.S. Cellular, including how the board administers its oversight function, and the effect of the board's leadership structure discussed above on risk oversight.

The U.S. Cellular board of directors is primarily responsible for oversight of the risk assessment and risk management process of U.S. Cellular. Although the U.S. Cellular board of directors can delegate this responsibility to board committees, including the Audit Committee, the U.S. Cellular board of directors has not done so, and continues to have full responsibility relating to risk oversight. Although the U.S. Cellular board of directors has oversight responsibilities, the actual risk assessment and risk management is carried out by the President and Chief Executive Officer and other officers of U.S. Cellular and reported to the board of directors.

As part of its oversight responsibilities, the U.S. Cellular board of directors reviews the Enterprise Risk Management (ERM) program which applies to TDS and all of its business units, including U.S. Cellular. This program was designed with the assistance of an outside consultant and was integrated into TDS' existing management and strategic

planning processes, including such processes of U.S. Cellular. The ERM program provides a common enterprise-wide language and discipline around risk identification, quantification and mitigation.

Although the U.S. Cellular board of directors has ultimate oversight authority over risk and has not delegated such responsibility to any committees, certain U.S. Cellular committees also have certain responsibilities relating to risk.

Under NYSE listing standards, and as set forth in its charter, the Audit Committee is required to "discuss policies with respect to risk assessment and risk management." NYSE listing standards further provide that, "while it is the job of the CEO and senior management to assess and manage the listed company's exposure to risk, the audit committee must discuss guidelines and policies to govern the process by which this is handled. The audit committee should discuss the listed company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The audit committee is not required to be the sole body responsible for risk assessment and management, but, as stated above, the committee must discuss guidelines and policies to govern the process by which risk assessment and management is undertaken."

Accordingly, pursuant to the foregoing requirements, the Audit Committee discusses U.S. Cellular's major financial and operational risk exposures and the steps management has taken to monitor and control such exposures in connection with its review of financial statements and related matters on a quarterly basis.

In addition, as part of the ERM program, the Audit Committee discusses guidelines and policies to govern the process by which risk assessment and risk management are handled. The Audit Committee receives updates and discusses policies with respect to risk assessment and risk management on a regular basis. The Audit Committee is not solely responsible for ERM, but the committee discusses guidelines and policies to govern the process by which ERM is undertaken.

In addition, the LTICC, which has responsibilities relating to the equity compensation of the executive officers of U.S. Cellular, and the Chairman of U.S. Cellular, who in effect functions as the compensation committee for non-equity compensation for the executive officers of U.S. Cellular other than himself, consider risks relating to compensation of executive officers, as discussed below in the Compensation Discussion and Analysis, and risks relating to compensation policies and procedures for all employees, as discussed below under "Risks from Compensation Policies and Practices".



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Furthermore, TDS has established a TAG for TDS and its business units, including U.S. Cellular. The functions of the TAG include: reviewing, monitoring and informing the board of directors on technology matters, including spectrum, radio transmission, end user equipment, network technology, information technology, security, data storage, retrieval, and handling, and other matters relating to technology used or proposed to be used by TDS' business units and by their customers and by competitors of TDS' business units and by their customers, as well as developments and trends in the communication industry related to technology. This includes reviewing matters relating to technology security, threats, risks and internal controls, including safeguards, vulnerabilities, preparedness, disaster recovery plans, cybersecurity insurance and similar matters. Related to this, the U.S. Cellular board of directors established a TAG Committee of the board of directors that consists of directors who participate in the Technology Advisory Group. See below for further information on the U.S. Cellular TAG Committee and the Technology Advisory Group.

U.S. Cellular believes that the leadership structure described above facilitates risk oversight because the role of the President and Chief Executive Officer, who has primary responsibility to assess and manage U.S. Cellular's exposure to risk, is separated from the role of the Chairman, who sets the agenda for and presides over board of directors meetings at which the U.S. Cellular board exercises its oversight function with respect to risk.

### Board Oversight of Cybersecurity

U.S. Cellular believes oversight of cybersecurity risks is the responsibility of the full board of directors and receives annual updates regarding U.S. Cellular's assessment of threats and mitigation plans. The Audit Committee also exercises oversight for the control-related cybersecurity risks and mitigation plans and receives updates semi-annually. The Technology Advisory Group, as described above, also reviews cybersecurity topics semi-annually.

### Director Independence and New York Stock Exchange Listing Standards

U.S. Cellular Common Shares are listed on the NYSE. Accordingly, U.S. Cellular is subject to the listing standards applicable to companies that have equity securities listed on the NYSE.

Under the listing standards of the NYSE, U.S. Cellular is a "controlled company" as such term is defined by the NYSE. U.S. Cellular is a controlled company because over 50% of the voting power for the election of directors of U.S. Cellular is held by TDS (i.e., because TDS holds 100% of the Series A Common Shares and a majority of the Common Shares, it has the voting power to elect all of the directors of U.S. Cellular). Accordingly, U.S. Cellular 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 who qualify as independent under the rules of the NYSE, (ii) have a compensation committee composed entirely of directors who qualify as independent under the rules of the NYSE, and (iii) have a nominating/corporate governance committee composed entirely of directors who qualify as independent under the rules of the NYSE.

### Meetings of Board of Directors

Our board of directors held five meetings during 2016. Each incumbent director attended at least 75% of the total number of meetings of the board of directors held during 2016 (during the period that such person was a director) and at least 75% of the total number of meetings held by each committee of the board on which such person served (during the period that such person served).



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### Corporate Governance and Best Practices

The following identifies a number of the good corporate governance and other best practices adopted and followed by U.S. Cellular, even though it may not be required to do so under law, SEC rules or NYSE listing requirements as a controlled company:

- ◆ Annual election of directors
- ◆ U.S. Cellular has adopted Corporate Governance Guidelines that are intended to reflect good corporate governance and other best practices.
- ◆ The positions of (i) Chairman of the Board and (ii) President and Chief Executive Officer are separated.
- ◆ The Audit Committee, which is comprised entirely of independent directors as required, operates under a charter and in a manner that is intended to reflect good corporate governance and other best practices.
- ◆ The U.S. Cellular Chairman approves executive compensation, other than long-term equity-based compensation, ensuring the interests of shareholders are represented in compensation matters.
- ◆ Although not required to do so, U.S. Cellular has established a LTICC, comprised solely of independent directors, with responsibility for long-term equity-based compensation.
- ◆ The LTICC operates under a charter and in a manner that is intended to reflect good corporate governance and other best practices.
- ◆ The LTICC uses market compensation information supplied by our compensation consultant, Willis Towers Watson, as one factor in making executive officer long-term equity-based compensation decisions.
- ◆ Once each year as part of a board meeting, the board of directors discuss corporate governance generally, including the allocation of seats between independent and non-independent directors.
- ◆ U.S. Cellular holds an annual "Say-on-Pay" vote.
- ◆ Executive sessions are held with only independent directors present.
- ◆ U.S. Cellular has a policy prohibiting pledging and hedging of company shares.
- ◆ The U.S. Cellular Charter and Bylaws can be amended by a simple majority vote.

### Corporate Governance Guidelines

Under NYSE listing standards, U.S. Cellular is required to adopt and disclose corporate governance guidelines that address certain specified matters. U.S. Cellular has adopted Corporate Governance Guidelines that address (i) board of directors structure, (ii) director qualification standards, (iii) director responsibilities, orientation and continuing education, (iv) director compensation, (v) board resources and access to management and independent advisors, (vi) annual performance evaluation of the board and committees, (vii) board committees, (viii) management succession and (ix) periodic review of the guidelines. A copy of such guidelines is available on U.S. Cellular's website, [www.uscellular.com](http://www.uscellular.com), under About Us—Investor Relations—Corporate Governance—Governance Guidelines.

These Guidelines provide that, once each year, the board of directors will discuss corporate governance generally, including the allocation of seats between independent and non-independent directors.

**Board Self-Assessment.** Pursuant to these Guidelines, under the leadership of the Chairman, the board of directors performed a self-assessment and evaluated its performance and effectiveness as a board in 2016. This self-assessment covered matters relating to board meetings, board composition, committees, board oversight, and other matters.

### Audit Committee

The purpose and primary functions of the Audit Committee are to (a) assist the board of directors of U.S. Cellular in its oversight of (1) the integrity of U.S. Cellular's financial statements, (2) U.S. Cellular's compliance with legal and regulatory requirements, (3) the qualifications and independence of U.S. Cellular's registered public accounting firm, and (4) the performance of U.S. Cellular's internal audit function and registered public accounting firm; (b) prepare an audit committee report as required by the rules of the SEC to be included in U.S. Cellular's annual proxy statement; and (c) perform such other functions as set forth in the U.S. Cellular Audit Committee charter, which shall be deemed to include the duties and responsibilities set forth in Section 10A-3. A copy of U.S. Cellular's Audit Committee charter is available on U.S. Cellular's website, [www.uscellular.com](http://www.uscellular.com), under About Us—Investor Relations—Corporate Governance—Audit Committee-Audit Committee Charter.

In addition, the Audit Committee has certain responsibilities relating to risk management as discussed above under "Board Role in Risk Oversight."

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As a controlled company, U.S. Cellular is required to have at least three directors who qualify as independent to serve on the Audit Committee. The U.S. Cellular Audit Committee currently has four members: J. Samuel Crowley (chairperson), James Barr III, Paul-Henri Denuit and Harry J. Harczak, Jr. Such directors must qualify as independent under the NYSE Listed Company Manual, including Section 303A.02(a) and Section 303A.02(b). Such directors must also qualify as independent under Section 303A.06, which incorporates the independence requirements of Rule 10A-3 under Section 10A-3 of the Securities Exchange Act of 1934, as amended (collectively, "Section 10A-3"). Except as required by listing standards or SEC rule, U.S. Cellular does not have any categorical standards of independence that must be satisfied. In addition, Ronald E. Daly, Gregory P. Josefowicz and Cecelia D. Stewart would qualify as independent directors under the listing standards of the NYSE. As a result, six of the thirteen incumbent directors who will continue as directors, or 46% of the directors, have been determined to qualify or would qualify as independent under the listing standards of the NYSE.

The board of directors has determined that each of the members of the Audit Committee is financially literate and has "accounting or related financial management expertise" pursuant to listing standards of the NYSE.

Pursuant to the requirements of the NYSE Listed Company Manual, the U.S. Cellular board of directors affirmatively determined that each member of the Audit Committee has no material relationship with U.S. Cellular, either directly or as a partner, shareholder or officer of an organization that has a relationship with U.S. Cellular, and that each of such persons is independent (pursuant to Section 303A.02(a), Section 303A.02(b) and Section 10A-3) considering all relevant facts and circumstances, including commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, if any.

Such relevant facts and circumstances included the following: None of such persons is, or has been within the last three years, an employee or officer of U.S. Cellular, TDS or any other member of the TDS consolidated group ("TDS Consolidated Group"). None of such persons has any direct or indirect business relationships and/or fee arrangements with the TDS Consolidated Group. None of such persons receives, or has received within the last three years, any compensation from the TDS Consolidated Group, except compensation for his services as a director and member of board committees of U.S. Cellular and except for post-retirement benefits and payments as permitted under Section 303A.02(b) of the NYSE Listed Company Manual and Section 10A-3. None of such persons has any other relationship or arrangement with the TDS Consolidated Group except in his or her capacity as a director and member of board committees of U.S. Cellular. Each of such persons qualifies as independent under each of the categorical standards in Section 303A.02(b) of the NYSE Listed Company Manual. Each of such persons qualifies as independent under Section 10A-3 because (i) none of such persons receives any compensatory fee from any member of the TDS Consolidated Group (not including permitted compensation for his services as a director and member of board committees of U.S. Cellular or permitted post-retirement benefits and payments); and (ii) none of such persons is an "affiliated person" (as defined by the SEC) with respect to any member of the TDS Consolidated Group (because none of such persons is an executive officer, or the beneficial owner of more than 10% of any class of voting equity security, of any member of the TDS Consolidated Group). None of such persons is an "immediate family member" (as defined by Section 303A.02(b)) of any person who is not independent under Section 303A.02 of the NYSE Listed Company Manual. None of the relationships and/or fee arrangements which such persons have with the TDS Consolidated Group impair the independence of such persons for service on the Audit Committee under Section 303A.02(b) of the NYSE Listed Company Manual or Section 10A-3.

The board determined 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 nine meetings during 2016. Certain of these meetings were joint meetings with the TDS audit committee, which regularly meets with the U.S. Cellular Audit Committee.

#### Pre-Approval Procedures

The Audit Committee has adopted a policy pursuant to which all audit and non-audit services provided by U.S. Cellular's principal independent registered public accounting firm must be pre-approved by the Audit Committee. Under no circumstances may U.S. Cellular's principal independent registered public accounting firm 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 specific services by the independent registered public accounting firm. In addition, specified services have been pre-approved in detail up to specified dollar limits pursuant to the policy. All services are required to be reported to the full Audit Committee at each of its regularly scheduled meetings.

#### Review, Approval or Ratification of Transactions with Related Persons

The Audit Committee charter provides that the Audit Committee has responsibilities with respect to related-party transactions, as such term is defined by the rules of the NYSE. Related party transactions are addressed in Section 314.00 of the NYSE Listed Company Manual.

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Section 314.00 of the NYSE Listed Company Manual states that "Related party transactions normally include transactions between officers, directors, and principal shareholders and the company." In general, "related party transactions" would include transactions required to be disclosed in U.S. Cellular's 2017 Proxy Statement pursuant to Item 404 of Regulation S-K of the SEC. Pursuant to Item 404, U.S. Cellular is required to disclose any transaction, which includes any financial transaction, arrangement, or relationship (including any indebtedness or guarantee of indebtedness) or a series of transactions, that has taken place since the beginning of U.S. Cellular's last fiscal year or any currently proposed transaction in which: (1) U.S. Cellular was or is to be a participant, (2) the amount involved exceeds \$120,000 and (3) any "related person" had or will have a direct or indirect material interest in the transaction during any part of the fiscal year. For this purpose, in general, the term "related person" includes any director or executive officer of U.S. Cellular, any nominee for director, any beneficial owner of more than five percent of any class of U.S. Cellular's voting securities and any "immediate family member" of such persons, within the meaning of Item 404.

Section 314.00 of the NYSE Listed Company Manual provides that "Each related party transaction is to be reviewed and evaluated by an appropriate group within the listed company involved. While the NYSE does not specify who should review related party transactions, the NYSE believes that the Audit Committee or another comparable body might be considered as an appropriate forum for this task. Following the review, the company should determine whether or not a particular relationship serves the best interest of the company and its shareholders and whether the relationship should be continued or eliminated."

Accordingly, pursuant to such provisions, the U.S. Cellular Audit Committee has responsibilities over transactions that are deemed to be related-party transactions under Section 314.00 of the NYSE Listed Company Manual. Other than the foregoing, U.S. Cellular has no related party 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.

See Executive and Director Compensation—Compensation Committee Interlocks and Insider Participation—Certain Relationships and Related Transactions for a discussion of any related party transactions since the beginning of the last fiscal year.

#### Compensation Committee

U.S. Cellular does not have a formal standing compensation committee for executive compensation, except that long-term equity compensation of executive officers is approved by the LTICC, as discussed below. LeRoy T. Carlson, Jr., Chairman of U.S. Cellular, functions as the compensation committee for all matters not within the authority of the LTICC, but does not do so pursuant to a charter. LeRoy T. Carlson, Jr. does not approve any compensation to himself as Chairman and he 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 compensation 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 allocation of cost pursuant to the Intercompany Agreement discussed below under "Intercompany Agreement." Kenneth R. Meyers, President and Chief Executive Officer of U.S. Cellular, makes recommendations with respect to compensation for the named executive officers other than himself. For further information, see "Compensation Discussion and Analysis" below.

The basis for the view of the board of directors that a formal independent compensation committee for all executive compensation is unnecessary is that U.S. Cellular is controlled by TDS. As a controlled company, U.S. Cellular is not required to have an independent compensation committee under listing standards of the NYSE. As a controlled company, except with respect to matters within the authority of the LTICC, U.S. Cellular considers it sufficient and appropriate that its Chairman, LeRoy T. Carlson, Jr., who is a director and president and chief executive officer of TDS, approves compensation decisions for U.S. Cellular.

#### Long-Term Incentive Compensation Committee

Although it is not required to do so under NYSE listing standards, U.S. Cellular has a LTICC comprised solely of directors who qualify as independent under the rules of the NYSE. In addition, the LTICC comprises 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.

Under the Dodd-Frank Act, the SEC directed the NYSE to adopt listing standards prohibiting the listing of any equity security of an issuer that does not comply with specified listing requirements, including with respect to the independence of members of the compensation committee of the board of directors of such issuer, except that the Dodd-Frank Act expressly provides that this requirement does not apply to an issuer that is a controlled company. In 2013, the NYSE adopted listing standards as required pursuant to such SEC direction. Each member of the LTICC is independent under the general NYSE listing standards as noted under "Director Independence and New York Stock Exchange Listing Standards" above, none of such members receives any compensation from the TDS Consolidated Group except permitted compensation for services as a U.S. Cellular director and committee member, and none of such members is affiliated with the TDS Consolidated Group by reason of being an executive officer, or the beneficial owner of more than 10% of any class of voting equity security, of any member of the TDS Consolidated Group.

A copy of the LTICC charter is available on U.S. Cellular's website, [www.uscellular.com](http://www.uscellular.com), under Our Company—Investor Relations—Corporate Governance—Board of Directors—Long-Term Incentive Compensation Committee—Long-Term Incentive Compensation Committee Charter.

The members of the LTICC currently are Paul-Henri Denuit (chairperson), J. Samuel Crowley, Ronald E. Daly, Gregory P. Josefowicz and Cecelia D. Stewart.



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The LTICC held three meetings during 2016.

The officers who are subject to the Section 16 requirements are set forth under the caption "Executive Officers" below in this 2017 Proxy Statement. Except with respect to such persons, U.S. Cellular's Long-Term Incentive Plan ("LTIP") does not currently restrict the ability of the LTICC to delegate its power and authority. As a result, currently the LTICC may delegate its power and authority to the Chairman or any executive officer of U.S. Cellular except with respect to the long-term equity compensation of the persons identified below under the caption "Executive Officers".

The LTICC has not delegated any authority with respect to the executive officers identified in this 2017 Proxy Statement.

U.S. Cellular's Human Resources Department supports the U.S. Cellular Chairman and the LTICC in their functions. In connection therewith, U.S. Cellular utilizes the services of a compensation consultant. See Compensation Discussion and Analysis below for information about U.S. Cellular's compensation consultant, which information is incorporated by reference herein.

### Director Compensation

It is the view of the U.S. Cellular board of directors that director compensation should be the responsibility of the full board of directors. Therefore, this is approved by the full board of directors rather than by a committee of the board of directors. U.S. Cellular does not have any stock ownership guidelines for directors.

### Pricing Committee

U.S. Cellular has a Pricing Committee, consisting of LeRoy T. Carlson, Jr. as Chairman, and Kenneth R. Meyers as the other regular member. In addition, each of Steven T. Campbell, Walter C. D. Carlson and Peter L. Sereda are alternate members. The Pricing Committee does not have a charter. Pursuant to resolutions of the U.S. Cellular board of directors, 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.

### Technology Advisory Group Committee

In 2015, the board of directors established the TAG Committee of the board of directors, to consist of directors who will participate in the TAG. The TAG Committee does not have a charter.

The members of the U.S. Cellular TAG Committee are LeRoy T. Carlson, Jr. (chairman), Ronald E. Daly and Cecelia D. Stewart. The members of the TAG Committee are also members of the TDS Technology Advisory Group, which consists of representatives of the U.S. Cellular and TDS Boards of Directors along with senior technology executives of the two companies. The purpose of the TDS Technology Advisory Group is to review, monitor and inform the board of directors on technology matters, including spectrum, radio transmission, end user equipment, network technology, information technology, security, data storage, retrieval, and handling, and other matters relating to technology used or proposed to be used by TDS' business units (including U.S. Cellular) and by their customers and by competitors of TDS' business units and by their customers, as well as developments and trends in the communications industry relating to technology. The TDS Technology Advisory Group does not have authority to take action with respect to any technology matter, but serves solely in an informational and advisory role. The U.S.

Cellular TAG Committee will report to the board of directors with respect to U.S. Cellular technology matters.

The TAG Committee held three meetings during 2016.

#### Director Nomination Process

U.S. Cellular does not have a corporate governance/nominating committee or charter. Under listing standards of the NYSE, U.S. Cellular is exempt from the requirement to have a corporate governance/nominating committee comprised solely of independent directors because it is a controlled company as such term is defined by the NYSE. Instead, the entire board of directors participates in the consideration of director nominees.

As noted above, pursuant to the Corporate Governance Guidelines, once each year as part of a board meeting, the board of directors discuss corporate governance generally, including the allocation of seats between independent and non-independent directors. In addition, each year, the board of directors identifies and reviews the desired skills, backgrounds, and characteristics for potential new board members. In its annual board assessments, the full board of directors also considers its composition and discusses expertise that may be needed in the future. In connection with the nominations of directors for election, the board of directors considers the tenure, qualifications and expertise of all of the incumbent directors. The board of directors also considers the appropriate composition of each of the committees of the board of directors on an annual basis.

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U.S. Cellular may use various sources to identify potential candidates for the board of directors, including an executive search firm. The U.S. Cellular board of directors does not have a formal policy with regard to the consideration of director candidates recommended by shareholders. Because TDS has sole voting power in the election of directors elected by the holder 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 holders of Common Shares, the U.S. Cellular board may from time to time informally consider candidates recommended by shareholders who hold a significant number of Common Shares, in addition to the recommendation of TDS. Shareholders who desire to nominate directors must follow the procedures set forth in U.S. Cellular's Bylaws.

Except to the extent provided in the next two paragraphs, 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 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. The U.S. Cellular board of directors 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.

Considering the importance of Federal Communications Commission ("FCC") licenses to U.S. Cellular, the U.S. Cellular Bylaws provide that a candidate will not be eligible for election or continued service as a director unless he or she is eligible to serve as a director of a company that controls licenses granted by the FCC, as determined by the board of directors with the advice of counsel. Another qualification requirement provides that a candidate will not be eligible for election or continued service as a director if he or she is or becomes affiliated with, employed by or a representative of, or has or acquires a material personal involvement with, or material financial interest in, a Business Competitor (as defined in the U.S. Cellular Bylaws), as determined by the board of directors. Another qualification requirement provides that a candidate will not be eligible for election or continued service as a director if, as determined by the board of directors with the advice of counsel, (i) such candidate's election as a director would violate federal, state or foreign law or applicable stock exchange requirements (other than those related to independence) or (ii) such candidate has been convicted, including a plea of guilty or nolo contendere, of any felony, or of any misdemeanor involving moral turpitude.

Section 1.15 of the U.S. Cellular Bylaws provides that a person properly nominated by a shareholder for election as a director shall not be eligible for election as a director unless he or she signs and returns to the Secretary of U.S. Cellular, within fifteen days of a request therefor, written responses to any questions posed by the Secretary, that are intended to (i) determine whether such person may qualify as independent and would qualify to serve as a director of U.S. Cellular under rules of the FCC, and (ii) obtain information that would be disclosed in a proxy statement with respect to such person as a nominee for election as a director and other material information about such person.

The U.S. Cellular board of directors does not have a policy with regard to the consideration of diversity in identifying director nominees. However, as reflected in its Code of Business Conduct, U.S. Cellular values diversity and does not discriminate on the basis of gender, age, race, color, sexual orientation, religion, ancestry, national origin, marital status, disability, military or veteran status or citizenship status. In addition, in considering whether to nominate individuals as director candidates, the U.S. Cellular board of directors takes into account all facts and circumstances, including diversity. For this purpose, diversity broadly means a variety of backgrounds, experience, skills, education,

attributes, perspectives and other differentiating characteristics. U.S. Cellular believes that it is desirable for a board to have directors who can bring the benefit of diverse backgrounds, experience, skills and other characteristics to permit the board to have a variety of views and insights. Accordingly, the U.S. Cellular board of directors considers how director candidates can contribute to board diversity as one of the many factors it considers in identifying nominees for director.

In general, in determining whether to nominate incumbent directors for re-election, the U.S. Cellular board of directors considers all facts and circumstances. In the event of a vacancy on the board of a director elected by TDS as the sole holder of Series A Common Shares, nominations are based on the recommendation of TDS. In the event of a vacancy on the board of a director elected by holders of Common Shares, U.S. Cellular may use various sources to identify potential candidates, including an executive search firm. In addition, the U.S. Cellular board of directors may consider recommendations by TDS and other shareholders who 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, when appropriate, information about the candidate is presented to and discussed by the full board of directors.

There are currently thirteen incumbent directors being approved and recommended for election by the U.S. Cellular board for election at the 2017 Annual Meeting.

From time to time, U.S. Cellular may pay a fee to an executive search firm to identify and evaluate or assist in identifying and evaluating potential candidates for election as directors. U.S. Cellular did not pay a fee in 2016 to a search firm relating to potential candidates for election as directors.

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Shareholder Communication with Directors

Shareholders or other interested parties may send communications to the U.S. Cellular board of directors, to the non-management directors, to the independent directors or to specified individual directors of U.S. Cellular at any time. Shareholders or other interested parties should direct their communication to such persons or group in care of the Secretary of U.S. Cellular, c/o Telephone and Data Systems, Inc., 30 N. LaSalle St., Chicago IL 60602. Any shareholder or other communications related to proper board business that are addressed to the board of directors, the non-management directors, the independent directors or specified individual directors will be delivered by the Secretary to such persons or group.

Information on communicating with directors is available on U.S. Cellular's website, [www.uscellular.com](http://www.uscellular.com), under About Us—Investor Relations—Corporate Governance—Contact the Board.

Non-Management Directors

As required by NYSE listing standards, the non-management directors of U.S. Cellular meet at regularly scheduled executive sessions without management. Walter C. D. Carlson, who is a non-management director, presides at all meetings of the non-management directors of U.S. Cellular. In addition, as required by NYSE listing standards, the independent directors of U.S. Cellular meet at least once per year in an executive session without management or directors who are not independent.

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

All directors are invited and encouraged to attend each annual meeting of shareholders, which is normally followed by a meeting of the board of directors. In general, all directors attend each annual meeting of shareholders unless they are unable to do so because of unavoidable commitments or intervening events. All of the persons serving as directors at the time attended the 2016 annual meeting.

Code of Ethics for Directors

As required by Section 303A.10 of the NYSE Listed Company Manual, U.S. Cellular has adopted a Code of Business Conduct and Ethics for Officers and Directors. This code has been posted to U.S. Cellular's website, [www.uscellular.com](http://www.uscellular.com), under About Us—Investor Relations—Corporate Governance—Officer & Director Code of Conduct.

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## EXECUTIVE OFFICERS

The following executive officers of U.S. Cellular were identified in the above tables under "Election of Directors" : LeRoy T. Carlson, Jr., Chairman; Kenneth R. Meyers, President and Chief Executive Officer; Steven T. Campbell, Executive Vice President—Finance, Chief Financial Officer and Treasurer; and Douglas D. Shuma, Chief Accounting Officer. The following table identifies the other executive officers who are currently serving but are not identified in the above tables regarding the election of directors. The age of the following persons is as of the date of this 2017 Proxy Statement.

Name	Age	Position with U.S. Cellular
Jay M. Ellison	64	Executive Vice President – Operations
Michael S. Irizarry	55	Executive Vice President and Chief Technology Officer – Engineering and Information Services
Deirdre C. Drake	51	Senior Vice President – Chief Human Resources Officer
Edward C. Perez	50	Senior Vice President – Sales

**Jay M. Ellison.** Jay M. Ellison was appointed Executive Vice President—Operations in 2014. Prior to that, he was Executive Vice President—Sales and Customer Service since 2013. Prior to that, he had been retired since 2010. Prior to his retirement, he had been Executive Vice President and Chief Operating Officer of U.S. Cellular from 2005 through 2009. He first joined U.S. Cellular in 2000 as Executive Vice President—Operations.

**Michael S. Irizarry.** Michael S. Irizarry was appointed Executive Vice President and Chief Technology Officer—Engineering and Information Services in 2011. Prior to that, he was Executive Vice President—Engineering and Chief Technology Officer since 2003. He joined U.S. Cellular as Executive Vice President and Chief Technology Officer in 2002.

**Deirdre C. Drake.** Deirdre C. Drake was appointed Senior Vice President—Chief Human Resources Officer in 2014. Prior to that, she was managing director and chief human resources officer for Bank of Montreal Capital Markets between 2012 and 2014. Prior to that, she was senior vice president, human resources, of BMO Harris Bank, N.A., for more than five years.

**Edward C. Perez.** Edward C. Perez was appointed Senior Vice President—Sales in 2014. Prior to that, he was Vice President—Business Strategy since 2013. Prior to that, he served in several leadership roles since joining U.S. Cellular in 1997, most recently as Vice President of Marketing and Sales Operations.

All of our executive officers devote all of their employment time to the affairs of U.S. Cellular, except as follows: LeRoy T. Carlson, Jr., Chairman and Douglas D. Shuma, Chief Accounting Officer. LeRoy T. Carlson, Jr., who is employed by TDS as its President and Chief Executive Officer and Douglas D. Shuma, who is employed by TDS as its Senior Vice President-Finance and Chief Accounting Officer, devote a portion of their employment time to the affairs of U.S. Cellular.

Codes of Business Conduct and Ethics Applicable to Officers

As required by Section 303A.10 of the NYSE Listed Company Manual, U.S. Cellular has adopted a Code of Business Conduct and Ethics for Officers and Directors that also complies with the definition of a "code of ethics" as set forth in Item 406 of Regulation S-K of the SEC. The foregoing code has been posted to U.S. Cellular's website, [www.uscellular.com](http://www.uscellular.com), under About Us—Investor Relations—Corporate Governance—Officer & Director Code of Conduct.

In addition, U.S. Cellular has adopted a broad Code of Business Conduct that is applicable to all officers and employees of U.S. Cellular and its subsidiaries. The foregoing code has been posted to U.S. Cellular's website, [www.uscellular.com](http://www.uscellular.com), under About Us—Investor Relations—Corporate Governance—Code of Conduct.

U.S. Cellular intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to any of the foregoing codes by posting such information to U.S. Cellular's website. Any waivers of any of the foregoing codes for directors or executive officers will be approved by U.S. Cellular's board of directors or an authorized committee thereof, as applicable, and disclosed in a Form 8-K that is filed with the SEC within four business days of such waiver. There were no such waivers in 2016.

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PROPOSAL 2  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

What am I being asked to vote on in Proposal 2?

In Proposal 2, we are requesting shareholders to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017. This proposal gives our shareholders the opportunity to express their views on U.S. Cellular's independent registered public accounting firm for the current fiscal year.

How does the board of directors recommend that I vote on this proposal?

Your board of directors unanimously recommends a vote FOR the approval of the ratification of the selection of PricewaterhouseCoopers LLP as U.S. Cellular's independent registered public accounting firm for the fiscal year ending December 31, 2017.

We anticipate continuing the services of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year. Representatives of PricewaterhouseCoopers LLP, which served as our independent registered public accounting firm for the last fiscal year, are expected to be present at the 2017 Annual Meeting and will have the opportunity to make a statement and to respond to appropriate questions raised by shareholders at the 2017 Annual Meeting or submitted in writing prior thereto.

Is this vote binding on the board of directors?

This vote is an advisory vote only and, therefore, it will not bind U.S. Cellular or our board of directors or Audit Committee. We are not required to obtain shareholder ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm by our 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 2017 Annual Meeting.

Under the Intercompany Agreement with TDS discussed below, U.S. Cellular has agreed to engage the firm of independent registered public accountants selected by TDS for purposes of auditing U.S. Cellular's financial statements, including the financial statements of our direct and indirect subsidiaries, and providing certain other services. TDS has engaged PricewaterhouseCoopers LLP for such purposes.

Should the shareholders fail to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm, the Audit Committee will review whether to retain such firm for the fiscal year ending December 31, 2017, subject to U.S. Cellular's obligations under the Intercompany Agreement.

Your board of directors unanimously recommends a vote "FOR" the approval of Proposal 2.





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## 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 2016 and 2015:

	2016	2015
Audit Fees <sup>1</sup>	\$2,091,564	\$2,258,758
Audit Related Fees <sup>2</sup>	285,000	352,004
Tax Fees <sup>3</sup>	—	—
All Other Fees <sup>4</sup>	—	—
Total Fees <sup>5</sup>	\$2,376,564	\$2,610,762

1. Represents the aggregate fees billed by PricewaterhouseCoopers LLP for professional services rendered for the audit of the annual financial statements included in U.S. Cellular's Annual Report on Form 10-K ("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 those years, including the attestation and report relating to internal control over financial reporting. Also includes fees for services that are normally incurred in connection with statutory and regulatory filings or engagements, such as comfort letters, statutory audits, subsidiary audits, attest services, consents, and review of documents filed with the SEC.
2. Represents the aggregate fees billed by PricewaterhouseCoopers LLP for assurance and related services that are reasonably related to the performance of the audit or review of U.S. Cellular's financial statements that are not reported under Audit Fees, if any. In 2016 and 2015, this amount represents fees billed for audits of subsidiaries.
3. Represents the aggregate fees billed by PricewaterhouseCoopers LLP for tax compliance, tax advice, and tax planning, if any.
4. Represents the aggregate fees billed by PricewaterhouseCoopers LLP for services other than services described in Note (1), (2), or (3), if any.
5. Amounts do not include fees billed by PricewaterhouseCoopers LLP directly to TDS. Although TDS bills U.S. Cellular an overall allocation of cost pursuant to the Intercompany Agreement discussed under "Other Relationships and Related Transactions—Intercompany Agreement" below, TDS does not specifically identify and allocate fees of PricewaterhouseCoopers LLP to U.S. Cellular.

See "Corporate Governance—Audit Committee—Pre-Approval Procedures" above for a description of the Audit Committee's pre-approval policies and procedures with respect to U.S. Cellular's independent registered public accounting firm.



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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 website, [www.uscellular.com](http://www.uscellular.com), under About Us—Investor Relations—Corporate Governance—Board of Directors—Audit Committee—Audit Committee 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 accounting firm is responsible for performing an independent audit of U.S. Cellular's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the "PCAOB") 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 accounting firm for 2016. In these meetings, the Audit Committee reviewed and discussed the audited financial statements as of and for the year ended December 31, 2016. 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 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 PCAOB Auditing Standard No. 1301, Communications with Audit Committees, 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 applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, 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, 2016 be included in U.S. Cellular's Form 10-K for the year ended December 31, 2016.

In addition to the foregoing report required by SEC rules, the following represents supplemental information voluntarily disclosed by the Audit Committee:

The Audit Committee holds regularly scheduled meetings in person on a quarterly basis, and also holds quarterly meetings by teleconference to review and approve the financial results for the immediately preceding period. The Audit Committee reviews U.S. Cellular's Quarterly and Annual Reports on Form 10-Q and Form 10-K, respectively, prior to filing with the SEC. The Audit Committee's agenda for meetings is established by the Audit Committee's chairperson and the TDS Vice President - Internal Audit.

During 2016, at each of its regularly scheduled meetings, the Audit Committee met with the senior members of U.S. Cellular's financial management team. Additionally, the Audit Committee had separate private sessions, during its

regularly scheduled meetings, with U.S. Cellular management, TDS' Vice President of Internal Audit, U.S. Cellular's General Counsel, and representatives of PricewaterhouseCoopers LLP, at which candid discussions regarding financial management, legal, accounting, auditing and internal control issues took place.

The Audit Committee is updated periodically on management's process to assess the adequacy of U.S. Cellular's system of internal control over financial reporting, the framework used to make the assessment and management's conclusions on the effectiveness of U.S. Cellular's internal control over financial reporting. The Audit Committee also discussed with PricewaterhouseCoopers LLP U.S. Cellular's internal control assessment process, management's assessment with respect thereto and its evaluation of U.S. Cellular's system of internal control over financial reporting.

The Audit Committee reviewed with senior members of management, including the TDS Vice President - Internal Audit and the U.S. Cellular General Counsel, U.S. Cellular's policies and procedures with respect to risk assessment and risk management. The overall adequacy and effectiveness of U.S. Cellular's legal, regulatory and ethical compliance programs, including U.S. Cellular's Code of Business Conduct, were also reviewed.

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The Audit Committee evaluates the performance of PricewaterhouseCoopers LLP, including the senior audit engagement team, each year and determines whether to reengage PricewaterhouseCoopers LLP or consider other audit firms, subject to U.S. Cellular's obligations under the Intercompany Agreement with TDS. Under this agreement, U.S. Cellular has agreed to engage the firm of independent registered public accountants selected by TDS for purposes of auditing U.S. Cellular's financial statements, including the financial statements of our direct and indirect subsidiaries, and providing certain other services. In performing its evaluation, the Audit Committee considers the quality and efficiency of the services provided by the auditors, the auditors' capabilities and the auditors' technical expertise and knowledge of U.S. Cellular's operations and industry. Based on this evaluation, the Audit Committee in concert with the TDS Audit Committee, approved the engagement of PricewaterhouseCoopers LLP as U.S. Cellular's independent registered public accountants for the year ending December 31, 2017, and reviewed with senior members of U.S. Cellular's financial management team, PricewaterhouseCoopers LLP and the TDS Vice President - Internal Audit, the overall audit scope and plans, the results of internal and external audit examinations, evaluations by management and PricewaterhouseCoopers LLP of U.S. Cellular's internal controls over financial reporting and the quality of U.S. Cellular's financial reporting. Although the Audit Committee has the sole authority to appoint the independent registered public accounting firm, subject to U.S. Cellular's obligations under the Intercompany Agreement with TDS, U.S. Cellular anticipates that it will continue to request shareholders to ratify the selection of the independent registered public accounting firm at annual meetings of shareholders. Proposal 2 in this 2017 Proxy Statement includes a proposal for consideration at the 2017 Annual Meeting to shareholders to ratify the selection of PricewaterhouseCoopers LLP as U.S. Cellular's independent registered public accountants for the year ending December 31, 2017.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management and PricewaterhouseCoopers LLP the audited financial statements of U.S. Cellular, including the quality, not just the acceptability, of the financial reporting, the reasonableness of significant accounting judgments and estimates, the clarity of disclosures in the financial statements, and the assessment of U.S. Cellular's internal controls over financial reporting.

The Audit Committee considered and concluded that the provision of non-audit services by PricewaterhouseCoopers LLP to U.S. Cellular during 2016 was compatible with their independence.

In performing all of these functions, the Audit Committee acts in an oversight capacity. In its oversight role, the Audit Committee relies on the work and assurances of U.S. Cellular management, which has the primary responsibility for establishing and maintaining adequate internal control over financial reporting and for preparing the financial statements and other reports, and of PricewaterhouseCoopers LLP, which is engaged to audit and report on the consolidated financial statements of U.S. Cellular and its subsidiaries and the effectiveness of U.S. Cellular's internal control over financial reporting.

By the members of the Audit Committee of the board of directors of U.S. Cellular:

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



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PROPOSAL 3  
ADVISORY VOTE ON EXECUTIVE COMPENSATION

What am I being asked to vote on in Proposal 3?

In Proposal 3, we are providing shareholders with an opportunity to vote, on an advisory basis, on the compensation of our named executive officers as disclosed in this 2017 Proxy Statement pursuant to compensation disclosure rules set forth in Item 402 of Regulation S-K of the SEC (which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure). This vote is required to be submitted to shareholders pursuant to SEC rules adopted under provisions in the Dodd-Frank Act codified in Section 14A of the Securities Exchange Act of 1934, as amended. The advisory vote on executive compensation described in this proposal is commonly referred to as a "Say-on-Pay" vote.

U.S. Cellular held a Say-on-Frequency vote at the 2011 annual meeting and at that meeting shareholders voted by a substantial majority to hold a Say-on-Pay vote every year. Based on the results of that Say-on-Frequency vote, the U.S. Cellular board of directors adopted a policy to hold the Say-on-Pay vote every year. Pursuant to the Dodd-Frank Act, U.S. Cellular is again submitting a Say-on-Frequency vote to the shareholders at the 2017 Annual Meeting. See Proposal 4 below.

How does the board of directors recommend that I vote on this proposal?

Your board of directors unanimously recommends a vote FOR approval of the Say-on-Pay proposal.

U.S. Cellular believes that its executive compensation program is reasonable, competitive and strongly focused on pay for performance. U.S. Cellular's compensation objectives for executive officers are to support the overall business strategy and objectives, attract and retain high-quality management, link compensation to both individual and company performance, and provide compensation that is both competitive and consistent with our financial performance.

Consistent with these goals and as disclosed in the Compensation Discussion and Analysis, the Chairman and the LTICC have developed and approved an executive compensation philosophy to provide a framework for U.S. Cellular's executive compensation program featuring the policies and practices described in the Compensation Discussion and Analysis below.

Is this vote binding on the board of directors?

The Say-on-Pay vote is an advisory vote only, and therefore will not bind U.S. Cellular, our board of directors, the Chairman or the LTICC. However, the board of directors, the Chairman and the LTICC will consider the voting results as appropriate when making future decisions regarding executive compensation.

The results of the Say-on-Pay vote will be disclosed on a Form 8-K.

Your board of directors unanimously recommends a vote "FOR" the approval of Proposal 3.





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PROPOSAL 4

ADVISORY VOTE ON FREQUENCY OF SAY-ON-PAY VOTES

What am I being asked to vote on in Proposal 4?

In Proposal 4, we are providing shareholders with an opportunity to vote, on an advisory basis, on whether future Say-on-Pay votes should be held every year, every two years or every three years.

U.S. Cellular is required to request shareholders to vote, on an advisory basis, on the frequency of holding Say-on-Pay votes, commonly referred to as a "Say-on-Frequency" vote, at least once every six years. U.S. Cellular held a Say-on-Frequency vote at the 2011 annual meeting. At that meeting, shareholders voted by a substantial majority to hold a Say-on-Pay vote every year. Based on the results of the Say-on-Frequency vote in 2011, the U.S. Cellular board of directors adopted a policy to hold the Say-on-Pay vote every year, as was previously disclosed in U.S. Cellular's Current Report on Form 8-K dated May 17, 2011. Accordingly, U.S. Cellular is holding a Say-on-Pay vote every year unless and until this policy is changed.

How does the board of directors recommend that I vote on this proposal?

Your board of directors unanimously recommends a vote FOR holding a Say-on-Pay vote EVERY YEAR.

U.S. Cellular believes that its important for shareholders to have the opportunity to vote annually on executive compensation for a number of reasons, including the following:

- ◆ An annual Say-on-Pay vote will allow us to obtain shareholder input on our executive compensation program on a more consistent basis which aligns more closely with our objective to engage in regular dialogue with our shareholders on corporate governance matters, including our executive compensation philosophy, policies, and practices.
- ◆ A one-year frequency provides the highest level of accountability and communication by enabling the Say-on-Pay vote to correspond with the most recent executive compensation information presented in our 2017 Proxy Statement for the annual meeting.
- ◆ A frequency that exceeds one year may make it more difficult for the Chairman and the LTICC to understand and respond to the voting results because it may be unclear whether the shareholder vote pertains to the most recent executive compensation information presented in our proxy statement or to pay practices from the previous two years or both.
- ◆ Holding Say-on-Pay votes annually reflects sound corporate governance principles and is consistent with a majority of institutional investor policies.

Shareholders are not voting to approve or disapprove the board of directors' recommendation. Instead the proxy card provides shareholders with four choices with respect to this proposal: every year, every two years, every three years

or shareholders may abstain from voting on this proposal.

Is this vote binding on the board of directors?

The Say-on-Frequency vote is an advisory vote only, and therefore will not bind U.S. Cellular, our board of directors, the Chairman or the LTICC. However, the board of directors will consider the voting results as appropriate when considering its policy on the frequency of future Say-on-Pay votes.

The option of every year, every two years or every three years that receives the highest number of votes cast by shareholders will be considered, as appropriate, by the board of directors as the shareholders' recommendation as the frequency of future Say-on-Pay votes. Nevertheless, the board of directors may decide that U.S. Cellular's policy should be to hold Say-on-Pay votes more or less frequently than the option that receives the most votes from shareholders. As required by SEC rules, U.S. Cellular will disclose on a Form 8-K its decision in light of such vote as to how frequently U.S. Cellular will include a shareholder vote on the compensation of executives in its proxy materials until the next Say-on-Frequency vote.

U.S. Cellular is required to request shareholders to vote on a Say-on-Frequency proposal at least once every six years. Accordingly, U.S. Cellular intends to next submit a Say-on-Frequency proposal to shareholders at the 2023 Annual Meeting.

The results of the Say-on-Frequency vote will be disclosed on a Form 8-K.

Your board of directors unanimously recommends a vote for holding a Say-on-Pay vote EVERY YEAR with respect to Proposal 4.