



United States Cellular Corporation operates on a customer satisfaction strategy, driving loyalty and performance by providing a comprehensive range of wireless services and products, superior customer support and a high-quality network.

**2011 Performance Highlights**

U.S. Cellular improved its financial performance in 2011, despite challenging economic conditions and intense competition in our markets. We improved profitability through revenue growth and effective cost management, though fewer customer additions also contributed to keeping costs lower. We increased average revenue per customer through increased penetration of smartphones and higher-revenue data plans, and through growth in inbound roaming revenues. We also mitigated the impact of increases in smartphone sales and data use through effective management of device subsidies and network operating expenses.

*Differentiating through the Customer Experience*

U.S. Cellular consistently raises the standards for outstanding customer experiences, and we were named a J.D. Power Customer Service Champion in 2011 and 2012.

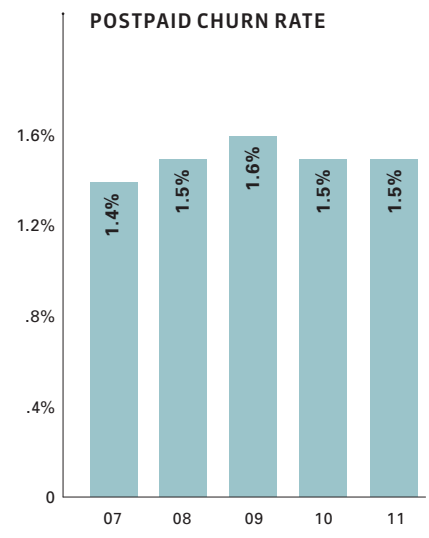
We continue to differentiate U.S. Cellular from other wireless carriers through the Belief Project™, which rewards customers for their loyalty with relevant and meaningful benefits, such as early phone upgrades and free accessories.

At the end of 2011, 3.1 million new and existing customers—55 percent of retail customers—had selected Belief Plans, including higher-revenue data plans, which helped to increase average revenue per customer.

To drive subscriber growth, we are also improving the effectiveness of our advertising, marketing and promotions. In 2011, U.S. Cellular launched innovative social business programs that leverage the “word-of-mouth” power of its most loyal customers to increase awareness and drive potential customers to our retail stores and website.



J.D. Power Customer Service Champion, 2011 and 2012

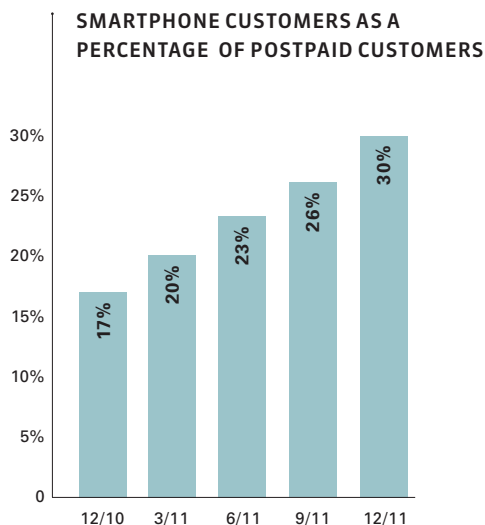


## Increasing Smartphone Sales and Data Use

As customer demand for smartphones and data services continues to rise, U.S. Cellular is increasing smartphone penetration by offering a competitive range of Android®, Windows Mobile®- and BlackBerry®-based devices, including smartphones, tablets and modems, at a variety of price points.

At the end of 2011, smartphone customers were 30 percent of our postpaid base, compared to 17 percent at the end of 2010. And smartphones were 52 percent of total devices sold in the fourth quarter of 2011, and 44 percent of devices sold in the year. This drove corresponding growth in data use—and in adoption of higher-revenue data plans—which, along with data roaming revenues, led to higher average revenue per customer. Despite the sharp increase in smartphones sold, U.S. Cellular effectively managed subsidies through a balanced mix of lower- and higher-cost devices.

As the industry moved toward tiered data pricing, we prepared to introduce our own tiered plans in 2012, including entry-level plans to encourage customers to upgrade to their first smartphones.



## “Highest Network Quality Performance Among Wireless Cell Phone Users in North Central Region”

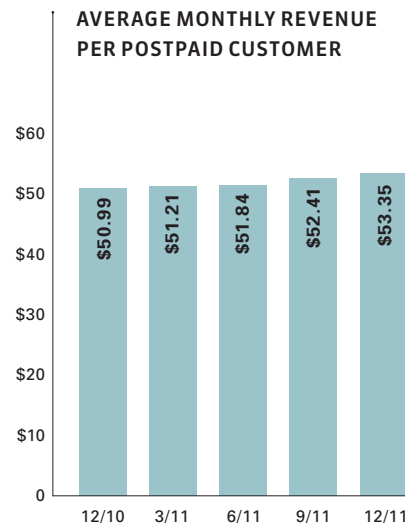
– J.D. Power and Associates

## Ensuring Outstanding Communications Experiences

Even though growth in data use has significantly increased traffic across our network, we kept pace with that growth and received our twelfth consecutive award for wireless call quality from J.D. Power and Associates in 2011, and received our thirteenth award in early 2012.

In conjunction with our partner, King Street Wireless, we also prepared our 4G LTE network and devices to support demand for data services and provide faster and more satisfying data experiences, while significantly reducing the cost to carry data traffic.

We also added capacity to our 3G network and strengthened overall network capacity and coverage by adding 237 new cell sites.



### ***Improving Agility and Efficiency***

As part of our commitment to investing for the future, we continued to improve our operational systems in 2011 through major enablement initiatives designed to help U.S. Cellular develop, market, sell and deliver services faster and more effectively.

We enhanced the online customer experience with web-only promotions, instant Online Sales Support, a Data Estimator Tool, and Ask & Answer self-help capability. By early 2012, U.S. Cellular customers could purchase devices and accessories, change plans and redeem rewards online. We also implemented more customer targeting features of our Enterprise Data Warehouse/Customer Relationship Management system, including adding data related to customer transactions and prepaid customers, and marketing and demographic information.

We also made strong progress on our new billing and operational support system, which will include a new point-of-sale system and consolidate billing on one platform. The system is expected to be fully operational in 2013.

### ***Advocating for Our Customers***

There were a number of regulatory developments in 2011 that will affect U.S. Cellular. For example, in November, the Federal Communications Commission (FCC) revised the rules for universal service funding and intercarrier compensation and proposed further rules to advance reform.

The new rules issued by the FCC offer both benefits and challenges for U.S. Cellular, and many areas, such as the availability of support from the Mobility Fund, are still under review and discussion. We continue to advocate on the issues that impact our ability to serve our customers effectively, including spectrum availability, device exclusivity and interoperability, and data roaming.

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### ***Competing to Win***

U.S. Cellular's passionate and dedicated associates are the heart of our company, and together we create an environment that values ethical practices, diverse perspectives and outstanding business performance, and is focused on delivering an ideal customer experience. We call this environment the Dynamic Organization business model.

The Dynamic Organization business model has four equally important elements—leadership excellence, associate passion, customer advocacy and superior results—that together create continuous renewal and improvement.

In 2011, we added a new value to our business model—Winning—which drives us to consistently deliver superior results by delivering a customer experience that's recognized as the world's best, and causes our customers to become advocates for U.S. Cellular.

We are reinforcing the value of Winning with an intense focus on training and effectiveness to help our sales and customer service associates connect more deeply with customers and deliver the right solution for their needs.

### ***Connecting with Our Communities***

U.S. Cellular is committed to supporting education, because we believe strong schools build strong communities.

In 2011, we contributed \$1 million to K-12 schools nationwide through our signature education program, *Calling All Communities*. To participate, community members visited U.S. Cellular stores for unique voting codes they could use to vote online for the school of their choice; thus, the program helped to drive traffic to our retail stores and website.

During the four-week campaign, more than 1.5 million votes were cast for 2,700 schools. The 18 schools that received the most votes were named *Calling All Communities* winners. We awarded 17 \$50,000 prizes and one \$150,000 grand prize, making a positive impact on more than 8,000 students.

## Looking Forward



U.S. Cellular's highest priorities in 2012 are to increase customer additions, revenues and profitability. U.S. Cellular is competing to win with innovative customer experiences that attract new customers, build loyalty and help to increase revenue per customer.

In 2012, we plan to:

- Grow net postpaid customer additions by providing outstanding customer experiences, along with competitive devices, attractive price plans, and effective advertising and marketing programs.
- Increase the focus on the small-and-medium business customer segment.
- Drive smartphone penetration and use of data services with a competitive portfolio of devices and plans, including at least 13 new Android<sup>®</sup>-, Windows Mobile<sup>®</sup>-, and BlackBerry<sup>®</sup>-based smartphones, and tiered data plans to meet a wide range of customer needs. U.S. Cellular will introduce at least 20 total devices in 2012, and continue to balance higher-end smartphones with lower-cost devices to manage costs.
- Strengthen existing distribution and explore new points of distribution.
- Bring 4G LTE access to at least 50 percent of customers and introduce at least six new LTE-enabled devices, while maintaining our award-winning network quality.
- Through strategic enablement initiatives, continue to enhance the online customer experience and develop deeper customer understanding, and make substantial progress on the new billing and operational support system.

We want to take this opportunity to thank the 8,700 associates of U.S. Cellular for your passion for our customers and your commitment to delivering superior results. Thank you also to our shareholders and debt holders for your continuing support of our long-term strategies.

Sincerely,

A handwritten signature in black ink that reads "Mary N. Dillon".

Mary N. Dillon  
President and  
Chief Executive Officer

A handwritten signature in black ink that reads "LeRoy T. Carlson, Jr.".

LeRoy T. Carlson, Jr.  
Chairman