

UNITED STATES CELLULAR CORP
Form S-3
August 05, 2010

As filed with the Securities and Exchange Commission on August 5, 2010

Registration No.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

UNITED STATES CELLULAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

62-1147325

(State or other jurisdiction of incorporation or
organization)

(I.R.S. Employer Identification No.)

**8410 West Bryn Mawr, Suite 700
Chicago, Illinois 60631
(773) 399-8900**

(Address, including zip codes, and telephone numbers, including area code, of agents for service)

LeRoy T. Carlson, Jr., Chairman
United States Cellular Corporation
c/o Telephone and Data Systems, Inc.
30 North LaSalle Street
Chicago, Illinois 60602
(312) 630-1900

with a copy to:
Stephen P. Fitzell, Esq.
Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603
(312) 853-7000

(Names, addresses, including zip codes, and telephone numbers, including area code, of agents for service)

Approximate date of commencement of proposed sale to the public: From time to time after the Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ý

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. " _____

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. " _____

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. " _____

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

Large accelerated filer Accelerated filer " _____
 Non-accelerated filer " _____ (Do not check if a smaller reporting company) Smaller reporting company " _____
 company)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Senior Debt Securities (1)	(1)(2)	(2)	\$ 500,000,000	\$ 35,650 (3)

(1) This Registration Statement covers an indeterminate number of units of Senior Debt Securities with a maximum aggregate initial offering price of \$500,000,000. This Registration Statement also covers (i) contracts which may be issued by the Registrant in connection with the issuance of Senior Debt Securities, including contracts for the delayed delivery of such securities, (ii) such indeterminate amount of Senior Debt Securities that may be remarketed under a remarketing arrangement, and (iii) such indeterminate amount of securities as may be issued in exchange for the securities registered hereunder. No additional consideration will be received by the registrant for any such contracts, remarketed securities or securities that may be issued in exchange for the Senior Debt Securities. In no event will the aggregate initial offering price of the securities issued under this Registration Statement exceed \$500,000,000, or the equivalent thereof in one or more foreign or composite currencies. If any Senior Debt Securities are issued at an original issue discount, then additional Senior Debt Securities may be issued so long as the aggregate initial offering price of all such Senior Debt Securities, net of such original issue discount, together with the initial offering price of all other securities registered and offered hereunder, does not exceed \$500,000,000.

(2) As permitted pursuant to Note 2 of Notes to the Calculation of Registration Fee Table of Form S-3, this information is omitted because the filing fee is calculated pursuant to Rule 457(o) under the Securities Act of 1933. The number of units and proposed maximum offering price per unit will be determined from time to time by the Registrant in connection with the issuance by the Registrant of the securities registered hereunder, provided that in no event will the aggregate offering price of the securities issued under this Registration Statement exceed \$500,000,000, or the equivalent thereof in one or more foreign or composite currencies.

(3) The registration fee has been calculated in accordance with Regulation 457(o) under the Securities Act of 1933 and reflects the initial offering price rather than the principal amount of any Senior Debt Securities which may be issued at a discount.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

Preliminary, Subject to Completion, Dated August 5, 2010

UNITED STATES CELLULAR CORPORATION

Debt Securities

We may use this Prospectus from time to time to offer, on a continuous, delayed or periodic basis, unsubordinated senior debt securities consisting of debentures, notes, bonds and/or other evidences of indebtedness, which we refer to as debt securities. We may offer such debt securities in one or more series in amounts, at prices and on terms to be determined at the time of sale. This Prospectus covers an indeterminate number of units of debt securities with a maximum aggregate initial offering price of U.S. \$500,000,000 or its equivalent in any other currency or units based on or relating to foreign currencies. The following information about offered debt securities will be set forth in a Prospectus Supplement that will accompany this Prospectus: the specific designation, aggregate principal amount, currency denomination, maturity, interest rate - which may be fixed or variable, time of payment of interest, if any, any terms for redemption at our option or the holder's option, any terms for sinking fund payments, whether such securities are exchangeable into other securities, the initial public offering price and any other terms of the debt securities and the offering.

Debt securities issued under the Indenture described in this Prospectus are expected to be unsecured and to rank *pari passu* with all of our other unsecured and unsubordinated indebtedness.

The debt securities are expected to be issued only in registered form. All or a portion of the debt securities of any series may be issued to a depository as a global security and may be exchangeable for physical securities only under limited conditions.

We may sell debt securities to or through underwriters or dealers, and also may sell debt securities to other purchasers directly or through agents. An accompanying Prospectus Supplement will set forth the names of any underwriters, dealers or agents involved in the sale of the debt securities offered hereby, the principal amounts, if any, to be purchased by underwriters and the compensation of such underwriters, dealers or agents.

Our Common Shares are listed for trading on the New York Stock Exchange under the symbol USM. The relevant Prospectus Supplement will contain information, if applicable, as to whether the debt securities offered will be listed for trading on any securities exchange or other market.

Investing in our debt securities involves risk. See Risk Factors on page 7 of this Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or has passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is _____, 2010

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Forward Looking Statements

This Prospectus and the documents incorporated by reference herein contain statements that constitute

forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, are forward-looking statements. The words believes, anticipates, estimates, expects, plans, intends, projects and similar expressions are intended to identify these forward-looking statements, but are not the exclusive means of identifying them. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the risks included or incorporated by reference under Risk Factors below and the following risks:

- *Intense competition in the markets in which U.S. Cellular operates could adversely affect U.S. Cellular's revenues or increase its costs to compete.*
- *A failure by U.S. Cellular to successfully execute its business strategy or allocate resources or capital could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *A failure by U.S. Cellular's service offerings to meet customer expectations could limit U.S. Cellular's ability to attract and retain customers and could have an adverse effect on U.S. Cellular's operations.*
- *U.S. Cellular's systems infrastructure may not be capable of supporting changes in technologies and services expected by customers, which could result in lost customers and revenues.*
- *An inability to obtain or maintain roaming arrangements with other carriers on terms that are acceptable to U.S. Cellular could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *U.S. Cellular currently receives a significant amount of roaming revenues. As a result of consolidation of companies in the wireless industry, U.S. Cellular roaming revenues have declined significantly from amounts earned*

in certain prior years. Further industry consolidation and continued build outs by existing and new wireless carriers could cause roaming revenues to decline even more, which would have an adverse effect on U.S. Cellular's business, financial condition and results of operations.

- *A failure by U.S. Cellular to obtain access to adequate radio spectrum to meet current or anticipated future needs and/or to accurately predict future needs for radio spectrum could have an adverse effect on U.S. Cellular's business and operations.*

- *In the event that the FCC conducts auctions of additional spectrum in the future, U.S. Cellular is likely to participate in such auctions as an applicant or as a non-controlling partner in another auction applicant and during certain periods, will be subject to the FCC's anti-collusion rules, which could have an adverse effect on U.S. Cellular.*
- *Changes in the regulatory environment or a failure by U.S. Cellular to timely or fully comply with any applicable regulatory requirements could adversely affect U.S. Cellular's financial condition, results of operations or ability to do business.*
- *Changes in USF funding and/or intercarrier compensation could have a material adverse impact on U.S. Cellular's financial position or results of operations.*
- *An inability to attract and/or retain management, technical, sales and other personnel could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *U.S. Cellular's assets are concentrated in the U.S. wireless telecommunications industry. As a result, its results of operations may fluctuate based on factors related entirely to conditions in this industry.*
- *The completion of acquisitions by other companies has led to increased consolidation in the wireless telecommunications industry. U.S. Cellular's lower scale relative to larger wireless carriers has in the past and could in the future prevent or delay its access to new products including handsets, new technology and/or new content and applications which could adversely affect U.S. Cellular's ability to attract and retain customers and, as a result, could adversely affect its business, financial condition or results of operations.*
- *Inability to manage its supply chain or inventory successfully could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *Changes in general economic and business conditions, both nationally and in the markets in which U.S. Cellular operates, could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *Changes in various business factors could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *Advances or changes in telecommunications technology, such as Voice over Internet Protocol (VoIP), High-Speed Packet Access, WiMAX or Long-Term Evolution (LTE), could render certain technologies used by U.S. Cellular obsolete, could reduce U.S. Cellular's revenues or could increase its costs of doing business.*
- *U.S. Cellular could incur higher than anticipated intercarrier compensation costs.*
- *U.S. Cellular is subject to numerous surcharges and fees from federal, state and local governments, and the applicability and the amount of these fees are subject to great uncertainty.*
- *Changes in U.S. Cellular's enterprise value, changes in the market supply or demand for wireless licenses, adverse developments in the business or the industry in which U.S. Cellular is involved and/or other factors could require U.S. Cellular to recognize impairments in the carrying value of its license costs, goodwill and/or physical assets.*

- *Costs, integration problems or other factors associated with developing and enhancing business support systems, acquisitions/divestitures of properties or licenses and/or expansion of U.S. Cellular's business could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *A significant portion of U.S. Cellular's revenues is derived from customers who buy services through independent agents who market U.S. Cellular's services on a commission basis. If U.S. Cellular's relationships with these agents are seriously harmed, its revenues could be adversely affected.*
- *U.S. Cellular's investments in technologies which are unproven may not produce the benefits that U.S. Cellular expects.*
- *A failure by U.S. Cellular to complete significant network construction and systems implementation activities as part of its plans to improve the quality, coverage, capabilities and capacity of its network and support systems could have an adverse effect on its operations.*
- *Financial difficulties (including bankruptcy proceedings) of any of U.S. Cellular's key suppliers or vendors, termination or impairment of U.S. Cellular's relationships with such suppliers or vendors, or a failure by U.S. Cellular to manage its supply chain effectively could result in delays or termination of U.S. Cellular's receipt of required equipment or services, or could result in excess quantities of required equipment or services, any of which could adversely affect U.S. Cellular's business, financial condition or results of operations.*
- *U.S. Cellular has significant investments in entities that it does not control. Losses in the value of such investments could have an adverse effect on U.S. Cellular's financial condition or results of operations.*

- *A failure by U.S. Cellular to maintain flexible and capable telecommunication networks or information technology, or a material disruption thereof, including breaches of network or information technology security, could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *Wars, conflicts, hostilities and/or terrorist attacks or equipment failures, power outages, natural disasters or other events could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *The market price of U.S. Cellular's Common Shares is subject to fluctuations due to a variety of factors.*
- *Identification of errors in financial information or disclosures could require amendments to or restatements of financial information or disclosures included in this or prior filings with the SEC.*
- *Restatements of financial statements by U.S. Cellular and related matters, including resulting delays in filing periodic reports with the SEC, could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *The existence of material weaknesses in the effectiveness of internal control over financial reporting could result in inaccurate financial statements or other disclosures or failure to prevent fraud, which could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *Changes in facts or circumstances, including new or additional information that affects the calculation of potential liabilities for contingent obligations under guarantees, indemnities, claims, litigation or otherwise, could require U.S. Cellular to record charges in excess of amounts accrued in the financial statements, if any, which could have an adverse effect on U.S. Cellular's financial condition or results of operations.*
- *Early redemptions or repurchases of debt, issuances of debt, changes in operating leases, changes in purchase obligations or other factors or developments could cause the amounts reported under Contractual Obligations in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in U.S. Cellular's most recent Annual Report on Form 10-K, as updated by the Quarterly Reports on Form 10-Q, to be different from the amounts actually incurred.*
- *An increase in the amount of U.S. Cellular's debt could subject U.S. Cellular to higher interest costs and restrictions on its financing, investing and operating activities and could decrease its net income and cash flows.*
- *Disruption in credit or other financial markets, a deterioration of U.S. or global economic conditions or other events, could, among other things, impede U.S. Cellular's access to or increase the cost of financing its operating and investment activities and/or result in reduced revenues and lower operating income and cash flows, which would have an adverse effect on U.S. Cellular's financial condition or results of operations.*
- *Uncertainty of access to capital for telecommunications companies, deterioration in the capital markets, other changes in market conditions, changes in U.S. Cellular's credit ratings or other factors could limit or restrict the availability of financing on terms and prices acceptable to U.S. Cellular, which could require U.S. Cellular to reduce its construction, development or acquisition programs.*
- *U.S. Cellular's credit facility and the indenture governing its senior notes included restrictive covenants that limit its operating flexibility and U.S. Cellular may be unable to service its debt or to refinance its indebtedness before maturity.*

- *Changes in income tax rates, laws, regulations or rulings, or federal or state tax assessments, could have an adverse effect on U.S. Cellular's financial condition or results of operations.*
- *Settlements, judgments, restraints on its current or future manner of doing business and/or legal costs resulting from pending and future litigation could have an adverse effect on U.S. Cellular's financial condition, results of operations or ability to do business.*
- *The possible development of adverse precedent in litigation or conclusions in professional studies to the effect that radio frequency emissions from handsets, wireless data devices and/or cell sites cause harmful health consequences, including cancer or tumors, or may interfere with various electronic medical devices such as pacemakers, could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *Claims of infringement of intellectual property and proprietary rights of others, primarily involving patent infringement claims, could prevent U.S. Cellular from using necessary technology to provide services or subject U.S. Cellular to expensive intellectual property litigation or monetary penalties, which could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *There are potential conflicts of interests between TDS and U.S. Cellular.*
- *Certain matters, such as control by TDS and provisions in the U.S. Cellular Restated Certificate of Incorporation, may serve to discourage or make more difficult a change in control of U.S. Cellular.*

- *Any of the foregoing events or other events could cause customer net additions, revenues, operating income, capital expenditures and/or any other financial or statistical information to vary from U.S. Cellular's forward-looking estimates by a material amount.*

Other unknown or unpredictable factors also could have material adverse effects on future results, performance or achievements. Investors are encouraged to consider these and other risks and uncertainties that are discussed in documents filed by U. S. Cellular with the Securities and Exchange Commission and included or incorporated by reference herein. We undertake no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. Readers should evaluate any statements in light of these important factors.

ABOUT THIS PROSPECTUS

We filed a Registration Statement on Form S-3 related to the offering described in this Prospectus. This Prospectus provides you with a general description of such senior debt securities. Additional information about offered debt securities will be included in a Prospectus Supplement that will accompany this Prospectus.

As allowed by SEC rules, this Prospectus does not contain all of the information which you can find in the Registration Statement. You are referred to the Registration Statement and the Exhibits thereto for further information. This document is qualified in its entirety by such other information. The Registration Statement can be read at the SEC web site or at the SEC offices specified under the below heading "Where You Can Find More Information" below.

As used in this Prospectus, U.S. Cellular, the Company, we, us and/or our will refer to United States Cellular Corporation, unless the context requires otherwise. References to TDS mean Telephone and Data Systems, Inc., U.S. Cellular's parent company.

You should rely only on the information contained or incorporated by reference in this Prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date of such Prospectus, and neither the mailing of this Prospectus to shareholders nor the issuance of any securities hereunder shall create any implication to the contrary. This Prospectus does not offer to buy or sell securities in any jurisdiction where it is unlawful to do so.

Summary

This summary highlights selected information from this document and does not contain all of the information that is important to you. You should carefully read this entire document and the documents incorporated by reference in this document. See Where You Can Find More Information.

U.S. Cellular

U.S. Cellular believes that it is the sixth largest wireless operating company in the United States at June 30, 2010. As of June 30, 2010, U.S. Cellular provided wireless telecommunications services to approximately 6.1 million customers in five geographic market areas in 26 states. U.S. Cellular is a subsidiary of and is controlled by Telephone and Data Systems, Inc. (TDS). As of June 30, 2010, TDS owned 82% of U.S. Cellular's common stock. U.S. Cellular has its principal executive offices at 8410 West Bryn Mawr, Suite 700, Chicago, Illinois 60631; and its telephone number is (773) 399-8900.

Risk Factors

Our business is subject to risks and uncertainties. See Risk Factors below.

The Securities We May Offer

We may offer from time to time, on a delayed or continuous basis, debt securities consisting of debentures, notes, bonds and/or other evidences of indebtedness with an aggregate initial offering price of up to U.S. \$500,000,000 or its equivalent in any other currency or units based on or relating to foreign currencies. This Prospectus describes the general terms of the debt securities that we may offer under the terms of the Indenture which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part. See Description of Debt Securities below.

Rank of Securities

Securities issued under the Indenture described in this Prospectus are expected to be unsecured and to rank *pari passu* with all other unsecured and unsubordinated indebtedness of U.S. Cellular, except to the extent described below. See Description of Debt Securities below.

Designation and Specific Terms of Series of Securities

The following information about offered debt securities will be included in a Prospectus Supplement that will accompany this Prospectus: the specific designation, aggregate principal amount, currency denomination, maturity, interest rate - which may be fixed or variable, time of payment of interest, if any, any terms for redemption at our option or the holder's option, any terms for sinking fund payments, whether such securities are exchangeable into other securities, the initial public offering price and any other terms of the debt securities and the offering. See Description of Debt Securities below.

Consolidated Ratio of Earnings to Fixed Charges

The following table sets forth our historical ratios of earnings to fixed charges for each of the years ended December 31, 2005 through 2009 and for the six months ended June 30, 2010.

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Six Months Ended			Year Ended December 31,		
June 30,	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>2010</u>					
3.65x	3.60x	1.31x	5.18x	3.25x	3.02x

See Consolidated Ratio of Earnings to Fixed Charges for additional information.

risk factors

Our business is subject to risks and uncertainties. You should carefully consider and evaluate all of the information included and incorporated by reference in this Prospectus, including the risk factors incorporated by reference from Item 1A of our most recent Annual Report on Form 10-K, as they may be updated by Part II, Item 1A of our Quarterly Reports on Form 10-Q and other SEC filings filed after such annual report, which are incorporated by reference herein. See [Where You Can Find More Information](#) below. It is possible that our business, financial condition, liquidity or results of operations could be materially adversely affected by any of such risks. The Prospectus Supplement related to an offering may also include certain risks relating to that offering.

U.S. Cellular

U.S. Cellular believes that it is the sixth largest wireless operating company in the United States at June 30, 2010, based on internally prepared calculations of the aggregate number of customers in its consolidated markets compared to the number of customers disclosed by other wireless companies in their publicly released information. As of June 30, 2010, U.S. Cellular provided wireless telecommunications services to approximately 6.1 million customers in five geographic market areas in 26 states. U.S. Cellular operates on a customer satisfaction strategy, striving to meet or exceed customer needs by providing a comprehensive range of wireless products and services, excellent customer support, and a high-quality network. U.S. Cellular's business development strategy is to acquire and operate controlling interests in wireless licenses in areas adjacent to or in proximity to its other wireless licenses, thereby building contiguous operating market areas. U.S. Cellular believes that operating in contiguous market areas will continue to provide it with certain economies in its capital and operating costs. U.S. Cellular is a subsidiary of and is controlled by Telephone and Data Systems, Inc. (TDS). As of June 30, 2010, TDS owned 82% of U.S. Cellular's common stock. U.S. Cellular was incorporated in Delaware in 1983. U.S. Cellular has its principal executive offices at 8410 West Bryn Mawr, Suite 700, Chicago, Illinois 60631; and its telephone number is (773) 399-8900.

For current selected financial information and other information about U.S. Cellular, see the U.S. Cellular's Annual Report on Form 10-K for the most recent fiscal year, which includes certain portions of the U.S. Cellular Annual Report to Shareholders, as incorporated by reference herein. See also our Quarterly Reports on Form 10-Q and other SEC filings filed after such annual report, which are incorporated by reference herein. See [Where You Can Find More Information](#) below.

Use of Proceeds

Unless otherwise indicated in an accompanying Prospectus Supplement, the net proceeds to be received by U.S. Cellular from the sale of debt securities offered by this Prospectus will be used principally for general corporate purposes, including the possible reduction of long-term debt; the repurchase of shares; in connection with our acquisition, construction and development programs; for the reduction of short-term debt; for working capital; or to provide additional investments in our subsidiaries. Until the proceeds are used for these purposes, we may deposit them in interest-bearing accounts or invest them in short-term investment securities.

Consolidated Ratio of Earnings to Fixed Charges

The following table sets forth our historical ratios of earnings to fixed charges for each of the years ended December 31, 2005 through 2009 and for the six months ended June 30, 2010.

Six Months Ended			Year Ended December 31,		
June 30,	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>2010</u>					
3.65x	3.60x	1.31x	5.18x	3.25x	3.02x

For purposes of calculating this ratio, earnings consist of income before income taxes plus distributions from unconsolidated entities, plus amortization of capitalized interest, plus fixed charges, less equity in earnings of unconsolidated entities, less income attributable to noncontrolling interests in subsidiaries that do not have fixed charges. Fixed charges consist of consolidated interest expense (which includes amortization of debt issuance costs, discounts and premiums), plus interest costs incurred and capitalized, plus the estimated interest portion of rentals. Interest expense on income tax contingencies is not included in fixed charges.

Description of Debt Securities

We expect to issue the debt securities under an Indenture dated June 1, 2002 between U.S. Cellular and The Bank of New York Mellon Trust Company, N.A. (f/k/a The Bank of New York Trust Company, N.A., the successor in interest to BNY Midwest Trust Company), as Trustee, the form of which has been incorporated by reference as an exhibit to the Registration Statement of which this Prospectus is a part. The following is a summary of the material terms of the Indenture relating to unsubordinated senior debt securities.

The statements contained in this Prospectus relating to the Indenture and the debt securities we may issue are summaries and are subject to, and are qualified in their entirety by reference to, all provisions of the Indenture (including those terms made a part of the Indenture by reference to the Trust Indenture Act of 1939) and the other instruments defining the rights of holders of specific debt securities to be filed with the SEC at the time that such debt securities are issued. You should read the Indenture and such other documents for information that may be important to you before you buy any debt securities.

General

The debt securities that we may issue under the Indenture will be our direct obligations and may include debentures, notes, bonds and other evidences of indebtedness.

The Indenture does not limit the aggregate principal amount of debt securities, secured or unsecured, which we may issue under the Indenture or otherwise.

We may issue debt securities under the Indenture from time to time in one or more series or tranches thereof, as authorized by a resolution of our board of directors and as set forth in a company order or one or more supplemental indentures creating such series.

Unless otherwise indicated in the applicable Prospectus Supplement, the Indenture also permits us to increase the principal amount of any series of debt securities previously issued and to issue such increased principal amount.

The debt securities may be denominated and payable in foreign currencies or units based on or relating to foreign currencies.

We will describe any special United States federal income tax considerations applicable to the debt securities in the Prospectus Supplement relating to those debt securities.

Debt securities issued under the Indenture are expected to be unsecured obligations of U.S. Cellular and to rank *pari passu* with all other unsecured debt of U.S. Cellular.

However, because U.S. Cellular is a holding company, the right of U.S. Cellular, and hence the right of the creditors of U.S. Cellular (including the holders of debt securities), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of such subsidiary, except to the extent that claims of U.S. Cellular as a creditor of such subsidiary may be recognized.

There is no restriction in the Indenture against U.S. Cellular or its subsidiaries incurring secured or unsecured indebtedness or issuing secured or unsecured debt securities under the Indenture or other indentures.

The Indenture is subject to, and governed by, the Trust Indenture Act of 1939.

Designation of Terms of Securities

We will execute a company order and/or a supplemental indenture relating to a particular series of debt securities if and when we issue any debt securities.

We will describe the particular terms of each series of debt securities in a Prospectus Supplement relating to that series.

We can issue these debt securities in one or more series with the same or various maturities, at par, at a premium, or at a discount.

We will set forth in a Prospectus Supplement relating to any series of debt securities being offered, the aggregate principal amount and the following terms of the debt securities:

the title and designation of such debt securities and series;

any limitations on the aggregate principal amount of the debt securities of any series;

the stated maturity or maturities of such series;

the date or dates from which interest will accrue, the interest payment dates on which such interest will be payable or the manner of determination of such interest payment dates and the record date for the determination of holders to whom interest is payable on any such interest payment date;

the interest rate or rates, which may be fixed or variable, or method of calculation of such rate or rates, for such series;

the terms, if any, regarding the redemption, purchase or repayment of such series;

whether or not the debt securities of such series will be issued in whole or in part in the form of a global security and, if so, the depositary for such global security and the related procedures with respect to transfer and exchange of such global security;

the form of the debt securities of such series;

the maximum annual interest rate, if any, of the debt securities permitted for such series;

whether the debt securities of such series shall be subject to periodic offering;

the currency or currencies, including composite currencies, in which payment of the principal of (and premium, if any) and interest on the debt securities of such series will be payable, if other than dollars;

any other information necessary to complete the debt securities of such series;

the establishment of any office or agency at which the principal of and interest, if any, on debt securities of that series will be payable;

if other than denominations of \$1,000 or any integral multiple thereof, the denominations in which the debt securities of the series will be issuable;

the obligations or instruments, if any, which may be eligible for use in defeasance of any debt securities in respect of the debt securities of a series denominated in a currency other than dollars or in a composite currency;

whether or not the debt securities of such series will be issued as original issue discount securities and the terms thereof, including the portion of the principal amount thereof which will be payable upon declaration of acceleration

of the maturity;

whether the principal of and premium, if any, or interest, if any, on such debt securities is payable, at the election of U.S. Cellular or the holder thereof, in coin or currency, including composite currencies, other than that in which the debt securities are stated to be payable;

whether the amount of payment of principal of and premium, if any, or interest, if any, on such debt securities may be determined with reference to an index, formula or other method, or based on a coin or currency other than that in which the debt securities are stated to be payable;

any addition to, or modification or deletion of, any covenants or terms to the Indenture, including events of default with respect to the debt securities of the series;

the terms and conditions, if any, pursuant to which the debt securities of the series are secured;

whether the debt securities of the series will be exchangeable into other securities and, if so, the terms and conditions upon which such securities will be exchangeable; and

any other terms of such series not inconsistent with the Indenture.

We may issue debt securities at a discount below their stated principal amount and provide for less than the entire principal amount of the debt securities to be payable upon declaration of acceleration of maturity. In that event, we will describe any material federal income tax considerations and other material considerations in the applicable Prospectus Supplement.

Form, Exchange, Registration and Transfer

Debt securities in definitive form will be issued as registered securities without coupons in denominations of \$1,000 unless otherwise specified in an accompanying Prospectus Supplement and will be authenticated by the Trustee.

You may present debt securities for registration of transfer, with the form of transfer endorsed thereon duly executed, or exchange, at the office of the security registrar, without service charge and upon payment of any taxes and other governmental charges.

Such transfer or exchange will be effected upon U.S. Cellular or the security registrar being satisfied with the documents of title and identity of the person making the request.

It is expected that the security register will be maintained by the Trustee at its offices in New York, New York.

We may change the securities registrar and the place for registration of transfer and exchange of the debt securities and may designate one or more additional places for such registration and exchange.

We will not be required to:

issue, register the transfer of or exchange any debt security during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of less than all the outstanding debt securities and ending at the close of business on the day of such mailing, or

register the transfer of or exchange any debt securities or portions thereof called for redemption in whole or in part.

Payment and Paying Agents

You will receive payment of principal of and premium, if any, on any debt security only against surrender by you to the paying agent of such debt security.

Principal of and any premium and interest on any debt security will be payable at the office of such paying agent or paying agents as we may designate from time to time, except that at our option, we may pay any interest by check mailed to the address of the person entitled thereto as such address will appear in the security register with respect to such debt security.

It is expected that the Trustee will act as paying agent with respect to debt securities. We may at any time designate additional paying agents or rescind the designation of any paying agents or approve a change in the office through which any paying agent acts.

All moneys paid by us to a paying agent for the payment of the principal of and premium, if any, or interest, if any, on any debt securities that remain unclaimed at the end of two years after such principal, premium, if any, or interest will have become due and payable, subject to applicable law, will be repaid to us and the holder of such debt security will thereafter look only to us for payment thereof.

Book-Entry Debt Securities

Except under the circumstances described below, the debt securities may be issued in whole or in part in the form of one or more global debt securities that will be deposited with, or on behalf of, a depository as we may designate and registered in the name of a nominee of such depository.

It is expected that Depository Trust Company will be the designated depository. Information about the designated depository will be set forth in the Prospectus Supplement.

Book-entry debt securities represented by a global security will not be exchangeable for certificated notes and, except as set forth below or in the Prospectus Supplement, will not otherwise be issuable as certificated notes. Except as set forth below or in the Prospectus Supplement, owners of beneficial interests in a global security will not be entitled to have any of the individual book-entry debt securities represented by a global security registered in their names, will not receive or be entitled to receive physical delivery of any such book-entry security and will not be considered the owners thereof under the Indenture, including, without limitation, for purposes of consenting to any amendment thereof or supplement thereto.

So long as the depository, or its nominee, is the registered owner of a global security, such depository or such nominee, as the case may be, will be considered the sole owner of the individual book-entry debt securities represented by such global security for all purposes under the Indenture.

None of U.S. Cellular, the Trustee nor any agent for payment on or registration of transfer or exchange of any global security will have any responsibility or liability for any aspect of the depository's records relating to or payments made on account of beneficial interests in such global security or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Payments of principal of and premium, if any, and any interest on individual book-entry debt securities represented by a global security will be made to the depository or its nominee, as the case may be, as the owner of such global security.

If the designated depository is at any time unwilling or unable to continue as depository and a successor depository is not appointed, we will issue individual certificated notes in exchange for the global note representing the corresponding book-entry debt securities.

In addition, we may at any time and in our sole discretion determine not to have any debt securities represented by the global security and, in such event, will issue individual certificated notes in exchange for the global security representing the corresponding book-entry debt securities. In any such instance, an owner of a book-entry security represented by a global security will be entitled to physical delivery of individual certificated notes equal in principal amount to such book-entry security and to have such certificated notes registered in his or her name.

Modification of the Indenture

With the Consent of Securityholders. The Indenture contains provisions permitting U.S. Cellular and the Trustee, with the consent of the holders of not less than a majority in principal amount of debt securities of each series that are affected by the modification, to modify the Indenture or any supplemental indenture affecting that series or the rights of the holders of that series of debt securities. However, no such modification, without the consent of the holder of each outstanding security affected thereby, may:

extend the fixed maturity of any debt securities of any series;

reduce the principal amount of any debt securities of any series;

reduce the rate or extend the time of payment of interest on any debt securities of any series;

reduce any premium payable upon the redemption of any debt securities of any series;

reduce the amount of the principal of a discount security that would be due and payable upon a declaration of acceleration of the maturity of any debt securities of any series;

reduce the percentage of holders of aggregate principal amount of debt securities which are required to consent to any such supplemental indenture; or

reduce the percentage of holders of aggregate principal amount of debt securities which are required to waive any default and its consequences.

Without the Consent of Securityholders. In addition, U.S. Cellular and the Trustee may execute, without the consent of any holder of debt securities, any supplemental indenture for certain other usual purposes, including:

to evidence the succession of another person to U.S. Cellular or a successor to U.S. Cellular, and the assumption by any such successor of the covenants of U.S. Cellular contained in the Indenture or otherwise established with respect to the debt securities;

to add to the covenants of U.S. Cellular further covenants, restrictions, conditions or provisions for the protection of the holders of the debt securities of all or any series, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions, conditions or provisions a default or an Event of Default with respect to such series permitting the enforcement of all or any of the several remedies provided in the Indenture;

to cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in the Indenture or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the Indenture as are not inconsistent with the provisions of the Indenture and will not adversely affect the rights of the holders of the Securities of any series which are outstanding in any material respect;

to change or eliminate any of the provisions of the Indenture or to add any new provision to the Indenture, except that such change, elimination or addition will become effective only as to debt securities issued pursuant to or subsequent to such supplemental indenture unless such change, elimination or addition does not adversely affect the rights of any securityholder of outstanding debt securities in any material respect;

to establish the form or terms of debt securities of any series as permitted by the Indenture;

to add any additional Events of Default with respect to all or any series of outstanding debt securities;

to add guarantees with respect to debt securities or to release a guarantor from guarantees in accordance with the terms of the applicable series of debt securities;

to secure a series of debt securities by conveying, assigning, pledging or mortgaging property or assets to the Trustee as collateral security for such series of debt securities;