

UNITED STATES CELLULAR CORP  
Form 10-K405  
March 27, 2002

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 2001

OR

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

Commission file number 1-9712

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**UNITED STATES CELLULAR CORPORATION**

(Exact name of Registrant as specified in its charter)

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**Delaware**

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**62-1147325**

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

**8410 West Bryn Mawr, Suite 700, Chicago, Illinois 60631**

(Address of principal executive offices) (Zip code)

**Registrant's Telephone Number: (773) 399-8900**

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

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Title of each class

---

Name of each exchange on which registered

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Common Shares, \$1 par value

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American Stock Exchange

Liquid Yield Option Notes Due 2015

American Stock Exchange

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.      **X**

As of February 28, 2002, the aggregate market value of registrant's Common Shares held by nonaffiliates was approximately \$579.0 million (based upon the closing price of the Common Shares on February 28, 2002, of \$38.80, as reported by the American Stock Exchange).

The number of shares outstanding of each of the registrant's classes of common stock, as of February 28, 2002, is 55,068,802 Common Shares, \$1 par value, and 33,005,877 Series A Common Shares, \$1 par value.

### DOCUMENTS INCORPORATED BY REFERENCE

Those sections or portions of the registrant's 2001 Annual Report to Shareholders and of the registrant's Notice of Annual Meeting of Shareholders and Proxy Statement for its Annual Meeting of Shareholders to be held May 16, 2002, described in the cross reference sheet and table of contents attached hereto are incorporated by reference into Parts II and III of this report.

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### CROSS REFERENCE SHEET AND TABLE OF CONTENTS

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- (1) Parenthetical references are to information incorporated by reference from Exhibit 13, which includes portions of the registrant's Annual Report to Shareholders for the year ended December 31, 2001 ("Annual Report") and from the registrant's Notice of Annual Meeting of Shareholders and Proxy Statement for its Annual Meeting of Shareholders to be held on May 16, 2002 (the "Proxy Statement").
- (2) Annual Report section entitled "United States Cellular Stock and Dividend Information."
- (3) Annual Report section entitled "Selected Consolidated Financial Data."
- (4) Annual Report section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition."
- (5)

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Annual Report sections entitled "Consolidated Quarterly Income Information (Unaudited)," "Consolidated Statements of Income," "Consolidated Statements of Cash Flows," "Consolidated Balance Sheets," "Consolidated Statements of Changes in Common Shareholders' Equity," "Notes to Consolidated Financial Statements" and "Report of Independent Public Accountants."

(6)

Proxy Statement sections entitled "Election of Directors" and "Executive Officers."

(7)

Proxy Statement section entitled "Executive Compensation," except for the information specified in Item 402(a)(8) of Regulation S-K under the Securities Exchange Act of 1934, as amended.

(8)

Proxy Statement section entitled "Security Ownership of Certain Beneficial Owners and Management."

(9)

Proxy Statement section entitled "Certain Relationships and Related Transactions."

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## United States Cellular Corporation

8410 WEST BRYN MAWR  
TELEPHONE (773) 399-8900

CHICAGO, ILLINOIS 60631

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### PART I

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#### Item 1. Business

##### The Company

United States Cellular Corporation (the "Company") provides wireless telephone service to 3,461,000 customers through wireless systems serving 142 majority-owned ("consolidated") Federal Communications Commission ("FCC") licensed areas, which represent approximately 17% of the geography and approximately 9% of the population of the United States. Since 1985, when the Company began providing cellular service in Knoxville, Tennessee and Tulsa, Oklahoma, the Company has expanded its wireless networks and customer service operations to cover eight market clusters in 25 states as of December 31, 2001. The cellular licenses that it manages cover a total population of more than one million in each cluster, and cover a total population of more than two million in four of such clusters. Overall, 92% of the Company's 27.4 million cellular population equivalents are in markets which are consolidated and 8% are in markets in which the Company holds an investment interest.

In addition to the cellular licenses it owns, the Company also owns or has the right to acquire, through joint ventures ("JVs"), interests in personal communication service ("PCS") licenses in 28 Basic Trading Area ("BTA") markets. These interests represent 6.6 million population equivalents, 3.6 million of which are in markets which are adjacent to the Company's cellular markets and 3.0 million of which overlap the Company's cellular markets. The Company owns 100% of the interests in certain of these PCS markets, and will include the operations of these markets in its consolidated results. In the other PCS markets, the Company owns or has the right to acquire a limited partner interest in a JV, and will include the operations of these markets in its consolidated results because the Company is considered to have a controlling financial interest in these partnerships for financial reporting purposes.

The Company is a limited partner in a JV which was a successful bidder for 17 PCS licenses in 13 markets in the January 2001 Federal Communications Commission ("FCC") spectrum auction. The JV has acquired five of such licenses in four markets, which are included in the PCS markets discussed in the preceding paragraph, and has deposits with the FCC for the remaining 12 licenses in nine markets. With respect to these remaining licenses, such licenses had been reacquired by the FCC after defaults by winning bidders in a prior auction and were made subject by the FCC to the final outcome of certain legal proceedings initiated by the prior winning bidders. Due to the uncertainty surrounding the eventual ownership of these licenses, they are not included in the Company's ownership interests as of December 31, 2001.

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The Company believes that it is the eighth largest wireless company in the United States, 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. The Company's business development strategy is to operate controlling interests in cellular and PCS market licensees in areas adjacent to or in proximity to its other markets, thereby building clusters of operating markets. The Company anticipates that clustering will continue to provide the Company certain economies in its capital and operating costs. As the number of opportunities for outright acquisitions has decreased in recent years, and

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as the Company's clusters have grown, the Company's focus has shifted to include exchanges and divestitures of managed and investment interests which are considered less essential to the Company's clustering strategy.

The following table summarizes the status of the Company's interests in wireless markets at December 31, 2001.

	<i><u>Total</u></i>	<i><u>Cellular</u></i>	<i><u>PCS</u></i>
Included in Consolidated Operations (1)	168	142	26
To Be Included in Consolidated Operations (2)	2		2
<b>Total To Be Included in Consolidated Operations</b>	<b>170</b>	<b>142</b>	<b>28</b>
Accounted for Using Equity Method (3)	28	28	
Accounted for Using Cost Method (4)	6	6	
<b>Total Markets</b>	<b>204</b>	<b>176</b>	<b>28</b>

- (1) The Company owns a controlling interest in each of the 142 cellular markets and 15 PCS markets. The Company owns a noncontrolling limited partner interest in 11 PCS markets, and includes the operations of these markets in its consolidated results because the Company is considered to have the controlling financial interest for financial reporting purposes.
- (2) The Company has agreements to acquire noncontrolling limited partner interests in two PCS markets, and will include the operations of these markets in its consolidated results at the date of acquisition because the Company will be considered to have the controlling financial interest for financial reporting purposes.
- (3) Represents cellular markets in which the Company owns a noncontrolling interest and which are accounted for using the equity method. The Company's investments in these markets are included in investment in unconsolidated entities on its balance sheet and its proportionate share of the net income of these markets is included in investment income on its income statement.
- (4) Represents cellular markets in which the Company owns a noncontrolling interest and which are accounted for using the cost method. The Company's investments in these markets are included in investment in unconsolidated entities on its balance sheet.

Wireless systems in the Company's 142 majority-owned markets served 3,461,000 customers at December 31, 2001, and contained 2,925 cell sites. The average penetration rate in the Company's consolidated wireless markets was 13.48% at December 31, 2001, and the churn rate in all consolidated wireless markets averaged 1.9% per month for the twelve months ended December 31, 2001. Operational measures for the Company's consolidated PCS markets were not material for 2001.

The Company was incorporated in Delaware in 1983. The Company's executive offices are located at 8410 West Bryn Mawr, Chicago, Illinois 60631. Its telephone number is 773-399-8900. The Common Shares of the Company are listed on the American Stock Exchange under the symbol "USM." The Company's Liquid Yield Option Notes ("LYONs") are also listed on the American Stock Exchange under the symbol "USM.B". The Company is a majority-owned subsidiary of Telephone and Data Systems, Inc. ("TDS"). TDS owns 82.2% of the combined total of the outstanding Common Shares and Series A Common Shares of the Company and controls 96.0% of the combined voting power of both classes of common stock.

Unless the context indicates otherwise: (i) references to the "Company" refer to United States Cellular Corporation and its subsidiaries; (ii) references to "TDS" refer to Telephone and Data Systems, Inc. and its subsidiaries; (iii) references to "MSA" or to a particular city refer to

the Metropolitan Statistical Area, as designated by the U.S. Office of Management and Budget and used by the FCC in designating metropolitan cellular market areas; (iv) references to "RSA" refer to the Rural Service Area, as used by the FCC in designating non-MSA cellular market areas; (v) references to "MTA" refer to Metropolitan Trading Areas, used by the FCC in dividing the United States into PCS market areas for licenses in Blocks A and B; (vi) references to "BTA" refer to Basic Trading Areas, used by the FCC in dividing the United States into PCS market areas for licenses in Blocks C through F; (vii) references to "PCS" refer to personal communication service; (viii) references to cellular, PCS or wireless "markets" or "systems" refer to MSAs, RSAs, MTAs, BTAs, or any combination thereof; and (ix) references to "population equivalents" mean the population of a market, based on 2001 Claritas estimates, multiplied by the percentage interests that the Company owns or has the right to acquire in an entity licensed or designated to receive a license ("licensee") from the FCC to operate a cellular or PCS system in such market.

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**PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995  
SAFE HARBOR CAUTIONARY STATEMENT**

This Annual Report on Form 10-K, including exhibits, contains statements that are not based on historical fact, including the words "believes", "anticipates", "intends", "expects", and similar words. These statements constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the following risks:

Increases in the level of competition in the markets in which the Company operates could adversely affect the Company's revenues or increase its costs to compete.

Advances or changes in telecommunications technology could render certain technologies used by the Company obsolete.

Changes in the telecommunications regulatory environment could adversely affect the Company's financial condition or results of operations.

Changes in the supply or demand of the market for wireless licenses, increased competition, adverse developments in the Company's business or the wireless industry and/or other factors could result in an impairment of the value of the Company's investment in licenses and/or goodwill, which may require the Company to write down the value of such assets.

Continued depressed market values, continued declines thereof or other events evidencing an impairment in the value of the Company's investments in available-for-sale marketable equity securities that are other than temporary may require the Company to write down the value of such securities.

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

Costs, integration problems or other factors associated with acquisitions/divestitures of properties and or licenses could have an adverse effect on the Company's financial condition or results of operations,

Changes in growth in the number of wireless customers, average revenue per unit, penetration rates, churn rates, roaming rates and the mix of products and services offered in wireless markets could have an adverse effect on the Company's wireless business operations.

Changes in market conditions or other factors could limit or restrict the availability of financing on terms and prices acceptable to the Company, which could require the Company to reduce its construction, development and acquisition programs.

Changes in general economic and business conditions, both nationally and in the regions in which the Company operates, could have an adverse effect on the Company's business.

The Company undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. Readers should evaluate any statements in light of these important factors.

### Wireless Telephone Operations

*The Wireless Telephone Industry.* Wireless telephone technology provides high-quality, high-capacity communications services to hand-held portable and in-vehicle wireless telephones. Wireless telephone systems are designed for maximum mobility of the customer. Access is provided through system interconnections to local, regional, national and world-wide telecommunications networks. Wireless telephone systems also offer a full range of ancillary

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services such as conference calling, call-waiting, call-forwarding, voice mail, facsimile and data transmission; those systems which have digital radio capabilities offer additional features such as caller ID and short messaging services.

Wireless telephone systems divide each service area into smaller geographic areas or "cells." Each cell is served by radio transmitters and receivers operating on discrete radio frequencies licensed by the FCC. All of the cells in a system are connected to a computer-controlled Mobile Telephone Switching Office ("MTSO"). The MTSO is connected to the conventional ("landline") telephone network and potentially other MTSOs. Each conversation on a wireless phone involves a transmission over a specific set of radio frequencies from the wireless phone to a transmitter/receiver at a cell site. The transmission is forwarded from the cell site to the MTSO and from there may be forwarded to the landline telephone network to complete the call. As the wireless telephone moves from one cell to another, the MTSO determines radio signal strength and transfers ("hands off") the call from one cell to the next. This hand-off is not noticeable to either party on the phone call.

The FCC currently grants two licenses to provide cellular telephone service in each cellular market. Multiple licenses have been granted in each PCS market, and PCS markets (BTAs and MTAs) overlap with cellular markets. As a result, PCS license holders can and do compete with cellular license holders for customers. Competition for customers also includes competing communications technologies, such as:

conventional landline telephone,

Specialized Mobile Radio ("SMR") systems,

mobile satellite communications systems, and

radio paging.

PCS has become available in nearly all areas of the United States, including substantially all of the Company's markets, and the Company expects other wireless operators to continue deployment of PCS in portions of all of the Company's clusters throughout 2002 and beyond. Additionally, technologies such as Enhanced Specialized Mobile Radio ("ESMR") and mobile satellite communication systems are proving to be competitive with cellular service in many of the Company's markets.

The services available to wireless customers and the sources of revenue available to wireless system operators are similar to those provided by conventional landline telephone companies. Customers may be charged a separate fee for system access, airtime, long-distance calls and ancillary services. Wireless system operators also provide service to customers of other operators' wireless systems while the customers are temporarily located within the operators' service areas. Customers using service away from their home system are called "roamers." Roaming is available because technical standards require that analog wireless telephones be compatible in all market areas in the United States. Additionally, because the Company has deployed digital radio technologies in substantially all of its service areas, its customers with digital or dual-mode (both analog and digital capabilities) wireless telephones can roam in other companies' service areas which have a compatible digital

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technology in place. Likewise, the Company can provide roaming service to other companies' customers who have compatible digital wireless telephones, including PCS customers. In all cases, the system that provides the service to roamers will generate usage revenue, at rates that have been negotiated between the serving carrier and the customer's carrier.

There have been a number of technical developments in the wireless industry since its inception. Currently, while most companies' MTSOs process information digitally, on certain cellular systems the radio transmission is on an analog basis. All PCS systems utilize digital radio transmission. Several years ago, certain digital transmission techniques were approved for implementation by the wireless industry. Time Division Multiple Access ("TDMA") technology was selected as one industry standard by the wireless industry and has been deployed by many wireless operators, including the Company's operations in approximately two-thirds of its markets. Another digital technology, Code Division Multiple Access ("CDMA"), is also being deployed by the

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Company in its remaining markets. In December 2001, the Company announced its plans to deploy CDMA 1XRTT technology throughout all of its markets, over a three-year period ending in 2004.

Digital radio technology offers several advantages, including greater privacy, less transmission noise, greater system capacity and potentially lower incremental costs to accommodate additional system usage. The conversion from analog to digital radio technology is continuing on an industry-wide basis; however, this process is expected to continue for a few more years. Cellular and PCS operators have deployed TDMA, CDMA and a third digital technology, Global System for Mobile Communication ("GSM"), in the markets where they have begun operations.

*The Company's Operations.* From its inception in 1983 until 1993, the Company was principally in a start-up phase. Until 1993, the Company's activities had been concentrated significantly on the acquisition of interests in cellular licensees and on the construction and initial operation of wireless systems. The development of a wireless system is capital-intensive and requires substantial investment prior to and subsequent to initial operation. The Company experienced operating losses and net losses from its inception until 1993. In the years since 1993, the Company has significantly increased its operating cash flows and produced net income. Management anticipates further growth in wireless units in service and revenues as the Company continues to expand through internal growth and as the PCS licenses acquired in 2001 become fully integrated into the Company's operations. Expenses associated with this expansion may reduce the rate of growth in operating cash flows and operating income during the period of additional growth. In addition, the Company anticipates that the seasonality of revenue streams and operating expenses may cause the Company's operating cash flows and operating income to vary from quarter to quarter.

While the Company has produced operating income and net income since 1993, changes in any of several factors may reduce the Company's growth in operating income and net income over the next few years. These factors include:

the growth rate in the Company's customer base;

the usage and pricing of wireless services;

the cost to begin operations in new licensed areas;

the churn rate;

the cost of providing wireless services, including the cost of attracting and retaining customers;

continued competition from other wireless licensees and other telecommunication technologies; and

continuing technological advances which may provide additional competitive alternatives to wireless service.

The Company is building a substantial presence in selected geographic areas throughout the United States where it can efficiently integrate and manage wireless telephone systems. Its wireless interests include eight regional market clusters. See "The Company's Wireless Interests."

The Company has acquired its wireless interests through the wireline application process for MSAs and RSAs, including settlements and exchanges with other applicants, and through acquisitions, including acquisitions from TDS and third parties.

### Wireless Systems Development

*Acquisitions, Divestitures and Exchanges.* The Company assesses its wireless holdings on an ongoing basis in order to maximize the benefits derived from clustering its markets. The Company also reviews attractive opportunities for the acquisition of additional wireless spectrum. Over the past few years, the Company has completed exchanges of minority interests or controlling interests in its less strategic markets for controlling interests in markets which better complement its clusters. The Company has also completed outright sales of other less strategic markets, and has purchased

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controlling interests in markets which enhance its clusters. In 2001, the Company began acquiring interests in PCS markets. These markets are either adjacent to the Company's current operations, thus expanding its current clusters, or are in territories in which the Company currently operates, and will add spectrum capacity to those operations. Prior to 2001, the Company had not substantially increased its population equivalents during the past five years, but had shifted the balance of its holdings between investment and operating interests. As a result of its acquisition activities, currently 90% of the Company's interests are in markets where it is the operator or expects to manage.

The Company may continue to make opportunistic acquisitions or exchanges in markets that further strengthen its market clusters and in other attractive markets. The Company also seeks to acquire minority interests in markets where it already owns the majority interest and/or operates the market. There can be no assurance that the Company, or TDS for the benefit of the Company, will be able to negotiate additional acquisitions or exchanges on terms acceptable to it or that regulatory approvals, where required, will be received. The Company plans to retain minority interests in certain wireless markets which it believes will earn a favorable return on investment. Other minority interests may be exchanged for interests in markets which enhance the Company's market clusters or may be sold for cash or other consideration. The Company also continues to evaluate the disposition of certain controlling interests which are not essential to its corporate development strategy.

*Completed Acquisitions.* During 2001, the Company, on its own behalf and through JVs, acquired majority interests in licenses in one cellular market and 26 PCS markets, representing a total population of 6.8 million, for \$182.3 million. The Company's proportionate ownership of the total population of 6.8 million represents 5.9 million population equivalents. Of these population equivalents, 3.0 million are in areas adjacent to the Company's current operations and the remaining 2.9 million are in areas that overlap the Company's current operations. The interests the Company acquired through JVs are 100% owned by the JVs. Of the PCS interests acquired, interests representing a total population of 4.7 million are in 10 megahertz ("MHz") licenses, and the remaining interests are in 15 MHz - 30 MHz licenses.

*Pending Acquisitions.* As of December 31, 2001, the Company had entered into agreements, through JVs, to acquire interests in PCS licenses in three markets. These interests, all in 10 MHz licenses, represent a total population of 911,000 and will be acquired in exchange for \$18 million. Two of the three markets are adjacent to those in which the Company already provides cellular service, and the Company currently owns a PCS license in the third market through a JV. The Company's proportionate ownership of the total population of 911,000 represents 644,000 population equivalents, all of which are in areas adjacent to the Company's current operations. The Company expects each of the pending transactions to be completed during the first half of 2002.

The Company is a limited partner in a JV that was a successful bidder for 17 licenses in 13 markets, representing a total population of 6.9 million, in the January 2001 FCC spectrum auction. The cost for the 17 licenses totaled \$283.9 million. Although legally the general partner controls the JV, the Company has included the JV in its consolidated financial statements because the Company is considered to have the controlling financial interest for financial reporting purposes. The JV has acquired five of such licenses in four markets for a total of \$4.1 million and has deposits with the FCC totaling \$56.1 million for the remaining licenses (classified as a current asset at December 31, 2001). Subject to the final outcome of the proceedings discussed below, the JV's portion of the funding could possibly aggregate up to an additional \$223.7 million to fund the acquisition of the remaining licenses. In addition, the Company has agreed to loan the general partner up to \$20 million that could be used by the general partner to fund its investment in the licenses.

With respect to the remaining 12 licenses in nine markets, such licenses had been reaucted by the FCC after defaults by winning bidders in a prior auction and were made subject by the FCC to the final outcome of certain legal proceedings initiated by the prior winning bidders. Following the reauction, one of the prior winning bidders obtained a court ruling that the FCC's actions were illegal. In an effort to resolve this matter, on November 15, 2001, the JV and other bidders in the

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reauction entered into a settlement agreement with the prior winning bidder and the FCC. However, the settlement agreement terminated due to the failure to satisfy a condition to obtain certain Congressional action by December 31, 2001. The U.S. Supreme Court has agreed to review this matter. In the event the prior winning bidder is successful in this litigation, the JV would receive a refund of its deposit of \$56.1 million made to the FCC for such 12 licenses. The JV's financial requirements would then be limited to the five licenses in four markets that it acquired in 2001. If the FCC is successful in this litigation or the matter is otherwise resolved in a manner that will permit the JV to acquire the remaining licenses, the JV would likely be required to pay to the FCC the balance of the auction price for such licenses. The JV would then have significant financial requirements to build out such markets. The exact nature of the Company's financial commitment going forward will be determined as the JV develops its long-term business and financing plans.

The Company maintains shelf registration of its Common Shares and Preferred Stock under the Securities Act of 1933 for issuance specifically in connection with acquisitions.

### Wireless Interests and Clusters

The Company operates clusters of adjacent wireless systems in almost all of its markets, enabling its customers to benefit from larger local service areas than otherwise possible. Customers may make outgoing calls and receive incoming calls within this area without special roaming arrangements. In addition to benefits to customers, clustering also has provided to the Company certain economies in its capital and operating costs. These economies are made possible through increased sharing of facilities, personnel and other costs and have enabled the Company to maintain a relatively low per customer cost of service. The extent to which the Company benefits from these revenue enhancements and economies of operation is dependent on market conditions, population size of each cluster and network engineering considerations.

The Company may continue to make opportunistic acquisitions and exchanges which will complement its established market clusters. From time to time, the Company may also consider exchanging or selling its interests in markets which do not fit well with its long-term strategies.

The Company owned interests in wireless telephone systems in 176 cellular markets and 26 PCS markets at December 31, 2001, representing 30.4 million incremental population equivalents (i.e., population equivalents based on interests in cellular and PCS markets which do not overlap with each other). Including the PCS interests to be purchased during 2002, the Company owned or had the right to acquire 176 cellular markets and 28 PCS markets, representing 31.0 million

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incremental population equivalents, at December 31, 2001. The following table summarizes the changes in the Company's incremental population equivalents in recent years.

	<i>December 31,</i>				
	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>
	<i>(Thousands of population equivalents) (1)</i>				
Included in Consolidated Operations (2)					
Cellular	25,292	24,882	24,922	24,659	23,833
PCS	2,985				
To Be Included in Consolidated Operations (3)					
Cellular		127			
PCS	644				
Total Markets To Be Included in Consolidated Operations					
Cellular	25,292	25,009	24,922	24,659	23,833
PCS	3,629				
Accounted for Using Equity Method (cellular only) (4)	2,053	2,324	2,310	2,568	2,617
Accounted for Using Cost Method (cellular only) (5)	75	44	44	45	46
Total					
Cellular	27,420	27,377	27,276	27,272	26,496

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December 31,

PCS

3,629

- (1) Based on 2001 Claritas estimates for all years.
- (2) Includes incremental population equivalents in markets in which the Company owns a controlling interest at the end of each respective year, and in 2001 also includes incremental population equivalents in PCS markets in which the Company owns a noncontrolling limited partner interest but the Company is considered to have the controlling financial interest for financial reporting purposes.
- (3) In 2001, includes incremental population equivalents in markets in which the Company has the right to acquire noncontrolling limited partner interests in PCS markets in which the Company will be considered to have the controlling financial interest for financial reporting purposes. In 2000, includes population equivalents in a market in which the Company had the right, pursuant to agreements pending at the end of the year, to acquire a controlling interest.
- (4) Includes population equivalents in markets in which the Company owns noncontrolling interests at the end of each respective year, and which are accounted for using the equity method.
- (5) Includes population equivalents in markets in which the Company owns noncontrolling interests at the end of each respective year, and which are accounted for using the cost method.

The following section details the Company's wireless interests, including those it owned or had the right to acquire as of December 31, 2001. The table presented therein lists clusters of markets that the Company manages. It also shows PCS markets that could potentially become part of the Company's clusters through management agreements with JV partners. The Company's market clusters show the areas in which the Company is currently focusing its development efforts. These clusters have been devised with a long-term goal of allowing delivery of wireless service to areas of economic interest and along corridors of economic activity. The number of population equivalents represented by the Company's wireless interests may have no direct relationship to the number of potential wireless customers or the revenues that may be realized from the operation of the related wireless systems.

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### THE COMPANY'S WIRELESS INTERESTS

The table below sets forth certain information with respect to the interests in wireless markets which the Company owned or had the right to acquire pursuant to definitive agreements as of December 31, 2001.

<i>Cluster/Market</i>	<i>2001 Population (1)</i>	<i>Current Percentage Interest</i>	<i>Percentage Change Pursuant To Definitive Agreements (2)</i>	<i>Total</i>	<i>Total Current and Acquirable Population Equivalents (1)</i>	<i>Incremental Current and Acquirable Population Equivalents (1)</i>
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*Markets Currently Managed  
or Which May Be Managed  
by the Company:*

#### MIDWEST REGIONAL MARKET CLUSTER:

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<i>Cluster/Market</i>	<i>2001 Population (1)</i>	<i>Current Percentage Interest</i>	<i>Percentage Change Pursuant To Definitive Agreements (2)</i>	<i>Total</i>	<i>Total Current and Acquirable Population Equivalents (1)</i>	<i>Incremental Current and Acquirable Population Equivalents (1)</i>
<b>Cellular Markets With Current Operations:</b>						
<i>Wisconsin:</i>						
Milwaukee, WI	1,507,000	100.00%		100.00%	1,507,000	1,507,000
Columbia (WI 9)	408,000	100.00		100.00	408,000	408,000
Madison, WI	431,000	92.50		92.50	399,000	399,000
Appleton, WI	362,000	100.00		100.00	362,000	362,000
Wood (WI 7)	298,000	100.00		100.00	298,000	298,000
Vernon (WI 8)	242,000	100.00		100.00	242,000	242,000
Green Bay, WI	229,000	100.00		100.00	229,000	229,000
Racine, WI	190,000	92.15		92.15	175,000	175,000
Janesville-Beloit, WI	153,000	100.00		100.00	153,000	153,000
Kenosha, WI	151,000	99.32		99.32	150,000	150,000
Door (WI 10)	131,000	100.00		100.00	131,000	131,000
Sheboygan, WI	113,000	100.00		100.00	113,000	113,000
La Crosse, WI	108,000	95.11		95.11	103,000	103,000
Trempealeau (WI 6) (3)	88,000	100.00		100.00	88,000	88,000
Pierce (WI 5) (3)	14,000	100.00		100.00	14,000	14,000
	<b>4,425,000</b>				<b>4,372,000</b>	<b>4,372,000</b>
<i>Iowa:</i>						
Des Moines, IA	461,000	100.00		100.00	461,000	461,000
Davenport, IA-IL	360,000	97.37		97.37	350,000	350,000
Humboldt (IA 10)	188,000	100.00		100.00	188,000	188,000
Cedar Rapids, IA	193,000	96.43		96.43	187,000	187,000
Iowa (IA 6)	159,000	100.00		100.00	159,000	159,000
Muscatine (IA 4)	155,000	100.00		100.00	155,000	155,000
Waterloo-Cedar Falls, IA	152,000	93.03		93.03	141,000	141,000
Hardin (IA 11)	114,000	100.00		100.00	114,000	114,000
Iowa City, IA	113,000	100.00		100.00	113,000	113,000
Jackson (IA 5)	109,000	100.00		100.00	109,000	109,000
Kossuth (IA 14)	106,000	100.00		100.00	106,000	106,000
Lyon (IA 16)	103,000	100.00		100.00	103,000	103,000
Dubuque, IA	89,000	95.51		95.51	85,000	85,000
Mitchell (IA 13)	66,000	100.00		100.00	66,000	66,000
Mills (IA 1)	63,000	100.00		100.00	63,000	63,000
Audubon (IA 7)	55,000	100.00		100.00	55,000	55,000
Union (IA 2)	52,000	100.00		100.00	52,000	52,000
Monroe (IA 3)	90,000	49.00		49.00	44,000	44,000
Winneshiek (IA 12)	116,000	24.50		24.50	28,000	28,000
Ida (IA 9) *	62,000	16.67		16.67	10,000	10,000
	<b>2,806,000</b>				<b>2,589,000</b>	<b>2,589,000</b>

<i>Cluster/Market</i>	<i>2001 Population (1)</i>	<i>Current Percentage Interest</i>	<i>Percentage Change Pursuant To Definitive Agreements (2)</i>	<i>Total</i>	<i>Total Current and Acquirable Population Equivalents (1)</i>	<i>Incremental Current and Acquirable Population Equivalents (1)</i>

*Illinois/Indiana:*

Peoria, IL	348,000	100.00		100.00	348,000	348,000
Jo Daviess (IL 1)	329,000	100.00		100.00	329,000	329,000
Rockford, IL	323,000	100.00		100.00	323,000	323,000

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Adams (IL 4) * (3)	215,000	100.00%		100.00%	215,000	215,000
Mercer (IL 3)	199,000	100.00		100.00	199,000	199,000
Miami (IN 4) *	187,000	85.71		85.71	160,000	160,000
Warren (IN 5) *	128,000	33.33		33.33	43,000	43,000
Alton, IL *	22,000	100.00		100.00	22,000	22,000
	<b>1,751,000</b>				<b>1,639,000</b>	<b>1,639,000</b>

*Missouri:*

Moniteau (MO 11)	159,000	100.00		100.00	159,000	159,000
Columbia, MO *	137,000	100.00		100.00	137,000	137,000
Stone (MO 15)	131,000	100.00		100.00	131,000	131,000
Laclede (MO 16)	106,000	100.00		100.00	106,000	106,000
Washington (MO 13)	98,000	100.00		100.00	98,000	98,000
Callaway (MO 6) *	92,000	100.00		100.00	92,000	92,000
Schuyler (MO 3)	57,000	100.00		100.00	57,000	57,000
Shannon (MO 17)	56,000	100.00		100.00	56,000	56,000
Linn (MO 5) (3)	56,000	100.00		100.00	56,000	56,000
Harrison (MO 2) (3)	13,000	100.00		100.00	13,000	13,000
	<b>905,000</b>				<b>905,000</b>	<b>905,000</b>

**PCS BTA Markets With****Current Operations:**

Bloomington, IL 10MHz F Block (4)	85.00	85.00
Champaign-Urbana, IL 10MHz F Block (4)		