



As previously announced, U.S. Cellular will hold a teleconference August 3, 2018, at 9:30 a.m. CDT. Listen to the live call via the Events & Presentations page of investors.uscellular.com.

FOR IMMEDIATE RELEASE

U.S. Cellular reports second quarter 2018 results

U.S. Cellular raises guidance

CHICAGO, (August 3, 2018) — United States Cellular Corporation (NYSE:USM) reported total operating revenues of \$974 million for the second quarter of 2018, versus \$963 million for the same period one year ago. Net income attributable to U.S. Cellular shareholders and related diluted earnings per share were \$49 million and \$0.56, respectively, for the second quarter of 2018, compared to \$12 million and \$0.14, respectively, in the same period one year ago.

"I'm very pleased with the progress we made this quarter and in the first half of the year," said Kenneth R. Meyers, U.S. Cellular president and CEO. "We generated improved financial results by delivering on our customer satisfaction strategy. Our efforts produced both revenue growth and improvements in our cost structure. Combined these factors drove a 25% increase in Adjusted EBITDA in the quarter. Also these results provided the confidence to raise our 2018 guidance.

"It's been a year since we launched our Total Plans, and they continue to be effective in attracting new customers and meeting the needs of our current customers. Both postpaid handset net additions and gross additions increased sequentially, and postpaid handset churn remained exceptionally low. Another driver of customer satisfaction is our high-quality network, which continues to perform well even as data usage increases significantly. Additionally, our network team completed commercial rollouts of VoLTE in our California, Oregon and Washington markets."

2018 Estimated Results

U.S. Cellular's current estimates of full-year 2018 results are shown below. Such estimates represent management's view as of August 3, 2018. Such forward-looking statements should not be assumed to be current as of any future date. U.S. Cellular undertakes no duty to update such information, whether as a result of new information, future events or otherwise. There can be no assurance that final results will not differ materially from such estimated results.

	2018 Estimated Results	
	Current ⁽¹⁾	Previous
(Dollars in millions)		
Total operating revenues	\$3,925-\$4,025	\$3,850-\$4,050
Adjusted OIBDA ⁽²⁾⁽³⁾	\$700-\$800	\$625-\$775
Adjusted EBITDA ⁽²⁾	\$850-\$950	\$765-\$915
Capital expenditures	\$500-\$550	Unchanged

The following table provides a reconciliation of Net income to Adjusted OIBDA and Adjusted EBITDA for 2018 estimated results, actual results for the six months ended June 30, 2018, and actual results for the year ended December 31, 2017. In providing 2018 estimated results, U.S. Cellular has not completed the below reconciliation to Net income because it does not provide guidance for income taxes. Although potentially significant, U.S. Cellular believes that the impact of income taxes cannot be reasonably predicted; therefore, U.S. Cellular is unable to provide such guidance.

	Actual Results		
	2018 Estimated Results ⁽¹⁾	Six Months Ended June 30, 2018 ⁽¹⁾	Year Ended December 31, 2017
(Dollars in millions)			
Net income (GAAP)	N/A	\$ 107	\$ 15
Add back or deduct:			
Income tax expense (benefit)	N/A	40	(287)
Income (loss) before income taxes (GAAP)	\$ 110-210	\$ 147	\$ (272)
Add back:			
Interest expense	110	58	113
Depreciation, amortization and accretion expense	640	317	615
EBITDA (Non-GAAP) ⁽²⁾	\$ 860-960	\$ 522	\$ 456
Add back or deduct:			
Loss on impairment of goodwill	-	-	370
(Gain) loss on asset disposals, net	10	2	17
(Gain) loss on sale of business and other exit costs, net	-	-	(1)
(Gain) loss on license sales and exchanges, net	(20)	(17)	(22)
Adjusted EBITDA (Non-GAAP) ⁽²⁾	\$ 850-950	\$ 507	\$ 820
Deduct:			
Equity in earnings of unconsolidated entities	135	78	137
Interest and dividend income	15	7	8
Other, net	-	(1)	-
Adjusted OIBDA (Non-GAAP) ⁽²⁾⁽³⁾	\$ 700-800	\$ 423	\$ 675

Note: Totals may not foot due to rounding differences.

- (1) As of January 1, 2018, U.S. Cellular adopted the new revenue recognition standard, ASC 606, using a modified retrospective approach. Under this method, the new accounting standard is applied only to the most recent period presented. As a result, 2018 amounts include the impacts of ASC 606, but 2017 amounts remain as previously reported.
- (2) EBITDA, Adjusted EBITDA and Adjusted OIBDA are defined as net income adjusted for the items set forth in the reconciliation above. EBITDA, Adjusted EBITDA and Adjusted OIBDA are not measures of financial performance under Generally Accepted Accounting Principles in the United States (GAAP) and should not be considered as alternatives to Net income or Cash flows from operating activities, as indicators of cash flows or as measures of liquidity. U.S. Cellular does not intend to imply that any such items set forth in the reconciliation above are non-recurring, infrequent or unusual; such items may occur in the future. Management uses Adjusted EBITDA and Adjusted OIBDA as measurements of profitability, and therefore reconciliations to Net income are deemed appropriate. Management believes Adjusted EBITDA and Adjusted OIBDA are useful measures of U.S. Cellular's operating results before significant recurring non-cash charges, gains and losses, and other items as presented above as they provide additional relevant and useful information to investors and other users of U.S. Cellular's financial data in evaluating the effectiveness of its operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. Adjusted EBITDA shows adjusted earnings before interest, taxes, depreciation, amortization and accretion, and gains and losses, while Adjusted OIBDA reduces this measure further to exclude Equity in earnings of unconsolidated entities and Interest and dividend income in order to more effectively show the performance of operating activities excluding investment activities. The table above reconciles EBITDA, Adjusted EBITDA and Adjusted OIBDA to the corresponding GAAP measure, Net income or Income (loss) before income taxes.
- (3) Additional information and reconciliations related to Non-GAAP financial measures for June 30, 2018, can be found on U.S. Cellular's website at investors.uscellular.com.

Conference Call Information

U.S. Cellular will hold a conference call on August 3, 2018 at 9:30 a.m. Central Time.

- Access the live call on the Events & Presentations page of investors.uscellular.com or at <https://www.webcaster4.com/Webcast/Page/1145/26840>.
- Access the call by phone at 877-273-7192 (US/Canada), conference ID: 3387588.

Before the call, certain financial and statistical information to be discussed during the call will be posted to investors.uscellular.com. The call will be archived on the Events & Presentations page of investors.uscellular.com.

About U.S. Cellular

United States Cellular Corporation provides a comprehensive range of wireless products and services, excellent customer support, and a high-quality network to customers with 5.1 million connections in 22 states. The Chicago-based company had 5,700 full- and part-time associates as of June 30, 2018. At the end of the second quarter of 2018, Telephone and Data Systems, Inc. owned 83 percent of U.S. Cellular. For more information about U.S. Cellular, visit uscellular.com.

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Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: All information set forth in this news release, except historical and factual information, represents forward-looking statements. This includes all statements about the company's plans, beliefs, estimates, and expectations. These statements are based on current estimates, projections, and assumptions, which involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Important factors that may affect these forward-looking statements include, but are not limited to: intense competition; the ability to execute U.S. Cellular's business strategy; uncertainties in U.S. Cellular's future cash flows and liquidity and access to the capital markets; the ability to make payments on U.S. Cellular indebtedness or comply with the terms of debt covenants; impacts of any pending acquisitions/divestitures/exchanges of properties and/or licenses, including, but not limited to, the ability to obtain regulatory approvals, successfully complete the transactions and the financial impacts of such transactions; the ability of the company to successfully manage and grow its markets; the access to and pricing of unbundled network elements; the ability to obtain or maintain roaming arrangements with other carriers on acceptable terms; the state and federal telecommunications regulatory environment; the value of assets and investments; adverse changes in the ratings of U.S. Cellular debt securities by accredited ratings organizations; industry consolidation; advances in telecommunications technology; pending and future litigation; changes in income tax rates, laws, regulations or rulings; changes in customer growth rates, average monthly revenue per user, churn rates, roaming revenue and terms, the availability of wireless devices, or the mix of services and products offered by U.S. Cellular. Investors are encouraged to consider these and other risks and uncertainties that are discussed in the Form 8-K Current Report used by U.S. Cellular to furnish this press release to the Securities and Exchange Commission, which are incorporated by reference herein.

For more information about U.S. Cellular, visit:
U.S. Cellular: www.uscellular.com

United States Cellular Corporation Summary Operating Data (Unaudited)

As of or for the Quarter Ended	6/30/2018 ⁽¹⁾	3/31/2018 ⁽¹⁾	12/31/2017	9/30/2017	6/30/2017
Retail Connections					
Postpaid					
Total at end of period	4,468,000	4,481,000	4,518,000	4,513,000	4,478,000
Gross additions	146,000	129,000	177,000	191,000	174,000
Feature phones	5,000	5,000	5,000	7,000	7,000
Smartphones	106,000	91,000	128,000	132,000	116,000
Connected devices	35,000	33,000	44,000	52,000	51,000
Net additions (losses)	(13,000)	(37,000)	5,000	35,000	23,000
Feature phones	(12,000)	(15,000)	(15,000)	(15,000)	(15,000)
Smartphones	17,000	(1,000)	33,000	44,000	34,000
Connected devices	(18,000)	(21,000)	(13,000)	6,000	4,000
ARPU ⁽²⁾	\$ 44.74	\$ 44.34	\$ 44.12	\$ 43.41	\$ 44.60
ABPU (Non-GAAP) ⁽³⁾	\$ 57.75	\$ 57.10	\$ 56.69	\$ 54.71	\$ 55.19
ARPA ⁽⁴⁾	\$ 118.57	\$ 118.22	\$ 118.05	\$ 116.36	\$ 119.73
ABPA (Non-GAAP) ⁽⁵⁾	\$ 153.03	\$ 152.26	\$ 151.68	\$ 146.65	\$ 148.15
Churn rate ⁽⁶⁾	1.19%	1.23%	1.27%	1.16%	1.13%
Handsets	0.92%	0.97%	1.00%	0.96%	0.91%
Connected devices	2.85%	2.79%	2.84%	2.33%	2.35%
Prepaid					
Total at end of period	527,000	525,000	519,000	515,000	484,000
Gross additions	78,000	88,000	83,000	102,000	73,000
Net additions	2,000	6,000	4,000	31,000	3,000
ARPU ⁽²⁾	\$ 32.32	\$ 31.78	\$ 32.42	\$ 33.12	\$ 33.52
Churn rate ⁽⁶⁾	4.83%	5.27%	5.09%	4.75%	4.93%
Total connections at end of period ⁽⁷⁾	5,051,000	5,063,000	5,096,000	5,089,000	5,023,000
Market penetration at end of period					
Consolidated operating population	31,469,000	31,469,000	31,834,000	31,834,000	32,089,000
Consolidated operating penetration ⁽⁸⁾	16%	16%	16%	16%	16%
Capital expenditures (millions)	\$ 86	\$ 70	\$ 213	\$ 112	\$ 84
Total cell sites in service	6,478	6,473	6,460	6,436	6,421
Owned towers	4,105	4,099	4,080	4,051	4,044

(1) As of January 1, 2018, U.S. Cellular adopted the new revenue recognition standard, ASC 606, using a modified retrospective approach. Under this method, the new accounting standard is applied only to the most recent period presented. As a result, 2018 amounts include the impacts of ASC 606, but 2017 amounts remain as previously reported.

(2) Average Revenue Per User (ARPU) - metric is calculated by dividing a revenue base by an average number of connections and by the number of months in the period. These revenue bases and connection populations are shown below:

- Postpaid ARPU consists of total postpaid service revenues and postpaid connections.
- Prepaid ARPU consists of total prepaid service revenues and prepaid connections.

(3) Average Billings Per User (ABPU) - non-GAAP metric is calculated by dividing total postpaid service revenues plus equipment installment plan billings by the average number of postpaid connections and by the number of months in the period. Refer to the end of this release for a reconciliation of this metric to its most comparable GAAP metric.

(4) Average Revenue Per Account (ARPA) - metric is calculated by dividing total postpaid service revenues by the average number of postpaid accounts and by the number of months in the period.

(5) Average Billings Per Account (ABPA) - non-GAAP metric is calculated by dividing total postpaid service revenues plus equipment installment plan billings by the average number of postpaid accounts and by the number of months in the period. Refer to the end of this release for a reconciliation of this metric to its most comparable GAAP metric.

(6) Churn rate represents the percentage of the connections that disconnect service each month. These rates represent the average monthly churn rate for each respective period.

(7) Includes reseller and other connections.

(8) Market penetration is calculated by dividing the number of wireless connections at the end of the period by the total population of consolidated operating markets as estimated by Nielsen.

United States Cellular Corporation
Consolidated Statement of Operations Highlights
(Unaudited)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018 ⁽¹⁾	2017	2018 vs. 2017	2018 ⁽¹⁾	2017	2018 vs. 2017
(Dollars and shares in millions, except per share amounts)						
Operating revenues						
Service	\$ 741	\$ 740	-	\$ 1,465	\$ 1,486	(1)%
Equipment sales	233	223	5%	450	413	9%
Total operating revenues	<u>974</u>	<u>963</u>	1%	<u>1,915</u>	<u>1,899</u>	1%
Operating expenses						
System operations (excluding Depreciation, amortization and accretion reported below)	187	189	(1)%	365	364	-
Cost of equipment sold	240	260	(8)%	459	488	(6)%
Selling, general and administrative	342	351	(2)%	668	691	(3)%
Depreciation, amortization and accretion	159	155	3%	317	307	3%
(Gain) loss on asset disposals, net	1	5	(84)%	2	9	(75)%
(Gain) loss on license sales and exchanges, net	(11)	(2)	>(100)%	(17)	(19)	8%
Total operating expenses	<u>918</u>	<u>958</u>	(4)%	<u>1,794</u>	<u>1,840</u>	(2)%
Operating income	56	5	>100%	121	59	>100%
Investment and other income (expense)						
Equity in earnings of unconsolidated entities	40	33	20%	78	66	18%
Interest and dividend income	3	2	63%	7	5	45%
Interest expense	(29)	(28)	(2)%	(58)	(56)	(3)%
Other, net	-	-	>100%	(1)	(1)	14%
Total investment and other income	<u>14</u>	<u>7</u>	>100%	<u>26</u>	<u>14</u>	85%
Income before income taxes	70	12	>100%	147	73	>100%
Income tax expense	18	-	>100%	40	33	21%
Net income	52	12	>100%	107	40	>100%
Less: Net income attributable to noncontrolling interests, net of tax	3	-	>100%	14	2	>100%
Net income attributable to U.S. Cellular shareholders	\$ 49	\$ 12	>100%	\$ 93	\$ 38	>100%
Basic weighted average shares outstanding	86	85	1%	85	85	-
Basic earnings per share attributable to U.S. Cellular shareholders	\$ 0.57	\$ 0.14	>100%	\$ 1.09	\$ 0.45	>100%
Diluted weighted average shares outstanding	86	86	1%	86	86	1%
Diluted earnings per share attributable to U.S. Cellular shareholders	\$ 0.56	\$ 0.14	>100%	\$ 1.08	\$ 0.44	>100%

(1) As of January 1, 2018, U.S. Cellular adopted the new revenue recognition standard, ASC 606, using a modified retrospective approach. Under this method, the new accounting standard is applied only to the most recent period presented. As a result, 2018 amounts include the impacts of ASC 606, but 2017 amounts remain as previously reported.

United States Cellular Corporation
Consolidated Statement of Cash Flows
(Unaudited)

Six Months Ended June 30,	2018 ⁽¹⁾	2017
<i>(Dollars in millions)</i>		
Cash flows from operating activities		
Net income	\$ 107	\$ 40
Add (deduct) adjustments to reconcile net income to net cash flows from operating activities		
Depreciation, amortization and accretion	317	307
Bad debts expense	40	47
Stock-based compensation expense	17	14
Deferred income taxes, net	9	(27)
Equity in earnings of unconsolidated entities	(78)	(66)
Distributions from unconsolidated entities	70	65
(Gain) loss on asset disposals, net	2	9
(Gain) loss on license sales and exchanges, net	(17)	(19)
Noncash interest	2	1
Changes in assets and liabilities from operations		
Accounts receivable	43	(5)
Equipment installment plans receivable	(47)	(107)
Inventory	(3)	(2)
Accounts payable	(35)	(53)
Customer deposits and deferred revenues	(23)	(6)
Accrued taxes	6	45
Other assets and liabilities	(45)	(23)
Net cash provided by operating activities	<u>365</u>	<u>220</u>
Cash flows from investing activities		
Cash paid for additions to property, plant and equipment	(173)	(155)
Cash paid for licenses	(2)	(189)
Cash received for investments	50	-
Cash received from divestitures and exchanges	21	17
Other investing activities	3	-
Net cash used in investing activities	<u>(101)</u>	<u>(327)</u>
Cash flows from financing activities		
Repayment of long-term debt	(10)	(6)
Payment of debt issuance costs	(1)	-
Distributions to noncontrolling interests	(4)	(2)
Other financing activities	(4)	1
Net cash used in financing activities	<u>(19)</u>	<u>(7)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	245	(114)
Cash, cash equivalents and restricted cash		
Beginning of period	352	586
End of period	<u>\$ 597</u>	<u>\$ 472</u>

(1) As of January 1, 2018, U.S. Cellular adopted the new revenue recognition standard, ASC 606, using a modified retrospective approach. Under this method, the new accounting standard is applied only to the most recent period presented. As a result, 2018 amounts include the impacts of ASC 606, but 2017 amounts remain as previously reported.

United States Cellular Corporation
Consolidated Balance Sheet Highlights
(Unaudited)

ASSETS

	June 30, 2018 ⁽¹⁾	December 31, 2017
<i>(Dollars in millions)</i>		
Current assets		
Cash and cash equivalents	\$ 596	\$ 352
Short-term investments	–	50
Accounts receivable	875	843
Inventory, net	141	138
Prepaid expenses	63	79
Other current assets	34	21
Total current assets	<u>1,709</u>	<u>1,483</u>
Assets held for sale	1	10
Licenses	2,231	2,223
Investments in unconsolidated entities	439	415
Property, plant and equipment, net	2,159	2,320
Other assets and deferred charges	536	390
Total assets	<u>\$ 7,075</u>	<u>\$ 6,841</u>

United States Cellular Corporation
Consolidated Balance Sheet Highlights
(Unaudited)

LIABILITIES AND EQUITY

	June 30, 2018 ⁽¹⁾	December 31, 2017
(Dollars in millions, except per share amounts)		
Current liabilities		
Current portion of long-term debt	\$ 18	\$ 18
Accounts payable	257	310
Customer deposits and deferred revenues	127	185
Accrued taxes	58	56
Accrued compensation	48	74
Other current liabilities	82	90
Total current liabilities	590	733
Deferred liabilities and credits		
Deferred income tax liability, net	522	461
Other deferred liabilities and credits	367	337
Long-term debt, net		
	1,614	1,622
Noncontrolling interests with redemption features		
	11	1
Equity		
U.S. Cellular shareholders' equity		
Series A Common and Common Shares, par value \$1 per share	88	88
Additional paid-in capital	1,569	1,552
Treasury shares	(99)	(120)
Retained earnings	2,402	2,157
Total U.S. Cellular shareholders' equity	3,960	3,677
Noncontrolling interests		
	11	10
Total equity	3,971	3,687
Total liabilities and equity	\$ 7,075	\$ 6,841

(1) As of January 1, 2018, U.S. Cellular adopted the new revenue recognition standard, ASC 606, using a modified retrospective approach. Under this method, the new accounting standard is applied only to the most recent period presented. As a result, 2018 amounts include the impacts of ASC 606, but 2017 amounts remain as previously reported.

United States Cellular Corporation
Financial Measures and Reconciliations
(Unaudited)

Free Cash Flow

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
(Dollars in millions)				
Cash flows from operating activities (GAAP)	\$ 178	\$ 159	\$ 365	\$ 220
Less: Cash paid for additions to property, plant and equipment	98	67	173	155
Free cash flow (Non-GAAP) ⁽¹⁾	\$ 80	\$ 92	\$ 192	\$ 65

(1) Management uses Free cash flow as a liquidity measure and it is defined as Cash flows from operating activities less Cash paid for additions to property, plant and equipment. Free cash flow is a non-GAAP financial measure which U.S. Cellular believes may be useful to investors and other users of its financial information in evaluating liquidity, specifically, the amount of net cash generated by business operations after deducting Cash paid for additions to property, plant and equipment.

Postpaid ABPU and Postpaid ABPA

U.S. Cellular presents Postpaid ABPU and Postpaid ABPA to reflect the revenue shift from Service revenues to Equipment sales resulting from the increased adoption of equipment installment plans. Postpaid ABPU and Postpaid ABPA, as previously defined herein, are non-GAAP financial measures which U.S. Cellular believes are useful to investors and other users of its financial information in showing trends in both service and equipment sales revenues received from customers.

For the Quarter Ended	6/30/2018 ⁽¹⁾	3/31/2018 ⁽¹⁾	12/31/2017	9/30/2017	6/30/2017
(Dollars and connection counts in millions)					
<u>Calculation of Postpaid ARPU</u>					
Postpaid service revenues	\$ 600	\$ 598	\$ 598	\$ 586	\$ 597
Average number of postpaid connections	4.47	4.50	4.52	4.50	4.47
Number of months in period	3	3	3	3	3
Postpaid ARPU (GAAP metric)	\$ 44.74	\$ 44.34	\$ 44.12	\$ 43.41	\$ 44.60
<u>Calculation of Postpaid ABPU</u>					
Postpaid service revenues	\$ 600	\$ 598	\$ 598	\$ 586	\$ 597
Equipment installment plan billings	174	172	170	152	142
Total billings to postpaid connections	\$ 774	\$ 770	\$ 768	\$ 738	\$ 739
Average number of postpaid connections	4.47	4.50	4.52	4.50	4.47
Number of months in period	3	3	3	3	3
Postpaid ABPU (Non-GAAP metric)	\$ 57.75	\$ 57.10	\$ 56.69	\$ 54.71	\$ 55.19
<u>Calculation of Postpaid ARPA</u>					
Postpaid service revenues	\$ 600	\$ 598	\$ 598	\$ 586	\$ 597
Average number of postpaid accounts	1.69	1.69	1.69	1.68	1.66
Number of months in period	3	3	3	3	3
Postpaid ARPA (GAAP metric)	\$ 118.57	\$ 118.22	\$ 118.05	\$ 116.36	\$ 119.73
<u>Calculation of Postpaid ABPA</u>					
Postpaid service revenues	\$ 600	\$ 598	\$ 598	\$ 586	\$ 597
Equipment installment plan billings	174	172	170	152	142
Total billings to postpaid accounts	\$ 774	\$ 770	\$ 768	\$ 738	\$ 739
Average number of postpaid accounts	1.69	1.69	1.69	1.68	1.66
Number of months in period	3	3	3	3	3
Postpaid ABPA (Non-GAAP metric)	\$ 153.03	\$ 152.26	\$ 151.68	\$ 146.65	\$ 148.15

(1) As of January 1, 2018, U.S. Cellular adopted the new revenue recognition standard, ASC 606, using a modified retrospective approach. Under this method, the new accounting standard is applied only to the most recent period presented. As a result, 2018 amounts include the impacts of ASC 606, but 2017 amounts remain as previously reported.