

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2019-10-31** | Period of Report: **2019-09-30**  
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FILER

**UNITED STATES CELLULAR CORP**

CIK:[821130](#) | IRS No.: [621147325](#) | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: [001-09712](#) | Film No.: [191184044](#)  
SIC: **4812** Radiotelephone communications

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended September 30, 2019  
OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-09712



**UNITED STATES CELLULAR CORPORATION**  
(Exact name of Registrant as specified in its charter)

Delaware

62-1147325

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

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

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (773) 399-8900

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, \$1 par value	USM	New York Stock Exchange
6.95% Senior Notes due 2060	UZA	New York Stock Exchange
7.25% Senior Notes due 2063	UZB	New York Stock Exchange
7.25% Senior Notes due 2064	UZC	New York Stock Exchange

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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.	<input type="checkbox"/>	
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

The number of shares outstanding of each of the issuer's classes of common stock, as of September 30, 2019, is 53,140,600 Common Shares, \$1 par value, and 33,005,900 Series A Common Shares, \$1 par value.

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**United States Cellular Corporation**  
**Quarterly Report on Form 10-Q**  
**For the Period Ended September 30, 2019**

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**United States Cellular Corporation  
Management's Discussion and Analysis of  
Financial Condition and Results of Operations**

## **Executive Overview**

The following discussion and analysis compares United States Cellular Corporation's (U.S. Cellular) financial results for the three and nine months ended September 30, 2019, to the three and nine months ended September 30, 2018. It should be read in conjunction with U.S. Cellular's interim consolidated financial statements and notes included herein, and with the description of U.S. Cellular's business, its audited consolidated financial statements and Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations included in U.S. Cellular's Annual Report on Form 10-K (Form 10-K) for the year ended December 31, 2018. Certain numbers included herein are rounded to millions for ease of presentation; however, certain calculated amounts and percentages are determined using the unrounded numbers.

This report contains statements that are not based on historical facts, including the words "believes," "anticipates," "estimates," "expects," "plans," "intends," "projects" and similar expressions. These statements constitute and represent "forward looking statements" as this term is defined in 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. See Private Securities Litigation Reform Act of 1995 Safe Harbor Cautionary Statement for additional information.

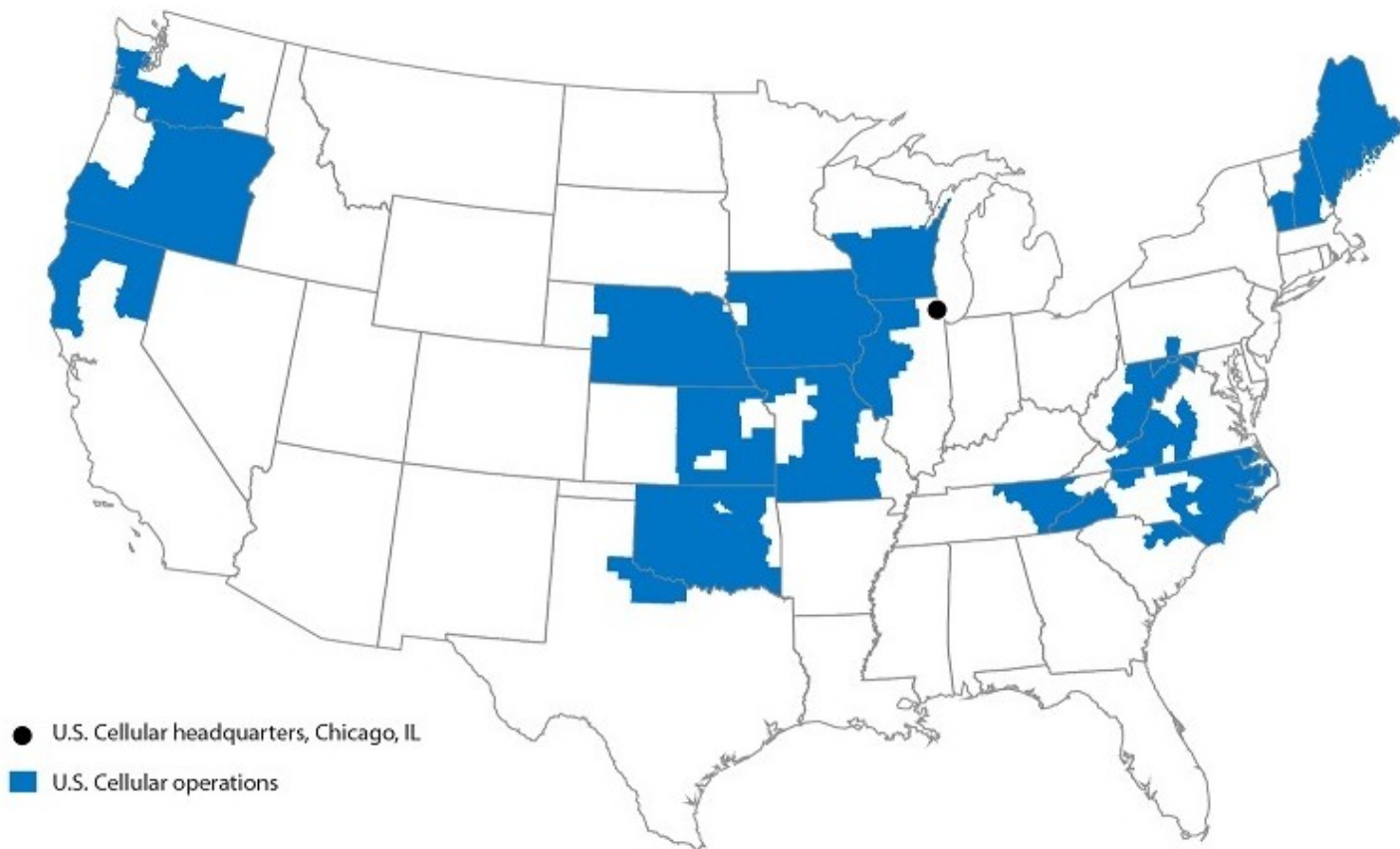
U.S. Cellular uses certain "non-GAAP financial measures" and each such measure is identified in the MD&A. A discussion of the reason U.S. Cellular determines these metrics to be useful and a reconciliation of these measures to their most directly comparable measures determined in accordance with accounting principles generally accepted in the United States of America (GAAP) are included in the Supplemental Information Relating to Non-GAAP Financial Measures section within the MD&A of this Form 10-Q Report.

**General**

U.S. Cellular owns, operates, and invests in wireless markets throughout the United States. U.S. Cellular is an 82%-owned subsidiary of Telephone and Data Systems, Inc. (TDS). U.S. Cellular’s strategy is to attract and retain wireless customers through a value proposition comprised of a high-quality network, outstanding customer service, and competitive devices, plans, and pricing, all provided with a local focus.

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**OPERATIONS**



- Serves customers with 5.0 million connections including 4.4 million postpaid, 0.5 million prepaid and 0.1 million reseller and other connections
- Operates in 21 states
- Employs approximately 5,500 associates
- 4,123 owned towers
- 6,554 cell sites in service

## U.S. Cellular Mission and Strategy

U.S. Cellular's mission is to provide exceptional wireless communication services which enhance consumers' lives, increase the competitiveness of local businesses, and improve the efficiency of government operations in the mid-sized and rural markets served.

In 2019, U.S. Cellular continues to execute on its strategies to grow and protect its customer base, grow revenues, drive improvements in the overall cost structure, and invest in its network and system capabilities. Strategic efforts include:

- U.S. Cellular continues to offer economical and competitively priced service plans and devices to its customers, and is focused on increasing revenues from sales of related products such as accessories and device protection plans and from new services such as fixed wireless broadband. In addition, U.S. Cellular is focused on expanding its solutions available to business and government customers, including a growing suite of connected machine-to-machine solutions and software applications across various categories.
- U.S. Cellular continues to devote efforts to enhance its network capabilities. VoLTE technology is now available to 67% of U.S. Cellular's subscribers, and deployments in additional operating markets are expected in 2020 and 2021. VoLTE technology allows customers to utilize a 4G LTE network for both voice and data services, and offers enhanced services such as high definition voice and simultaneous voice and data sessions.
- U.S. Cellular also has begun to deploy 5G technology in its network and expects to launch commercial 5G services in selected markets in 2020. 5G technology is expected to help address customers' growing demand for data services as well as create opportunities for new services requiring high speed, reliability and low latency. U.S. Cellular is working with leading companies in the wireless infrastructure and handset ecosystem to provide rich 5G experiences for customers, initially focused on mobility services and using its low band spectrum. At the same time, as discussed below, U.S. Cellular has begun acquiring high band spectrum to enable the delivery of additional 5G services in the future. In the markets where U.S. Cellular commercially deploys 5G technology, customers using U.S. Cellular's 4G LTE network will experience increased network speed due to U.S. Cellular's network modernization efforts.
- U.S. Cellular assesses its existing wireless interests on an ongoing basis with a goal of improving the competitiveness of its operations and maximizing its long-term return on capital. As part of this strategy, and to be able to expand its 5G service offerings, U.S. Cellular actively seeks attractive opportunities to acquire wireless spectrum licenses, including pursuant to FCC auctions. In June 2019, the FCC announced by way of public notice that U.S. Cellular was the provisional winning bidder for 408 wireless spectrum licenses in its 28 GHz auction (Auction 101) and 282 wireless spectrum licenses in its 24 GHz auction (Auction 102) for an aggregate purchase price of \$256 million. The wireless spectrum licenses from Auction 101 were granted by the FCC on October 2, 2019, and the wireless spectrum licenses from Auction 102 are expected to be granted by the FCC during the fourth quarter of 2019. Additionally, in September 2019, U.S. Cellular filed an application to participate in Auction 103; bidding in that auction will commence on December 10, 2019. Auction 103 will offer 34 100 MHz blocks in the Upper 37 GHz, 39 GHz, and 47 GHz bands in all Partial Economic Areas.



## Terms Used by U.S. Cellular

The following is a list of definitions of certain industry terms that are used throughout this document:

- **4G LTE** – fourth generation Long-Term Evolution, which is a wireless technology that enables more network capacity for more data per user as well as faster access to data compared to third generation (3G) technology.
- **5G** – fifth generation wireless technology that is expected to help address customers' growing demand for data services as well as create opportunities for new services requiring high speed and reliability as well as low latency.
- **Account** – represents an individual or business financially responsible for one or multiple associated connections. An account may include a variety of types of connections such as handsets and connected devices.
- **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.
- **Connections** – individual lines of service associated with each device activated by a customer. Connections are associated with all types of devices that connect directly to the U.S. Cellular network.
- **Connected Devices** – non-handset devices that connect directly to the U.S. Cellular network. Connected devices include products such as tablets, wearables, modems, and hotspots.
- **EBITDA** – refers to earnings before interest, taxes, depreciation, amortization and accretion and is used in the non-GAAP metric Adjusted EBITDA throughout this document. See Supplemental Information Relating to Non-GAAP Financial Measures within this MD&A for additional information.
- **Free Cash Flow** – non-GAAP metric defined as Cash flows from operating activities less Cash paid for additions to property, plant and equipment. See Supplemental Information Relating to Non-GAAP Financial Measures within this MD&A for additional information.
- **Gross Additions** – represents the total number of new connections added during the period, without regard to connections that were terminated during that period.
- **Machine-to-Machine (M2M)** – technology that involves the transmission of data between networked devices, as well as the performance of actions by devices without human intervention. U.S. Cellular sells and supports M2M solutions to customers, provides connectivity for M2M solutions via the U.S. Cellular network, and has agreements with device manufacturers and software developers which offer M2M solutions.
- **Net Additions (Losses)** – represents the total number of new connections added during the period, net of connections that were terminated during that period.
- **OIBDA** – refers to operating income before depreciation, amortization and accretion and is used in the non-GAAP metric Adjusted OIBDA throughout this document. See Supplemental Information Relating to Non-GAAP Financial Measures within this MD&A for additional information.
- **Partial Economic Areas** – service areas of certain FCC licenses based on geography.
- **Postpaid Average Revenue per Account (Postpaid ARPA)** – metric which is calculated by dividing total postpaid service revenues by the average number of postpaid accounts and by the number of months in the period.
- **Postpaid Average Revenue per User (Postpaid ARPU)** – metric which is calculated by dividing total postpaid service revenues by the average number of postpaid connections and by the number of months in the period.
- **Retail Connections** – the sum of postpaid connections and prepaid connections.
- **Universal Service Fund (USF)** – a system of telecommunications collected fees and support payments managed by the FCC intended to promote universal access to telecommunications services in the United States.
- **VoLTE** – Voice over Long-Term Evolution is a technology specification that defines the standards and procedures for delivering voice communications and related services over 4G LTE networks.

## Operational Overview

**Retail Connections Composition**  
As of September 30, 2019



As of September 30,	2019	2018
<b>Retail Connections – End of Period</b>		
Postpaid	<b>4,395,000</b>	4,466,000
Prepaid	<b>510,000</b>	528,000
<b>Total</b>	<b>4,905,000</b>	4,994,000

	Q3 2019	Q3 2018	Q3 2019 vs. Q3 2018	YTD 2019	YTD 2018	YTD 2019 vs. YTD 2018
<b>Postpaid Activity and Churn</b>						
Gross Additions						
Handsets	<b>124,000</b>	133,000	(7)%	<b>328,000</b>	340,000	(4)%
Connected Devices	<b>39,000</b>	39,000	–	<b>108,000</b>	107,000	1 %
<b>Total Gross Additions</b>	<b>163,000</b>	172,000	(5)%	<b>436,000</b>	447,000	(2)%
Net Additions (Losses)						
Handsets	<b>(2,000)</b>	15,000	N/M	<b>(26,000)</b>	3,000	N/M
Connected Devices	<b>(17,000)</b>	(16,000)	(6)%	<b>(51,000)</b>	(55,000)	7 %
<b>Total Net (Losses)</b>	<b>(19,000)</b>	(1,000)	N/M	<b>(77,000)</b>	(52,000)	(48)%
Churn						
Handsets	<b>1.09%</b>	1.02%		<b>1.02%</b>	0.97%	
Connected Devices	<b>3.44%</b>	3.04%		<b>3.17%</b>	2.89%	
<b>Total Churn</b>	<b>1.38%</b>	1.29%		<b>1.29%</b>	1.24%	

N/M - Percentage change not meaningful

Total postpaid gross additions decreased for the three and nine months ended September 30, 2019, when compared to the same period last year, due to aggressive industry-wide competition.

Total postpaid churn increased for the three and nine months ended September 30, 2019, due primarily to aggressive industry-wide competition and an increase in defections of connected wearables, which were launched late in the second quarter of 2018.

### Postpaid Revenue

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	2019 vs. 2018	2019	2018	2019 vs. 2018
Average Revenue Per User (ARPU)	\$ <b>46.16</b>	\$ 45.31	2 %	\$ <b>45.82</b>	\$ 44.79	2%
Average Revenue Per Account (ARPA)	\$ <b>119.87</b>	\$ 119.42	— %	\$ <b>119.39</b>	\$ 118.71	1%

Postpaid ARPU and Postpaid ARPA increased for the three and nine months ended September 30, 2019, when compared to the same period last year, due to several factors including: a shift in mix to higher-priced service plans; having proportionately more smartphone connections, which on a per-unit basis contribute more revenue than feature phones and connected devices; and an increase in device protection plan revenues.

## Financial Overview

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	2019 vs. 2018	2019	2018	2019 vs. 2018
(Dollars in millions)						
Retail service	\$ 663	\$ 659	1 %	\$ 1,984	\$ 1,960	1 %
Inbound roaming	54	50	9 %	132	116	14 %
Other	57	50	13 %	156	148	5 %
Service revenues	774	759	2 %	2,272	2,224	2 %
Equipment sales	257	242	6 %	698	692	1 %
Total operating revenues	1,031	1,001	3 %	2,970	2,916	2 %
System operations (excluding Depreciation, amortization and accretion reported below)	199	200	(1)%	568	566	—
Cost of equipment sold	266	258	3 %	724	716	1 %
Selling, general and administrative	358	346	3 %	1,027	1,014	1 %
Depreciation, amortization and accretion	181	160	13 %	524	478	10 %
(Gain) loss on asset disposals, net	5	3	66 %	13	5	N/M
(Gain) loss on sale of business and other exit costs, net	—	—	N/M	(1)	—	N/M
(Gain) loss on license sales and exchanges, net	2	—	N/M	—	(18)	98 %
Total operating expenses	1,011	967	5 %	2,855	2,761	3 %
<b>Operating income</b>	<b>\$ 20</b>	<b>\$ 34</b>	<b>(40)%</b>	<b>\$ 115</b>	<b>\$ 155</b>	<b>(26)%</b>
Net income	\$ 24	\$ 37	(33)%	\$ 115	\$ 143	(20)%
Adjusted OIBDA (Non-GAAP) <sup>1</sup>	\$ 208	\$ 197	6 %	\$ 651	\$ 620	5 %
Adjusted EBITDA (Non-GAAP) <sup>1</sup>	\$ 256	\$ 243	5 %	\$ 793	\$ 750	6 %
Capital expenditures <sup>2</sup>	\$ 170	\$ 118	43 %	\$ 467	\$ 274	71 %

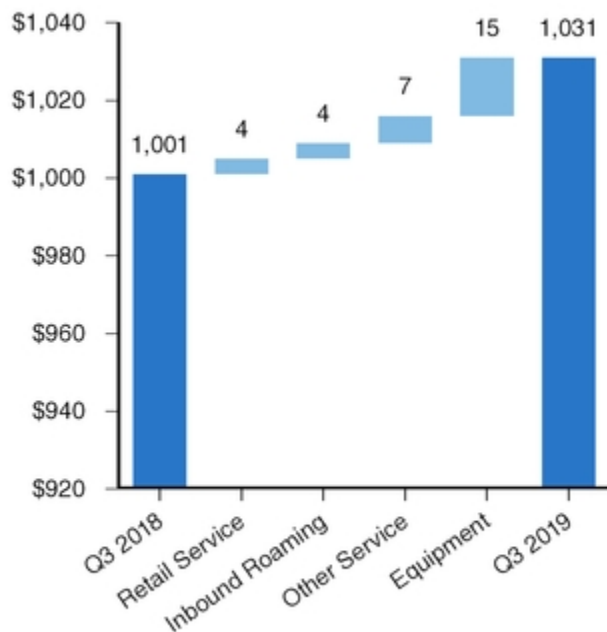
N/M - Percentage change not meaningful

<sup>1</sup> Refer to Supplemental Information Relating to Non-GAAP Financial Measures within this MD&A for a reconciliation of this measure.

<sup>2</sup> Refer to Liquidity and Capital Resources within this MD&A for additional information on Capital expenditures.

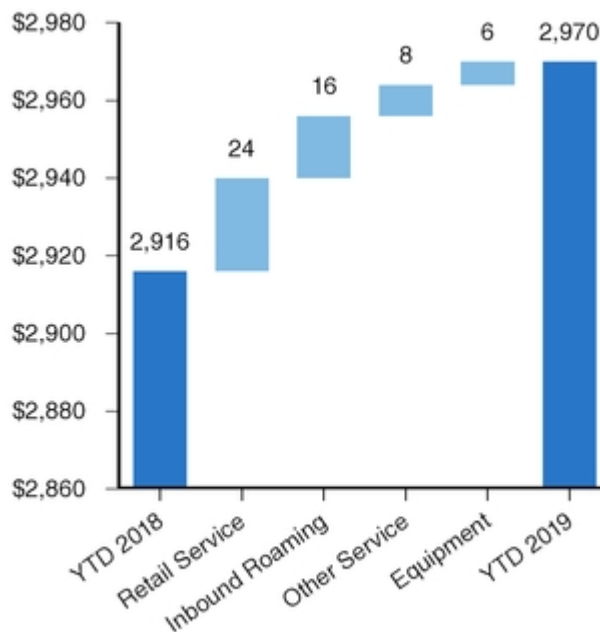
**Operating Revenues**

Three Months Ended September 30, 2019 and 2018  
(Dollars in millions)



**Operating Revenues**

Nine Months Ended September 30, 2019 and 2018  
(Dollars in millions)



**Service revenues consist of:**

- Retail Service - Charges for voice, data and value added services and recovery of regulatory costs
- Inbound Roaming - Charges to other wireless carriers whose customers use U.S. Cellular’s wireless systems when roaming
- Other Service - Amounts received from the Federal USF, tower rental revenues, and miscellaneous other service revenues

**Equipment revenues consist of:**

- Sales of wireless devices and related accessories to new and existing customers, agents, and third-party distributors

**Key components of changes in the statement of operations line items were as follows:**

**Total operating revenues**

Retail service revenues increased for the three and nine months ended September 30, 2019, primarily as a result of the increase in Postpaid ARPU, which was previously discussed in the Operational Overview section.

Inbound roaming revenues increased for the three and nine months ended September 30, 2019, primarily driven by higher data usage, partially offset by lower rates.

Other service revenues increased for the three and nine months ended September 30, 2019, due primarily to an out-of-period adjustment to tower lease revenues recorded in the third quarter of 2019. See Note 8 — Leases in the Notes to Consolidated Financial Statements for additional information.

Equipment sales revenues increased for the three and nine months ended September 30, 2019, due to an increase in the average revenue per device sold and a shift in mix to smartphones, partially offset by a decrease in the number of devices sold.

#### **Cost of equipment sold**

Cost of equipment sold increased for the three and nine months ended September 30, 2019, due primarily to higher average cost per device sold and a shift in mix to smartphones, partially offset by a decrease in the number of devices sold.

### Selling, general and administrative expenses

Selling, general and administrative expenses increased for the three and nine months ended September 30, 2019, due primarily to an increase in costs driven by information system initiatives, as well as an increase in bad debts expenses.

### Depreciation, amortization and accretion

Depreciation, amortization, and accretion increased for the three and nine months ended September 30, 2019, due to (i) additional network assets being placed into service and (ii) accelerated depreciation of certain assets due to changes in network technology, which will continue throughout the remainder of 2019 and beyond.

### Components of Other Income (Expense)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	2019 vs. 2018	2019	2018	2019 vs. 2018
(Dollars in millions)						
<b>Operating income</b>	<b>\$ 20</b>	<b>\$ 34</b>	<b>(40)%</b>	<b>\$ 115</b>	<b>\$ 155</b>	<b>(26)%</b>
Equity in earnings of unconsolidated entities	44	42	5 %	128	120	7 %
Interest and dividend income	4	4	4 %	14	10	40 %
Interest expense	(29)	(29)	1 %	(87)	(87)	—
Total investment and other income	19	17	12 %	55	43	27 %
<b>Income before income taxes</b>	<b>39</b>	<b>51</b>	<b>(23)%</b>	<b>170</b>	<b>198</b>	<b>(14)%</b>
Income tax expense	15	14	2 %	55	55	1 %
<b>Net income</b>	<b>24</b>	<b>37</b>	<b>(33)%</b>	<b>115</b>	<b>143</b>	<b>(20)%</b>
Less: Net income attributable to noncontrolling interests, net of tax	1	1	29 %	6	14	(61)%
<b>Net income attributable to U.S. Cellular shareholders</b>	<b>\$ 23</b>	<b>\$ 36</b>	<b>(34)%</b>	<b>\$ 109</b>	<b>\$ 129</b>	<b>(15)%</b>

N/M - Percentage change not meaningful

### Equity in earnings of unconsolidated entities

Equity in earnings of unconsolidated entities represents U.S. Cellular's share of net income from entities in which it has a noncontrolling interest and that are accounted for by the equity method. U.S. Cellular's investment in the Los Angeles SMSA Limited Partnership (LA Partnership) contributed \$20 million for both the three months ended September 30, 2019 and 2018, and \$60 million and \$58 million for the nine months ended September 30, 2019 and 2018, respectively. See Note 7 — Investments in Unconsolidated Entities in the Notes to Consolidated Financial Statements for additional information.

### Interest and dividend income

Interest and dividend income increased for the nine months ended September 30, 2019 as a result of an increase in U.S. Cellular's money market investments balance, classified within Cash and cash equivalents.

### Income tax expense

The effective tax rate on Income before income taxes for the three months ended September 30, 2019 and 2018, was 37.4% and 28.2%, respectively. The effective tax rate on Income before income taxes for the nine months ended September 30, 2019 and 2018, was 32.5% and 27.7%, respectively. The effective tax rate for the three and nine months ended September 30, 2019 was higher than in the

corresponding 2018 periods due primarily to an increase in projected unrecognized tax benefits for 2019 that had a disproportionate impact on the effective tax rate due to the relatively low pretax income in the 2019 quarter and year-to-date periods.

**Net income attributable to noncontrolling interests, net of tax**

Net income attributable to noncontrolling interests, net of tax decreased during the nine months ended September 30, 2019, due primarily to an out-of-period adjustment recorded in the first quarter of 2018. See Note 10 — Variable Interest Entities in the Notes to Consolidated Financial Statements for additional information.



## Liquidity and Capital Resources

### Sources of Liquidity

U.S. Cellular operates a capital-intensive business. Historically, U.S. Cellular has used internally-generated funds and also has obtained substantial funds from external sources for general corporate purposes. In the past, U.S. Cellular's existing cash and investment balances, funds available under its revolving credit and receivables securitization agreements, funds from other financing sources, including a term loan and other long-term debt, and cash flows from operating and certain investing and financing activities, including sales of assets or businesses, provided sufficient liquidity and financial flexibility for U.S. Cellular to meet its normal day-to-day operating needs and debt service requirements, to finance the build-out and enhancement of markets and to fund acquisitions, primarily of wireless spectrum licenses. There is no assurance that this will be the case in the future. See Market Risk for additional information regarding maturities of long-term debt.

Although U.S. Cellular currently has a significant cash balance, U.S. Cellular has incurred negative free cash flow at times in the past and this could occur in the future. However, U.S. Cellular believes that existing cash and investment balances, funds available under its revolving credit and receivables securitization agreements, and expected cash flows from operating and investing activities will provide sufficient liquidity for U.S. Cellular to meet its normal day-to-day operating needs and debt service requirements for the coming year.

U.S. Cellular may require substantial additional capital for, among other uses, funding day-to-day operating needs including working capital, acquisitions of providers of wireless telecommunications services, wireless spectrum license or system acquisitions, capital expenditures, debt service requirements, the repurchase of shares, the payment of dividends, or making additional investments. It may be necessary from time to time to increase the size of the existing revolving credit agreements, to put in place new credit agreements, or to obtain other forms of financing in order to fund potential expenditures. U.S. Cellular made payments related to wireless spectrum license auctions (see Regulatory Matters - Millimeter Wave Spectrum Auctions) and debt repayments during 2019, and U.S. Cellular expects capital expenditures in 2019 to be higher than in 2018, due primarily to investments to enhance network speed and capacity and to deploy 5G technology on its network. U.S. Cellular's liquidity would be adversely affected if, among other things, U.S. Cellular is unable to obtain financing on acceptable terms, U.S. Cellular makes significant wireless spectrum license purchases, the LA Partnership discontinues or significantly reduces distributions compared to historical levels, or Federal USF and/or other regulatory support payments decline.

U.S. Cellular's credit rating currently is sub-investment grade. There can be no assurance that sufficient funds will continue to be available to U.S. Cellular or its subsidiaries on terms or at prices acceptable to U.S. Cellular. Insufficient cash flows from operating activities, changes in U.S. Cellular's credit ratings, defaults of the terms of debt or credit agreements, uncertainty of access to capital, deterioration in the capital markets, reduced regulatory capital at banks which in turn limits their ability to borrow and lend, other changes in the performance of U.S. Cellular or in market conditions 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 acquisition, capital expenditure and business development programs, reduce the acquisition of wireless spectrum licenses, and/or reduce or cease share repurchases. Any of the foregoing developments would have an adverse impact on U.S. Cellular's business, financial condition or results of operations. U.S. Cellular cannot provide assurance that circumstances that could have a material adverse effect on its liquidity or capital resources will not occur.

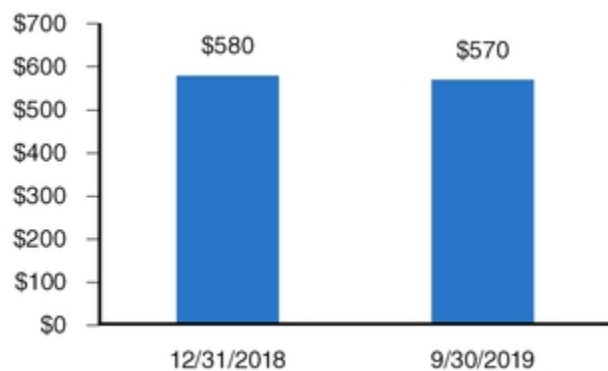
### Cash and Cash Equivalents

Cash and cash equivalents include cash and money market investments. The primary objective of U.S. Cellular's Cash and cash equivalents is for use in its operations and acquisition, capital expenditure and business development programs.

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## Cash and Cash Equivalents

(Dollars in millions)



At September 30, 2019, U.S. Cellular's cash and cash equivalents totaled \$570 million compared to \$580 million at December 31, 2018.

The majority of U.S. Cellular's Cash and cash equivalents is held in bank deposit accounts and in money market funds that purchase only debt issued by the U.S. Treasury or U.S. government agencies across a range of eligible money market investments that may include, but are not limited to, government agency repurchase agreements, government agency debt, U.S. Treasury repurchase agreements, U.S. Treasury debt, and other securities collateralized by U.S. government obligations. U.S. Cellular monitors the financial viability of the money market funds and the financial institutions with which U.S. Cellular has deposits and believes that the credit risk associated with these funds and institutions is low.

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### Financing

U.S. Cellular has an unsecured revolving credit agreement available for general corporate purposes including wireless spectrum license purchases and capital expenditures. This credit agreement matures in May 2023. As of September 30, 2019, there were no outstanding borrowings under the revolving credit agreement, except for letters of credit, and the unused borrowing capacity was \$298 million.

In March 2019, U.S. Cellular amended its senior term loan credit agreement in order to reduce the interest rate. There were no changes to the maturity date and no significant changes to other key terms of the agreement. In October 2019, U.S. Cellular made a \$100 million principal prepayment on its senior term loan.

U.S. Cellular believes that it was in compliance with all of the financial covenants and requirements set forth in its revolving credit agreement and the senior term loan credit agreement as of September 30, 2019.

U.S. Cellular, through its subsidiaries, also has a receivables securitization agreement to permit securitized borrowings for general corporate purposes using its equipment installment plan receivables. The unused capacity under this agreement was \$200 million as of September 30, 2019, subject to sufficient collateral to satisfy the asset borrowing base provisions of the agreement. In September 2019, U.S. Cellular amended this agreement extending the expiration date of the agreement to December 15, 2021. There were no significant changes to other key terms of the agreement. U.S. Cellular believes that it was in compliance with all of the financial covenants and requirements set forth in its receivables securitization agreement as of September 30, 2019.

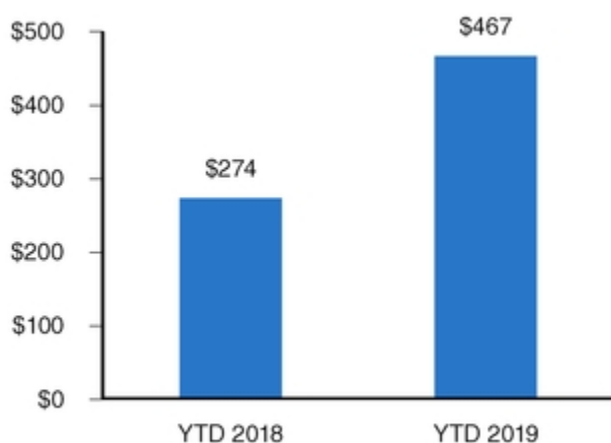
U.S. Cellular has in place an effective shelf registration statement on Form S-3 to issue senior or subordinated debt securities.

As of September 30, 2019, long-term debt payments due for the remainder of 2019 and the next four years are \$191 million, which represent 12% of the total gross long-term debt obligation.

### Capital Expenditures

Capital expenditures (i.e., additions to property, plant and equipment and system development expenditures), which include the effects of accruals and capitalized interest, for the nine months ended September 30, 2019 and 2018, were as follows:

**Capital Expenditures**  
(Dollars in millions)



U.S. Cellular's capital expenditures for the nine months ended September 30, 2019 and 2018, were \$467 million and \$274 million, respectively.

Capital expenditures for the full year 2019 are expected to be between \$625 million and \$725 million. These expenditures are expected to be used principally for the following purposes:

- Enhance and maintain U.S. Cellular's network coverage, including continuing to deploy VoLTE technology in certain markets and providing additional speed and capacity to accommodate increased data usage by current customers;
- Begin deploying 5G technology on its network; and
- Invest in information technology to support existing and new services and products.

U.S. Cellular intends to finance its capital expenditures for 2019 using primarily Cash flows from operating activities, existing cash balances and, if required, its receivables securitization and/or revolving credit agreements.

### Acquisitions, Divestitures and Exchanges

U.S. Cellular may be engaged from time to time in negotiations (subject to all applicable regulations) relating to the acquisition, divestiture or exchange of companies, properties or wireless spectrum licenses. In general, U.S. Cellular may not disclose such transactions until there is a definitive agreement. U.S. Cellular assesses its existing wireless interests on an ongoing basis with a goal of improving the competitiveness of its operations and its long-term return on capital. As part of this strategy, U.S. Cellular actively seeks attractive opportunities to acquire wireless spectrum licenses, including pursuant to FCC auctions. U.S. Cellular also may seek to divest outright or include in exchanges for other wireless interests those interests that are not strategic to its long-term success.

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In June 2019, the FCC announced by way of public notice that U.S. Cellular was the provisional winning bidder for 408 wireless spectrum licenses in its 28 GHz auction (Auction 101) and 282 wireless spectrum licenses in its 24 GHz auction (Auction 102) for an aggregate purchase price of \$256 million. U.S. Cellular paid substantially all of the \$256 million in the first half of 2019. The wireless spectrum licenses from Auction 101 were granted by the FCC on October 2, 2019, and the wireless spectrum licenses from Auction 102 are expected to be granted by the FCC during the fourth quarter of 2019.

### **Variable Interest Entities**

U.S. Cellular consolidates certain “variable interest entities” as defined under GAAP. See Note 10 — Variable Interest Entities in the Notes to Consolidated Financial Statements for additional information related to these variable interest entities. U.S. Cellular may elect to make additional capital contributions and/or advances to these variable interest entities in future periods in order to fund their operations.

### **Common Share Repurchase Program**

U.S. Cellular has repurchased and expects to continue to repurchase its Common Shares, subject to its repurchase program. During the three and nine months ended September 30, 2019, U.S. Cellular repurchased 590,300 Common Shares for \$21 million at an average cost per share of \$35.45. As of September 30, 2019, the total cumulative amount of U.S. Cellular Common Shares authorized to be purchased is 5,310,549. For additional information related to the current repurchase authorization, see Unregistered Sales of Equity Securities and Use of Proceeds.

### **Contractual and Other Obligations**

There were no material changes outside the ordinary course of business between December 31, 2018 and September 30, 2019, to the Contractual and Other Obligations disclosed in Management’s Discussion and Analysis of Financial Condition and Results of Operations included in U.S. Cellular’s Form 10-K for the year ended December 31, 2018.

On September 27, 2019, U.S. Cellular executed a new Master Service Agreement, Master Statement of Work for Managed Services and certain other documents with Amdocs Tethys Limited, effective October 1, 2019, to continue using the Billing and Operational Support System (B/OSS) and certain support functions offered by Amdocs Tethys Limited. The committed, non-cancellable amount to be paid to Amdocs Tethys Limited with respect to the new agreements is \$241 million over five years.

### **Off-Balance Sheet Arrangements**

U.S. Cellular had no transactions, agreements or other contractual arrangements with unconsolidated entities involving “off-balance sheet arrangements,” as defined by SEC rules, that had or are reasonably likely to have a material current or future effect on its financial condition, results of operations, liquidity, capital expenditures or capital resources.

## Consolidated Cash Flow Analysis

U.S. Cellular operates a capital- and marketing-intensive business. U.S. Cellular makes substantial investments to acquire wireless spectrum licenses and properties and to construct and upgrade wireless telecommunications networks and facilities as a basis for creating long-term value for shareholders. In recent years, rapid changes in technology and new opportunities have required substantial investments in potentially revenue-enhancing and cost-saving upgrades to U.S. Cellular's networks. U.S. Cellular utilizes cash on hand, cash from operating activities, cash proceeds from divestitures and dispositions of investments, and short-term and long-term debt financing to fund its acquisitions (including wireless spectrum licenses), construction costs, operating expenses and share repurchases. Cash flows may fluctuate from quarter to quarter and year to year due to seasonality, the timing of acquisitions and divestitures, capital expenditures and other factors. The following discussion summarizes U.S. Cellular's cash flow activities for the nine months ended September 30, 2019 and 2018.

### 2019 Commentary

U.S. Cellular's Cash, cash equivalents and restricted cash decreased \$8 million. Net cash provided by operating activities was \$687 million due to net income of \$115 million plus non-cash items of \$486 million and distributions received from unconsolidated entities of \$99 million, including \$33 million in distributions from the LA Partnership. This was offset by changes in working capital items which decreased net cash by \$13 million. The more significant working capital changes were increases in accounts receivables and equipment installment plan receivables, offset by an increase to accrued taxes.

Cash flows used for investing activities were \$647 million. Cash paid for additions to property, plant and equipment totaled \$439 million. Cash payments for wireless spectrum license acquisitions were \$257 million. These were partially offset by Cash received from divestitures and exchanges of \$32 million and cash received from the redemption of short-term Treasury bills of \$29 million.

Cash flows used for financing activities were \$48 million, reflecting the repurchase of \$21 million of Common Shares and ordinary activity such as the scheduled repayments of debt.

### 2018 Commentary

U.S. Cellular's Cash, cash equivalents and restricted cash increased \$380 million. Net cash provided by operating activities was \$600 million due to net income of \$143 million plus non-cash items of \$436 million and distributions received from unconsolidated entities of \$90 million, including \$33 million in distributions from the LA Partnership. This was offset by changes in working capital items which decreased net cash by \$69 million. The working capital changes were primarily influenced by an increase in equipment installment plan receivables.

Cash flows used for investing activities were \$203 million. Cash paid for additions to property, plant and equipment totaled \$277 million. This was partially offset by cash received from the redemption of short-term Treasury bills of \$50 million and Cash received from divestitures and exchanges of \$23 million.

Cash flows used for financing activities were \$17 million, reflecting ordinary activity such as the scheduled repayments of debt.

## Consolidated Balance Sheet Analysis

The following discussion addresses certain captions in the consolidated balance sheet and changes therein. This discussion is intended to highlight the significant changes and is not intended to fully reconcile the changes. Changes in financial condition during 2019 were as follows:

### Assets held for sale

Assets held for sale decreased \$45 million. Certain sale and exchange agreements that U.S. Cellular entered into in 2018 closed in the first quarter of 2019. This was partially offset by certain sale agreements that U.S. Cellular entered into in the third quarter of 2019, which are expected to close in the fourth quarter of 2019.

### Licenses

Licenses increased \$275 million due primarily to wireless spectrum license rights acquired through FCC auctions. See Note 6 — Intangible Assets in the Notes to Consolidated Financial Statements for additional information.

### Operating lease right-of-use assets

Operating lease right-of-use assets increased \$897 million due to the adoption of Accounting Standards Codification (ASC) 842. See Note 8 — Leases in the Notes to Consolidated Financial Statements for additional information.

### Accrued taxes

Accrued taxes increased \$58 million due primarily to the excess of current income tax expense over federal estimated payments made during the nine months ended September 30, 2019.

### Short-term operating lease liabilities

Short-term operating lease liabilities increased \$104 million due to the adoption of ASC 842. See Note 8 — Leases in the Notes to Consolidated Financial Statements for additional information.

### Long-term operating lease liabilities

Long-term operating lease liabilities increased \$864 million due to the adoption of ASC 842. See Note 8 — Leases in the Notes to Consolidated Financial Statements for additional information.

### Other deferred liabilities and credits

Other deferred liabilities and credits decreased \$77 million due primarily to the adoption of ASC 842. See Note 8 — Leases in the Notes to Consolidated Financial Statements for additional information.

## Supplemental Information Relating to Non-GAAP Financial Measures

U.S. Cellular sometimes uses information derived from consolidated financial information but not presented in its financial statements prepared in accordance with U.S. GAAP to evaluate the performance of its business. Specifically, U.S. Cellular has referred to the following measures in this Form 10-Q Report:

- EBITDA
- Adjusted EBITDA
- Adjusted OIBDA
- Free cash flow

Certain of these measures are considered “non-GAAP financial measures” under U.S. Securities and Exchange Commission Rules. Following are explanations of each of these measures.

### EBITDA, Adjusted EBITDA and Adjusted OIBDA

EBITDA, Adjusted EBITDA and Adjusted OIBDA are defined as net income adjusted for the items set forth in the reconciliation below. EBITDA, Adjusted EBITDA and Adjusted OIBDA are not measures of financial performance under 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 below 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 below 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 following table reconciles EBITDA, Adjusted EBITDA and Adjusted OIBDA to the corresponding GAAP measures, Net income and Operating income.



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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(Dollars in millions)				
<b>Net income (GAAP)</b>	\$ 24	\$ 37	\$ 115	\$ 143
Add back:				
Income tax expense	15	14	55	55
Interest expense	29	29	87	87
Depreciation, amortization and accretion	181	160	524	478
EBITDA (Non-GAAP)	249	240	781	763
Add back or deduct:				
(Gain) loss on asset disposals, net	5	3	13	5
(Gain) loss on sale of business and other exit costs, net	—	—	(1)	—
(Gain) loss on license sales and exchanges, net	2	—	—	(18)
Adjusted EBITDA (Non-GAAP)	256	243	793	750
Deduct:				
Equity in earnings of unconsolidated entities	44	42	128	120
Interest and dividend income	4	4	14	10
Adjusted OIBDA (Non-GAAP)	208	197	651	620
Deduct:				
Depreciation, amortization and accretion	181	160	524	478
(Gain) loss on asset disposals, net	5	3	13	5
(Gain) loss on sale of business and other exit costs, net	—	—	(1)	—
(Gain) loss on license sales and exchanges, net	2	—	—	(18)
<b>Operating income (GAAP)</b>	\$ 20	\$ 34	\$ 115	\$ 155

**Free Cash Flow**

The following table presents Free cash flow, which 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.

	Nine Months Ended September 30,	
	2019	2018
(Dollars in millions)		
<b>Cash flows from operating activities (GAAP)</b>	\$ 687	\$ 600
Less: Cash paid for additions to property, plant and equipment	439	277
<b>Free cash flow (Non-GAAP)</b>	\$ 248	\$ 323

## Application of Critical Accounting Policies and Estimates

U.S. Cellular prepares its consolidated financial statements in accordance with GAAP. U.S. Cellular's significant accounting policies are discussed in detail in Note 1 — Summary of Significant Accounting Policies and Recent Accounting Pronouncements and Note 2 — Revenue Recognition in the Notes to Consolidated Financial Statements and U.S. Cellular's Application of Critical Accounting Policies and Estimates is discussed in detail in Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are included in U.S. Cellular's Form 10-K for the year ended December 31, 2018.

## Recent Accounting Pronouncements

See Note 1 — Basis of Presentation and Note 8 — Leases in the Notes to Consolidated Financial Statements for information on recent accounting pronouncements.

## Regulatory Matters

### Millimeter Wave Spectrum Auctions

During 2018, the FCC established procedures for two auctions of wireless spectrum licenses in the 28 GHz and 24 GHz bands. The 28 GHz auction (Auction 101) commenced on November 14, 2018 and closed on January 24, 2019. Auction 101 offered two 425 MHz licenses in the 28 GHz band over portions of the United States that do not have incumbent licensees. The 24 GHz auction (Auction 102) commenced on March 14, 2019 and closed on May 28, 2019. Auction 102 offered up to seven 100 MHz licenses in the 24 GHz band in Partial Economic Areas covering most of the United States. On June 3, 2019, the FCC announced by way of public notice that U.S. Cellular was the provisional winning bidder for 408 wireless spectrum licenses in Auction 101 and 282 wireless spectrum licenses in Auction 102 for an aggregate purchase price of \$256 million. The wireless spectrum licenses from Auction 101 were granted by the FCC on October 2, 2019, and the wireless spectrum licenses from Auction 102 are expected to be granted by the FCC during the fourth quarter of 2019.

On July 11, 2019, the FCC released a Public Notice establishing procedures for an additional Millimeter Wave auction offering wireless spectrum licenses in the 37, 39 and 47 GHz bands (Auction 103). On August 21, 2019, the FCC released a Public Notice announcing that all 39 GHz incumbents have agreed to relinquish their licenses in return for incentive payments. Consequently, Auction 103 will offer 34 100 MHz blocks in the Upper 37 GHz, 39 GHz, and 47 GHz bands in all Partial Economic Areas. On September 9, 2019, U.S. Cellular filed an application to participate in Auction 103; bidding in this auction will commence on December 10, 2019.

## Private Securities Litigation Reform Act of 1995 Safe Harbor Cautionary Statement

This Form 10-Q, including exhibits, contains statements that are not based on historical facts and represent forward-looking statements, as this term is defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, that address activities, events or developments that U.S. Cellular intends, expects, projects, believes, estimates, plans or anticipates will or may occur in the future 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 risks, uncertainties and other factors include, but are not limited to, those set forth below, as more fully described under “Risk Factors” in U.S. Cellular’s Form 10-K for the year ended December 31, 2018. Each of the following risks could have a material adverse effect on U.S. Cellular’s business, financial condition or results of operations. However, such factors are not necessarily all of the important factors that could cause actual results, performance or achievements to differ materially from those expressed in, or implied by, the forward-looking statements contained in this document. Other unknown or unpredictable factors also could have material adverse effects on future results, performance or achievements. U.S. Cellular undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. You should carefully consider the Risk Factors in U.S. Cellular’s Form 10-K for the year ended December 31, 2018, the following factors and other information contained in, or incorporated by reference into, this Form 10-Q to understand the material risks relating to U.S. Cellular’s business, financial condition or results of operations.

- *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 (including planned acquisitions, spectrum acquisitions, divestitures and exchanges) or allocate resources or capital effectively could have an adverse effect on U.S. Cellular’s business, financial condition or results of operations.*
- *Uncertainty in U.S. Cellular’s future cash flow and liquidity or the inability to access capital, deterioration in the capital markets, other changes in U.S. Cellular’s performance or 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, reduce the amount of spectrum licenses acquired, and/or reduce or cease share repurchases.*
- *U.S. Cellular has a significant amount of indebtedness which could adversely affect its financial performance and in turn adversely affect its ability to make payments on its indebtedness, comply with terms of debt covenants and incur additional debt.*
- *Changes in roaming practices or other factors could cause U.S. Cellular’s roaming revenues to decline from current levels, roaming expenses to increase from current levels and/or impact U.S. Cellular’s ability to service its customers in geographic areas where U.S. Cellular does not have its own network, which could have an adverse effect on U.S. Cellular’s business, financial condition or 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, financial condition or results of operations.*
- *To the extent conducted by the FCC, U.S. Cellular may participate in FCC auctions for additional spectrum or for funding in certain Universal Service programs in the future directly or indirectly and, during certain periods, will be subject to the FCC’s anti-collusion rules, which could have an adverse effect on U.S. Cellular.*
- *Failure by U.S. Cellular to timely or fully comply with any existing applicable legislative and/or regulatory requirements or changes thereto could adversely affect U.S. Cellular’s business, financial condition or results of operations.*
- *An inability to attract people of outstanding talent throughout all levels of the organization, to develop their potential through education and assignments, and to retain them by keeping them engaged, challenged and properly rewarded could have an adverse effect on U.S. Cellular’s business, financial condition or results of operations.*
- *U.S. Cellular’s assets and revenue are concentrated in the U.S. wireless telecommunications industry. Consequently, its operating results may fluctuate based on factors related primarily to conditions in this industry.*

- *U.S. Cellular's smaller scale relative to larger competitors that may have greater financial and other resources than U.S. Cellular could cause U.S. Cellular to be unable to compete successfully, which could adversely affect its business, financial condition or results of operations.*

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- *Changes in various business factors, including changes in demand, customer preferences and perceptions, price competition, churn from customer switching activity and other factors, could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *Advances or changes in technology could render certain technologies used by U.S. Cellular obsolete, could put U.S. Cellular at a competitive disadvantage, could reduce U.S. Cellular's revenues or could increase its costs of doing business.*
- *Complexities associated with deploying new technologies present substantial risk and U.S. Cellular investments in unproven technologies may not produce the benefits that U.S. Cellular expects.*
- *U.S. Cellular receives regulatory support and is subject to numerous surcharges and fees from federal, state and local governments, and the applicability and the amount of the support and fees are subject to great uncertainty, which could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *Performance under device purchase agreements could have a material adverse impact on U.S. Cellular's business, financial condition or results of operations.*
- *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 licenses and/or physical assets.*
- *Costs, integration problems or other factors associated with acquisitions, divestitures or exchanges 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 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, support and other systems and infrastructure could have an adverse effect on its operations.*
- *Difficulties involving third parties with which U.S. Cellular does business, including changes in U.S. Cellular's relationships with or financial or operational difficulties of key suppliers or independent agents and third party national retailers who market U.S. Cellular's services, 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, could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *U.S. Cellular has experienced and, in the future, expects to experience cyber-attacks or other breaches of network or information technology security of varying degrees on a regular basis, 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, could require U.S. Cellular to record adjustments to amounts reflected in the financial statements, which could have an adverse effect on U.S. Cellular's business, financial condition or results of operations.*
- *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 business, 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 business, financial condition or results of operations.*
- *The possible development of adverse precedent in litigation or conclusions in professional studies to the effect that radio frequency emissions from wireless 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 products or 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.*

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- *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 or have other consequences.*
- *The market price of U.S. Cellular's Common Shares is subject to fluctuations due to a variety of factors.*
- *Any of the foregoing events or other events could cause revenues, earnings, capital expenditures and/or any other financial or statistical information to vary from U.S. Cellular's forward-looking estimates by a material amount.*

## Risk Factors

In addition to the information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in U.S. Cellular's Annual Report on Form 10-K for the year ended December 31, 2018, which could materially affect U.S. Cellular's business, financial condition or future results. The risks described in this Form 10-Q and the Form 10-K for the year ended December 31, 2018, may not be the only risks that could affect U.S. Cellular. Additional unidentified or unrecognized risks and uncertainties could materially adversely affect U.S. Cellular's business, financial condition and/or operating results. Subject to the foregoing, U.S. Cellular has not identified for disclosure any material changes to the risk factors as previously disclosed in U.S. Cellular's Annual Report on Form 10-K for the year ended December 31, 2018.

## Quantitative and Qualitative Disclosures about Market Risk

### Market Risk

Refer to the disclosure under Market Risk in U.S. Cellular's Form 10-K for the year ended December 31, 2018, for additional information, including information regarding required principal payments and the weighted average interest rates related to U.S. Cellular's Long-term debt. There have been no material changes to such information between December 31, 2018 and September 30, 2019.

See Note 3 — Fair Value Measurements in the Notes to Consolidated Financial Statements for additional information related to the fair value of U.S. Cellular's Long-term debt as of September 30, 2019.

## Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(Dollars and shares in millions, except per share amounts)				
<b>Operating revenues</b>				
Service	\$ 774	\$ 759	\$ 2,272	\$ 2,224
Equipment sales	257	242	698	692
Total operating revenues	1,031	1,001	2,970	2,916
<b>Operating expenses</b>				
System operations (excluding Depreciation, amortization and accretion reported below)	199	200	568	566
Cost of equipment sold	266	258	724	716
Selling, general and administrative (including charges from affiliates of \$22 million and \$20 million, respectively, for the three months, and \$61 million, and \$60 million, respectively, for the nine months)	358	346	1,027	1,014
Depreciation, amortization and accretion	181	160	524	478
(Gain) loss on asset disposals, net	5	3	13	5
(Gain) loss on sale of business and other exit costs, net	—	—	(1)	—
(Gain) loss on license sales and exchanges, net	2	—	—	(18)
Total operating expenses	1,011	967	2,855	2,761
<b>Operating income</b>	<b>20</b>	<b>34</b>	<b>115</b>	<b>155</b>
<b>Investment and other income (expense)</b>				
Equity in earnings of unconsolidated entities	44	42	128	120
Interest and dividend income	4	4	14	10
Interest expense	(29)	(29)	(87)	(87)
Total investment and other income	19	17	55	43
<b>Income before income taxes</b>	<b>39</b>	<b>51</b>	<b>170</b>	<b>198</b>
Income tax expense	15	14	55	55
<b>Net income</b>	<b>24</b>	<b>37</b>	<b>115</b>	<b>143</b>
Less: Net income attributable to noncontrolling interests, net of tax	1	1	6	14
<b>Net income attributable to U.S. Cellular shareholders</b>	<b>\$ 23</b>	<b>\$ 36</b>	<b>\$ 109</b>	<b>\$ 129</b>
<b>Basic weighted average shares outstanding</b>	<b>86</b>	<b>86</b>	<b>87</b>	<b>85</b>



<b>Basic earnings per share attributable to U.S. Cellular shareholders</b>	<b>\$ 0.27</b>	<b>\$ 0.42</b>	<b>\$ 1.26</b>	<b>\$ 1.51</b>
<b>Diluted weighted average shares outstanding</b>	<b>88</b>	<b>87</b>	<b>88</b>	<b>86</b>
<b>Diluted earnings per share attributable to U.S. Cellular shareholders</b>	<b>\$ 0.27</b>	<b>\$ 0.41</b>	<b>\$ 1.24</b>	<b>\$ 1.49</b>

The accompanying notes are an integral part of these consolidated financial statements.

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

	<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
(Dollars in millions)		
<b>Cash flows from operating activities</b>		
Net income	\$ 115	\$ 143
Add (deduct) adjustments to reconcile net income to net cash flows from operating activities		
Depreciation, amortization and accretion	524	478
Bad debts expense	77	67
Stock-based compensation expense	32	26
Deferred income taxes, net	(34)	(4)
Equity in earnings of unconsolidated entities	(128)	(120)
Distributions from unconsolidated entities	99	90
(Gain) loss on asset disposals, net	13	5
(Gain) loss on sale of business and other exit costs, net	(1)	—
(Gain) loss on license sales and exchanges, net	—	(18)
Other operating activities	3	2
Changes in assets and liabilities from operations		
Accounts receivable	(35)	(1)
Equipment installment plans receivable	(42)	(88)
Inventory	3	15
Accounts payable	(4)	21
Customer deposits and deferred revenues	(1)	(5)
Accrued taxes	81	1
Accrued interest	9	9
Other assets and liabilities	(24)	(21)
Net cash provided by operating activities	<b>687</b>	<b>600</b>
<b>Cash flows from investing activities</b>		
Cash paid for additions to property, plant and equipment	(439)	(277)
Cash paid for licenses	(257)	(2)
Cash received from investments	29	50
Cash paid for investments	(11)	—
Cash received from divestitures and exchanges	32	23
Other investing activities	(1)	3
Net cash used in investing activities	<b>(647)</b>	<b>(203)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(14)	(14)
Common Shares reissued for benefit plans, net of tax payments	(8)	7

Repurchase of Common Shares	(21)	—
Distributions to noncontrolling interests	(3)	(5)
Other financing activities	(2)	(5)
Net cash used in financing activities	(48)	(17)
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(8)</b>	<b>380</b>
<b>Cash, cash equivalents and restricted cash</b>		
Beginning of period	583	352
End of period	<u>\$ 575</u>	<u>\$ 732</u>

The accompanying notes are an integral part of these consolidated financial statements.

**United States Cellular Corporation**  
**Consolidated Balance Sheet — Assets**  
**(Unaudited)**

	September 30, 2019	December 31, 2018
(Dollars in millions)		
<b>Current assets</b>		
Cash and cash equivalents	\$ 570	\$ 580
Short-term investments	—	17
Accounts receivable		
Customers and agents, less allowances of \$69 and \$66, respectively	899	908
Roaming	34	20
Affiliated	—	2
Other, less allowances of \$1 and \$2, respectively	60	46
Inventory, net	139	142
Prepaid expenses	49	63
Other current assets	19	34
Total current assets	1,770	1,812
<b>Assets held for sale</b>	9	54
<b>Licenses</b>	2,461	2,186
<b>Investments in unconsolidated entities</b>	471	441
<b>Property, plant and equipment</b>		
In service and under construction	8,088	7,778
Less: Accumulated depreciation and amortization	5,944	5,576
Property, plant and equipment, net	2,144	2,202
<b>Operating lease right-of-use assets</b>	897	—
<b>Other assets and deferred charges</b>	539	579
<b>Total assets<sup>1</sup></b>	<b>\$ 8,291</b>	<b>\$ 7,274</b>

The accompanying notes are an integral part of these consolidated financial statements.

**United States Cellular Corporation**  
**Consolidated Balance Sheet — Liabilities and Equity**  
**(Unaudited)**

September 30, 2019

December 31, 2018

(Dollars and shares in millions, except per share amounts)

	September 30, 2019	December 31, 2018
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 19	\$ 19
Accounts payable		
Affiliated	8	9
Trade	329	304
Customer deposits and deferred revenues	155	157
Accrued taxes	88	30
Accrued compensation	68	78
Short-term operating lease liabilities	104	—
Other current liabilities	78	94
Total current liabilities	849	691
<b>Liabilities held for sale</b>	<b>1</b>	<b>1</b>
<b>Deferred liabilities and credits</b>		
Deferred income tax liability, net	477	510
Long-term operating lease liabilities	864	—
Other deferred liabilities and credits	312	389
<b>Long-term debt, net</b>	<b>1,592</b>	<b>1,605</b>
<b>Commitments and contingencies</b>		
<b>Noncontrolling interests with redemption features</b>	<b>11</b>	<b>11</b>
<b>Equity</b>		
U.S. Cellular shareholders' equity		
Series A Common and Common Shares		
Authorized 190 shares (50 Series A Common and 140 Common Shares)		
Issued 88 shares (33 Series A Common and 55 Common Shares)		
Outstanding 86 shares (33 Series A Common and 53 Common Shares)		
Par Value (\$1.00 per share) (\$33 Series A Common and \$55 Common Shares)	88	88
Additional paid-in capital	1,622	1,590
Treasury shares, at cost, 2 Common Shares	(70)	(65)
Retained earnings	2,532	2,444
Total U.S. Cellular shareholders' equity	4,172	4,057
Noncontrolling interests	13	10

Total equity	4,185	4,067
<b>Total liabilities and equity<sup>1</sup></b>	<b>\$ 8,291</b>	<b>\$ 7,274</b>

The accompanying notes are an integral part of these consolidated financial statements.

<sup>1</sup> The consolidated total assets as of September 30, 2019 and December 31, 2018, include assets held by consolidated variable interest entities (VIEs) of \$927 million and \$868 million, respectively, which are not available to be used to settle the obligations of U.S. Cellular. The consolidated total liabilities as of September 30, 2019 and December 31, 2018, include certain liabilities of consolidated VIEs of \$20 million and \$23 million, respectively, for which the creditors of the VIEs have no recourse to the general credit of U.S. Cellular. See Note 10 — Variable Interest Entities for additional information.

**United States Cellular Corporation**  
**Consolidated Statement of Changes in Equity**  
**(Unaudited)**

U.S. Cellular Shareholders

	Series A Common and Common shares	Additional paid-in capital	Treasury shares	Retained earnings	Total U.S. Cellular shareholders' equity	Noncontrolling interests	Total equity
(Dollars in millions)							
<b>June 30, 2019</b>	\$ 88	\$ 1,615	\$ (50)	\$ 2,509	\$ 4,162	\$ 13	\$ 4,175
Net income attributable to U.S. Cellular shareholders	—	—	—	23	23	—	23
Repurchase of Common Shares	—	—	(21)	—	(21)	—	(21)
Incentive and compensation plans	—	—	1	—	1	—	1
Stock-based compensation awards	—	7	—	—	7	—	7
<b>September 30, 2019</b>	<u>\$ 88</u>	<u>\$ 1,622</u>	<u>\$ (70)</u>	<u>\$ 2,532</u>	<u>\$ 4,172</u>	<u>\$ 13</u>	<u>\$ 4,185</u>

The accompanying notes are an integral part of these consolidated financial statements.

**United States Cellular Corporation**  
**Consolidated Statement of Changes in Equity**  
**(Unaudited)**

	U.S. Cellular Shareholders					Noncontrolling interests	Total equity
	Series A Common and Common shares	Additional paid-in capital	Treasury shares	Retained earnings	Total U.S. Cellular shareholders' equity		
(Dollars in millions)							
<b>June 30, 2018</b>	<b>\$ 88</b>	<b>\$ 1,569</b>	<b>\$ (99)</b>	<b>\$ 2,402</b>	<b>\$ 3,960</b>	<b>\$ 11</b>	<b>\$ 3,971</b>
Net income attributable to U.S. Cellular shareholders	—	—	—	36	36	—	36
Net income attributable to noncontrolling interests classified as equity	—	—	—	—	—	1	1
Incentive and compensation plans	—	—	15	(8)	7	—	7
Stock-based compensation awards	—	9	—	—	9	—	9
Distributions to noncontrolling interests	—	—	—	—	—	(1)	(1)
<b>September 30, 2018</b>	<b>\$ 88</b>	<b>\$ 1,578</b>	<b>\$ (84)</b>	<b>\$ 2,430</b>	<b>\$ 4,012</b>	<b>\$ 11</b>	<b>\$ 4,023</b>

The accompanying notes are an integral part of these consolidated financial statements.



**United States Cellular Corporation**  
**Consolidated Statement of Changes in Equity**  
**(Unaudited)**

U.S. Cellular Shareholders

	Series A Common and Common shares	Additional paid-in capital	Treasury shares	Retained earnings	Total U.S. Cellular shareholders' equity	Noncontrolling interests	Total equity
(Dollars in millions)							
<b>December 31, 2018</b>	<b>\$ 88</b>	<b>\$ 1,590</b>	<b>\$ (65)</b>	<b>\$ 2,444</b>	<b>\$ 4,057</b>	<b>\$ 10</b>	<b>\$ 4,067</b>
Cumulative effect of accounting change	—	—	—	2	2	—	2
Net income attributable to U.S. Cellular shareholders	—	—	—	109	109	—	109
Net income attributable to noncontrolling interests classified as equity	—	—	—	—	—	5	5
Repurchase of Common Shares	—	—	(21)	—	(21)	—	(21)
Incentive and compensation plans	—	(1)	16	(23)	(8)	—	(8)
Stock-based compensation awards	—	33	—	—	33	—	33
Distributions to noncontrolling interests	—	—	—	—	—	(2)	(2)
<b>September 30, 2019</b>	<b>\$ 88</b>	<b>\$ 1,622</b>	<b>\$ (70)</b>	<b>\$ 2,532</b>	<b>\$ 4,172</b>	<b>\$ 13</b>	<b>\$ 4,185</b>

The accompanying notes are an integral part of these consolidated financial statements.

**United States Cellular Corporation**  
**Consolidated Statement of Changes in Equity**  
**(Unaudited)**

U.S. Cellular Shareholders

	Series A Common and Common shares	Additional paid-in capital	Treasury shares	Retained earnings	Total U.S. Cellular shareholders' equity	Noncontrolling interests	Total equity
(Dollars in millions)							
<b>December 31, 2017</b>	<b>\$ 88</b>	<b>\$ 1,552</b>	<b>\$ (120)</b>	<b>\$ 2,157</b>	<b>\$ 3,677</b>	<b>\$ 10</b>	<b>\$ 3,687</b>
Cumulative effect of accounting change	—	—	—	173	173	1	174
Net income attributable to U.S. Cellular shareholders	—	—	—	129	129	—	129
Net income attributable to noncontrolling interests classified as equity	—	—	—	—	—	2	2
Incentive and compensation plans	—	—	36	(29)	7	—	7
Stock-based compensation awards	—	26	—	—	26	—	26
Distributions to noncontrolling interests	—	—	—	—	—	(2)	(2)
<b>September 30, 2018</b>	<b>\$ 88</b>	<b>\$ 1,578</b>	<b>\$ (84)</b>	<b>\$ 2,430</b>	<b>\$ 4,012</b>	<b>\$ 11</b>	<b>\$ 4,023</b>

The accompanying notes are an integral part of these consolidated financial statements.

## United States Cellular Corporation Notes to Consolidated Financial Statements

### Note 1 Basis of Presentation

United States Cellular Corporation (U.S. Cellular), a Delaware Corporation, is an 82%-owned subsidiary of Telephone and Data Systems, Inc. (TDS).

The accounting policies of U.S. Cellular conform to accounting principles generally accepted in the United States of America (GAAP) as set forth in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Unless otherwise specified, references to accounting provisions and GAAP in these notes refer to the requirements of the FASB ASC. The consolidated financial statements include the accounts of U.S. Cellular, subsidiaries in which it has a controlling financial interest, general partnerships in which U.S. Cellular has a majority partnership interest and certain entities in which U.S. Cellular has a variable interest that require consolidation under GAAP. All material intercompany accounts and transactions have been eliminated.

The unaudited consolidated financial statements included herein have been prepared by U.S. Cellular pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. However, U.S. Cellular believes that the disclosures included herein are adequate to make the information presented not misleading. Certain numbers included herein are rounded to millions for ease of presentation; however, certain calculated amounts and percentages are determined using the unrounded numbers. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in U.S. Cellular's Annual Report on Form 10-K (Form 10-K) for the year ended December 31, 2018.

The accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring items, unless otherwise disclosed) necessary for the fair statement of U.S. Cellular's financial position as of September 30, 2019 and December 31, 2018, its results of operations and changes in equity for the three and nine months ended September 30, 2019 and 2018, and its cash flows for the nine months ended September 30, 2019 and 2018. The Consolidated Statement of Comprehensive Income was not included because comprehensive income for the three and nine months ended September 30, 2019 and 2018, equaled net income. These results are not necessarily indicative of the results to be expected for the full year. U.S. Cellular has not changed its significant accounting and reporting policies from those disclosed in its Form 10-K for the year ended December 31, 2018, except as disclosed in Note 8 — Leases.

#### Restricted Cash

U.S. Cellular presents restricted cash with cash and cash equivalents in the Consolidated Statement of Cash Flows. The following table provides a reconciliation of Cash and cash equivalents and restricted cash reported in the Consolidated Balance Sheet to the total of the amounts in the Consolidated Statement of Cash Flows as of September 30, 2019 and December 31, 2018.

	September 30, 2019	December 31, 2018
(Dollars in millions)		
Cash and cash equivalents	\$ 570	\$ 580
Restricted cash included in Other current assets	5	3
Cash, cash equivalents and restricted cash in the statement of cash flows	<u>\$ 575</u>	<u>\$ 583</u>

#### Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). ASU 2016-13 requires entities to use a new forward-looking, expected loss model to estimate credit losses. It also requires additional disclosure relating to the credit quality of trade and other receivables, including information relating to management's estimate of credit allowances. U.S. Cellular is required to adopt ASU 2016-13 on January 1, 2020, using the modified retrospective approach. Early adoption is permitted; however, U.S. Cellular does not intend to adopt early. The adoption of ASU 2016-13 is not expected to have a significant impact on U.S. Cellular's financial position or results of operations.

## Note 2 Revenue Recognition

### Disaggregation of Revenue

In the following table, revenue is disaggregated by type of service and timing of revenue recognition. Service revenues are recognized over time and Equipment sales are point in time.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(Dollars in millions)				
Revenues from contracts with customers:				
Retail service	\$ 663	\$ 659	\$ 1,984	\$ 1,960
Inbound roaming	54	50	132	116
Other service	34	34	101	99
Service revenues from contracts with customers	751	743	2,217	2,175
Equipment sales	257	242	698	692
Total revenues from contracts with customers <sup>1</sup>	\$ 1,008	\$ 985	\$ 2,915	\$ 2,867

<sup>1</sup> Revenue line items in this table will not agree to amounts presented in the Consolidated Statement of Operations as the amounts in this table only include revenue resulting from contracts with customers.

### Contract Balances

The accounts receivable balance related to amounts billed and not paid on contracts with customers, net of allowances, is shown in the table below.

	September 30, 2019	December 31, 2018
(Dollars in millions)		
Accounts receivable		
Customer and agents	\$ 899	\$ 908
Roaming	34	20
Other	56	32
Total <sup>1</sup>	\$ 989	\$ 960

<sup>1</sup> Accounts receivable line items presented in this table will not agree to amounts presented in the Consolidated Balance Sheet as the amounts in this table only include receivables resulting from contracts with customers.

The following table provides a rollforward of contract assets from contracts with customers, which are recorded in Other current assets and Other assets and deferred charges in the Consolidated Balance Sheet.

	Contract Assets
(Dollars in millions)	
Balance at December 31, 2018	\$ 9
Contract additions	9
Reclassified to receivables	(11)
Balance at September 30, 2019	\$ 7

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The following table provides a rollforward of contract liabilities from contracts with customers, which are recorded in Customer deposits and deferred revenues and Other deferred liabilities and credits in the Consolidated Balance Sheet.

	<b>Contract Liabilities</b>	
(Dollars in millions)		
Balance at December 31, 2018 <sup>1</sup>	\$	147
Contract additions		78
Terminated contracts		(6)
Revenue recognized		(61)
Balance at September 30, 2019	\$	<u>158</u>

<sup>1</sup> The Balance at December 31, 2018 differs from the amount reported in Note 2 — Revenue Recognition of the 2018 Form 10-K, as the previously reported amount included certain lease-related balances that did not result from contracts with customers.

### **Transaction price allocated to the remaining performance obligations**

The following table includes estimated service revenues expected to be recognized related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period. These estimates represent service revenues to be recognized when wireless services are delivered to customers pursuant to service plan contracts and under certain roaming agreements with other carriers. These estimates are based on contracts in place as of September 30, 2019, and may vary from actual results. As a practical expedient, revenue related to contracts of less than one year, generally month-to-month contracts, are excluded from these estimates.

	<b>Service Revenues</b>	
(Dollars in millions)		
Remainder of 2019	\$	119
2020		111
Thereafter		237
Total	\$	<u>467</u>

U.S. Cellular has certain contracts in which it bills an amount equal to a fixed per-unit price multiplied by a variable quantity (e.g., certain roaming agreements with other carriers). Because U.S. Cellular invoices for such items in an amount that corresponds directly with the value of the performance completed to date, U.S. Cellular may recognize revenue in that amount. As a practical expedient, these contracts are excluded from the estimate of future revenues expected to be recognized related to performance obligations that are unsatisfied as of the end of a reporting period.

### **Contract Cost Assets**

U.S. Cellular expects that incremental commission fees paid as a result of obtaining contracts are recoverable and therefore U.S. Cellular capitalizes these costs. As a practical expedient, costs with an amortization period of one year or less are not capitalized. The contract cost asset balance related to commission fees was \$130 million at September 30, 2019, and \$139 million at December 31, 2018, and was recorded in Other assets and deferred charges in the Consolidated Balance Sheet. Capitalized commission fees are amortized based on the timing of transfer of the goods or services to which the assets relate, typically the contract term which ranges from fifteen months to thirty months. Amortization of contract cost assets was \$27 million and \$82 million for the three and nine months ended September 30, 2019, respectively, and \$27 million and \$81 million for the three and nine months ended September 30, 2018, respectively, and was included in Selling, general and administrative expenses.

## Note 3 Fair Value Measurements

As of September 30, 2019 and December 31, 2018, U.S. Cellular did not have any material financial or nonfinancial assets or liabilities that were required to be recorded at fair value in its Consolidated Balance Sheet in accordance with GAAP.

The provisions of GAAP establish a fair value hierarchy that contains three levels for inputs used in fair value measurements. Level 1 inputs include quoted market prices for identical assets or liabilities in active markets. Level 2 inputs include quoted market prices for similar assets and liabilities in active markets or quoted market prices for identical assets and liabilities in inactive markets. Level 3 inputs are unobservable. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. A financial instrument's level within the fair value hierarchy is not representative of its expected performance or its overall risk profile and, therefore, Level 3 assets are not necessarily higher risk than Level 2 assets or Level 1 assets.

U.S. Cellular has applied the provisions of fair value accounting for purposes of computing the fair value of financial instruments for disclosure purposes as displayed below.

	Level within the Fair Value Hierarchy	September 30, 2019		December 31, 2018	
		Book Value	Fair Value	Book Value	Fair Value
(Dollars in millions)					
Cash and cash equivalents	1	\$ 570	\$ 570	\$ 580	\$ 580
Short-term investments	1	—	—	17	17
Long-term debt					
Retail	2	917	953	917	850
Institutional	2	534	583	534	531
Other	2	172	172	180	180

The fair values of Cash and cash equivalents and Short-term investments approximate their book values due to the short-term nature of these financial instruments. Long-term debt excludes lease obligations, other installment arrangements, the current portion of Long-term debt and debt financing costs. The fair value of "Retail" Long-term debt was estimated using market prices for the 7.25% 2063 Senior Notes, 7.25% 2064 Senior Notes and 6.95% Senior Notes. U.S. Cellular's "Institutional" debt consists of the 6.7% Senior Notes which are traded over the counter. U.S. Cellular's "Other" debt consists of a senior term loan credit agreement. U.S. Cellular estimated the fair value of its Institutional and Other debt through a discounted cash flow analysis using the interest rates or estimated yield to maturity for each borrowing, which ranged from 3.80% to 5.96% and 5.03% to 6.97% at September 30, 2019 and December 31, 2018, respectively.

## Note 4 Equipment Installment Plans

U.S. Cellular sells devices to customers under equipment installment plans over a specified time period. For certain equipment installment plans, after a specified period of time or amount of payments, the customer may have the right to upgrade to a new device and have the remaining unpaid equipment installment contract balance waived, subject to certain conditions, including trading in the original device in good working condition and signing a new equipment installment contract. U.S. Cellular values this trade-in right as a guarantee liability. The guarantee liability is initially measured at fair value and is determined based on assumptions including the probability and timing of the customer upgrading to a new device and the fair value of the device being traded-in at the time of trade-in. When a customer exercises the trade-in option, both the outstanding receivable and guarantee liability balances related to the respective device are reduced to zero, and the value of the used device that is received in the transaction is recognized as inventory. If the customer does not exercise the trade-in option at the time of eligibility, U.S. Cellular begins amortizing the liability and records this amortization as additional equipment revenue. As of September 30, 2019 and December 31, 2018, the guarantee liability related to these plans was \$9 million and \$11 million, respectively, and is reflected in Customer deposits and deferred revenues in the Consolidated Balance Sheet.

The following table summarizes equipment installment plan receivables as of September 30, 2019 and December 31, 2018.

	September 30, 2019	December 31, 2018
(Dollars in millions)		
Equipment installment plan receivables, gross	\$ 975	\$ 974
Allowance for credit losses	(82)	(77)
Equipment installment plan receivables, net	<u>\$ 893</u>	<u>\$ 897</u>
<b>Net balance presented in the Consolidated Balance Sheet as:</b>		
Accounts receivable — Customers and agents (Current portion)	\$ 574	\$ 560
Other assets and deferred charges (Non-current portion)	319	337
Equipment installment plan receivables, net	<u>\$ 893</u>	<u>\$ 897</u>

U.S. Cellular uses various inputs, including internal data, information from credit bureaus and other sources, to evaluate the credit profiles of its customers. From this evaluation, a credit class is assigned to the customer that determines the number of eligible lines, the amount of credit available, and the down payment requirement, if any. Customers assigned to credit classes requiring no down payment represent a lower risk category, whereas those assigned to credit classes requiring a down payment represent a higher risk category. The balance and aging of the equipment installment plan receivables on a gross basis by credit category were as follows:

	September 30, 2019			December 31, 2018		
	Lower Risk	Higher Risk	Total	Lower Risk	Higher Risk	Total
(Dollars in millions)						
Unbilled	\$ 898	\$ 9	\$ 907	\$ 904	\$ 17	\$ 921
Billed — current	44	1	45	35	1	36
Billed — past due	21	2	23	15	2	17
Equipment installment plan receivables, gross	<u>\$ 963</u>	<u>\$ 12</u>	<u>\$ 975</u>	<u>\$ 954</u>	<u>\$ 20</u>	<u>\$ 974</u>

Activity for the nine months ended September 30, 2019 and 2018, in the allowance for credit losses for equipment installment plan receivables was as follows:

	September 30, 2019	September 30, 2018
(Dollars in millions)		
Allowance for credit losses, beginning of period	\$ 77	\$ 65

Bad debts expense		<b>60</b>		49
Write-offs, net of recoveries		<b>(55)</b>		(41)
Allowance for credit losses, end of period		<u><b>\$ 82</b></u>		<u><b>\$ 73</b></u>



## Note 5 Earnings Per Share

Basic earnings per share attributable to U.S. Cellular shareholders is computed by dividing Net income attributable to U.S. Cellular shareholders by the weighted average number of Common Shares outstanding during the period. Diluted earnings per share attributable to U.S. Cellular shareholders is computed by dividing Net income attributable to U.S. Cellular shareholders by the weighted average number of Common Shares outstanding during the period adjusted to include the effects of potentially dilutive securities. Potentially dilutive securities primarily include incremental shares issuable upon the exercise of outstanding stock options and the vesting of performance and restricted stock units.

The amounts used in computing earnings per common share and the effects of potentially dilutive securities on the weighted average number of Common Shares were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(Dollars and shares in millions, except per share amounts)				
Net income attributable to U.S. Cellular shareholders	\$ 23	\$ 36	\$ 109	\$ 129
Weighted average number of shares used in basic earnings per share	86	86	87	85
Effects of dilutive securities	2	1	1	1
Weighted average number of shares used in diluted earnings per share	88	87	88	86
Basic earnings per share attributable to U.S. Cellular shareholders	\$ 0.27	\$ 0.42	\$ 1.26	\$ 1.51
Diluted earnings per share attributable to U.S. Cellular shareholders	\$ 0.27	\$ 0.41	\$ 1.24	\$ 1.49

Certain Common Shares issuable upon the exercise of stock options or vesting of performance and restricted stock units were not included in average diluted shares outstanding for the calculation of Diluted earnings per share attributable to U.S. Cellular shareholders because their effects were antidilutive. The number of such Common Shares excluded was 1 million and less than 1 million for the three and nine months ended September 30, 2019, respectively, and 2 million and 3 million for the three and nine months ended September 30, 2018, respectively.

## Note 6 Intangible Assets

Activity related to Licenses for the nine months ended September 30, 2019, is presented below:

	<b>Licenses</b>	
(Dollars in millions)		
Balance at December 31, 2018	\$	2,186
Acquisitions		259
Transferred to Assets held for sale		(10)
Exchanges - Licenses received		26
Balance at September 30, 2019	\$	<u>2,461</u>

In June 2019, the FCC announced by way of public notice that U.S. Cellular was the provisional winning bidder for 408 wireless spectrum licenses in its 28 GHz auction (Auction 101) and 282 wireless spectrum licenses in its 24 GHz auction (Auction 102) for an aggregate purchase price of \$256 million. U.S. Cellular paid substantially all of the \$256 million in the first half of 2019. The wireless spectrum licenses from Auction 101 were granted by the FCC on October 2, 2019, and the wireless spectrum licenses from Auction 102 are expected to be granted by the FCC during the fourth quarter of 2019.

## Note 7 Investments in Unconsolidated Entities

Investments in unconsolidated entities consist of amounts invested in entities in which U.S. Cellular holds a noncontrolling interest.

U.S. Cellular's Investments in unconsolidated entities are accounted for using either the equity method or measurement alternative method as shown in the table below. The measurement alternative method was elected for investments without readily determinable fair values formerly accounted for under the cost method. The carrying value of measurement alternative method investments represents cost minus any impairments plus or minus any observable price changes.

	<b>September 30, 2019</b>		December 31, 2018	
(Dollars in millions)				
Equity method investments	\$	464	\$	434
Measurement alternative method investments		7		7
Total investments in unconsolidated entities	\$	<u>471</u>	\$	<u>441</u>

The following table, which is based in part on information provided by third parties, summarizes the combined results of operations of U.S. Cellular's equity method investments.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
(Dollars in millions)				
Revenues	\$ 1,714	\$ 1,693	\$ 5,058	\$ 5,005
Operating expenses	<u>1,241</u>	1,229	<u>3,644</u>	3,635
Operating income	473	464	1,414	1,370
Other income (expense), net	(1)	(2)	(3)	(2)
Net income	<u>\$ 472</u>	<u>\$ 462</u>	<u>\$ 1,411</u>	<u>\$ 1,368</u>

## Note 8 Leases

### Change in Accounting Policy

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* and has since amended the standard with Accounting Standards Update 2018-01, *Leases: Land Easement Practical Expedient for Transition to Topic 842*, Accounting Standards Update 2018-10, *Codification Improvements to Topic 842, Leases*, Accounting Standards Update 2018-11, *Leases: Targeted Improvements*, and Accounting Standards Update 2018-20, *Leases: Narrow-Scope Improvements for Lessors*, collectively referred to as ASC 842. This standard replaces the previous lease accounting standard under ASC 840 - *Leases* and requires lessees to record a right-of-use (ROU) asset and lease liability for the majority of leases. U.S. Cellular adopted the provisions of ASC 842 on January 1, 2019, using a modified retrospective method. Under this method, U.S. Cellular elected to apply the new accounting standard only to the most recent period presented, recognizing the cumulative effect of the accounting change, if any, as an adjustment to the beginning balance of retained earnings. Accordingly, prior periods have not been recast to reflect the new accounting standard. The cumulative effect of applying the provisions of ASC 842 had no material impact on retained earnings.

U.S. Cellular elected transitional practical expedients for existing leases which eliminated the requirements to reassess existing lease classification, initial direct costs, and whether contracts contain leases. U.S. Cellular also elected the practical expedient related to land easements that allows it to carry forward the accounting treatment for pre-existing land easement agreements.

The cumulative effect of the adoption of ASC 842 on U.S. Cellular's Consolidated Balance Sheet as of January 1, 2019 is presented below.

	December 31, 2018	ASC 842 Adjustment	January 1, 2019
(Dollars in millions)			
Prepaid expenses	\$ 63	\$ (13)	\$ 50
Operating lease right-of-use assets	—	899	899
Other assets and deferred charges	579	(12)	567
Short-term operating lease liabilities	—	101	101
Other current liabilities	94	(8)	86
Long-term operating lease liabilities	—	878	878
Other deferred liabilities and credits	389	(97)	292

In connection with the adoption of ASC 842, U.S. Cellular recorded ROU assets and lease liabilities for its operating leases in its Consolidated Balance Sheet as of January 1, 2019. The amounts for ROU assets and lease liabilities initially were calculated as the discounted value of future lease payments. The difference between the ROU assets and the corresponding lease liabilities at January 1, 2019 as shown in the table above resulted from adjustments to ROU assets to account for various lease prepayments and straight-line expense recognition deferral balances which existed as of December 31, 2018. Finance leases are included in Property, plant and equipment and Long-term debt, net consistent with the presentation under prior accounting standards.

### Lessee Agreements

A lease is generally present in a contract if the lessee controls the use of identified property, plant or equipment for a period of time in exchange for consideration. Nearly all of U.S. Cellular's leases are classified as operating leases, although it does have a small number of finance leases. U.S. Cellular's most significant leases are for land and tower spaces, network facilities, retail spaces, and offices.

U.S. Cellular has agreements with both lease and nonlease components, which are accounted for separately. As part of the present value calculation for the lease liabilities, U.S. Cellular uses an incremental borrowing rate as the rates implicit in the leases are not readily determinable. The incremental borrowing rates used for lease accounting are based on U.S. Cellular's unsecured rates, adjusted to approximate the rates at which U.S. Cellular would be required to borrow on a collateralized basis over a term similar to the recognized lease term. U.S. Cellular applies the incremental borrowing rates to lease components using a portfolio approach based upon the length of the lease term. The cost of nonlease components in U.S. Cellular's lease portfolio (e.g., utilities and common area maintenance) are not typically predetermined at lease commencement and are expensed as incurred at their relative standalone price.

Variable lease expense occurs when, subsequent to the lease commencement, lease payments are made that were not originally included in the lease liability calculation. U.S. Cellular's variable lease payments are primarily a result of leases with escalations that are tied to an index. The incremental changes due to the index changes are recorded as variable lease expense and are not included in the ROU assets or lease liabilities.

Lease term recognition determines the periods to which expense is allocated and also has a significant impact on the ROU asset and lease liability calculations. Many of U.S. Cellular's leases include renewal and early termination options. At lease commencement, the lease terms include options to extend the lease when U.S. Cellular is reasonably certain that it will exercise the options. The lease terms do not include early termination options unless U.S. Cellular is reasonably certain to exercise the options. Certain asset classes have similar lease characteristics; therefore, U.S. Cellular has applied the portfolio approach for lease term recognition for its tower space, retail, and certain ground lease asset classes.

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The following table shows the components of lease cost included in the Consolidated Statement of Operations:

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
(Dollars in millions)		
Operating lease cost	\$ 42	\$ 121
Financing lease cost:		
Amortization of ROU assets	—	1
Variable lease cost	2	6
<b>Total lease cost</b>	<b>\$ 44</b>	<b>\$ 128</b>

The following table shows supplemental cash flow information related to lease activities:

	Nine Months Ended September 30, 2019
(Dollars in millions)	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 116
ROU assets obtained in exchange for lease obligations:	
Operating leases	\$ 90

The following table shows the classification of U.S. Cellular's operating and finance leases in its Consolidated Balance Sheet:

	September 30, 2019
(Dollars in millions)	
<b>Operating Leases</b>	
Operating lease right-of-use assets	\$ 897
Short-term operating lease liabilities	\$ 104
Long-term operating lease liabilities	864
<b>Total operating lease liabilities</b>	<b>\$ 968</b>
<b>Finance Leases</b>	
Property, plant and equipment	\$ 7
Less: Accumulated depreciation and amortization	4
Property, plant and equipment, net	\$ 3
Current portion of long-term debt	\$ 1
Long-term debt, net	3
<b>Total finance lease liabilities</b>	<b>\$ 4</b>

The table below shows a weighted-average analysis for lease term and discount rate for all leases:

	September 30, 2019
Weighted Average Remaining Lease Term	
Operating leases	13 years
Finance leases	25 years

Weighted Average Discount Rate	
Operating leases	4.5%
Finance leases	7.0%

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The maturities of lease liabilities are as follows:

	Operating Leases	Finance Leases
(Dollars in millions)		
Remainder of 2019	\$ 27	\$ —
2020	154	1
2021	139	—
2022	123	—
2023	108	1
Thereafter	788	11
Total lease payments <sup>1</sup>	\$ 1,339	\$ 13
Less: Imputed interest	371	9
Present value of lease liabilities	\$ 968	\$ 4

<sup>1</sup> Lease payments exclude \$11 million of legally binding lease payments for leases signed but not yet commenced.

**Lessor Agreements**

U.S. Cellular's most significant lessor leases are for tower space. All of U.S. Cellular's lessor leases are classified as operating leases. A lease is generally present in a contract if the lessee controls the use of identified property, plant, or equipment for a period of time in exchange for consideration. U.S. Cellular's lessor agreements with lease and nonlease components are generally accounted for separately.

Lease term recognition determines the periods to which revenue is allocated over the term of the lease. Many of U.S. Cellular's leases include renewal and early termination options. At lease commencement, lease terms include options to extend the lease when U.S. Cellular is reasonably certain that lessees will exercise the options. Lease terms would not include periods after the date of a termination option that lessees are reasonably certain to exercise.

Variable lease income occurs when, subsequent to the lease commencement, lease payments are received that were not originally included in the lease receivable calculation. U.S. Cellular's variable lease income is primarily a result of leases with escalations that are tied to an index. The incremental increases due to the index changes are recorded as variable lease income.

The following table shows the components of lease income which are included in service revenues in the Consolidated Statement of Operations:

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
(Dollars in millions)		
Operating lease income <sup>1</sup>	\$ 23	\$ 55

<sup>1</sup> During the third quarter of 2019, U.S. Cellular recorded an out-of-period adjustment attributable to 2009 through the second quarter of 2019 due to errors in the timing of recognition of revenue for certain tower leases. This out-of-period adjustment had the impact of increasing operating lease income by \$5 million for the three and nine months ended September 30, 2019. U.S. Cellular determined that this adjustment was not material to any of the periods impacted.

The maturities of expected lease payments to be received are as follows:

	Operating Leases
(Dollars in millions)	
Remainder of 2019	\$ 11
2020	60
2021	48
2022	36
2023	23
Thereafter	12

Total future lease maturities

\$ 190



## Disclosures under ASC 840

As of December 31, 2018, future minimum rental payments required under operating leases and rental receipts expected under operating leases that have noncancellable lease terms in excess of one year were as follows:

	Operating Leases Future Minimum Rental Payments	Operating Leases Future Minimum Rental Receipts
(Dollars in millions)		
2019	\$ 154	\$ 58
2020	143	47
2021	128	34
2022	112	22
2023	97	10
Thereafter	769	3
Total	<u>\$ 1,403</u>	<u>\$ 174</u>

## Note 9 Commitments and Contingencies

### Purchase Obligations

On September 27, 2019, U.S. Cellular executed a new Master Service Agreement, Master Statement of Work for Managed Services and certain other documents with Amdocs Tethys Limited, effective October 1, 2019, to continue using the Billing and Operational Support System (B/OSS) and certain support functions offered by Amdocs Tethys Limited. The committed, non-cancellable amount to be paid to Amdocs Tethys Limited with respect to the new agreements is \$241 million over five years.

## Note 10 Variable Interest Entities

### Consolidated VIEs

U.S. Cellular consolidates VIEs in which it has a controlling financial interest as defined by GAAP and is therefore deemed the primary beneficiary. A controlling financial interest will have both of the following characteristics: (a) the power to direct the VIE activities that most significantly impact economic performance; and (b) the obligation to absorb the VIE losses and the right to receive benefits that are significant to the VIE. U.S. Cellular reviews these criteria initially at the time it enters into agreements and subsequently when events warranting reconsideration occur. These VIEs have risks similar to those described in the "Risk Factors" in U.S. Cellular's Form 10-K for the year ended December 31, 2018.

During 2017, U.S. Cellular formed USCC EIP LLC (Seller/Sub-Servicer), USCC Receivables Funding LLC (Transferor) and the USCC Master Note Trust (Trust), collectively the special purpose entities (SPEs), to facilitate a securitized borrowing using its equipment installment plan receivables. Under a Receivables Sale Agreement, U.S. Cellular wholly-owned, majority-owned and unconsolidated entities, collectively referred to as "affiliated entities", transfer device equipment installment plan contracts to the Seller/Sub-Servicer. The Seller/Sub-Servicer aggregates device equipment installment plan contracts, and performs servicing, collection and all other administrative activities related to accounting for the equipment installment plan contracts. The Seller/Sub-Servicer sells the eligible equipment installment plan receivables to the Transferor, a bankruptcy remote entity, which subsequently sells the receivables to the Trust. The Trust, which is bankruptcy remote and isolated from the creditors of U.S. Cellular, will be responsible for issuing asset-backed variable funding notes (Notes), which are collateralized by the equipment installment plan receivables owned by the Trust. Given that U.S. Cellular has the power to direct the activities of these SPEs, and that these SPEs lack sufficient equity to finance their activities, U.S. Cellular is deemed to have a controlling financial interest in the SPEs and, therefore, consolidates them. All transactions with third parties (e.g., issuance of the asset-backed variable funding notes) will be accounted for as a secured borrowing due to the pledging of equipment installment plan contracts as collateral, significant continuing involvement in the transferred assets, subordinated interests of the cash flows, and continued evidence of control of the receivables.

The following VIEs were formed to participate in FCC auctions of wireless spectrum licenses and to fund, establish, and provide wireless service with respect to any FCC wireless spectrum licenses won in the auctions:

- Advantage Spectrum, L.P. (Advantage Spectrum) and Sunshine Spectrum, Inc., the general partner of Advantage Spectrum; and
- King Street Wireless, L.P. (King Street Wireless) and King Street Wireless, Inc., the general partner of King Street Wireless.



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These particular VIEs are collectively referred to as designated entities. The power to direct the activities that most significantly impact the economic performance of these VIEs is shared. Specifically, the general partner of these VIEs has the exclusive right to manage, operate and control the limited partnerships and make all decisions to carry on the business of the partnerships. The general partner of each partnership needs the consent of the limited partner, an indirect U.S. Cellular subsidiary, to sell or lease certain wireless spectrum licenses, to make certain large expenditures, admit other partners or liquidate the limited partnerships. Although the power to direct the activities of these VIEs is shared, U.S. Cellular has the most significant level of exposure to the variability associated with the economic performance of the VIEs, indicating that U.S. Cellular is the primary beneficiary of the VIEs. Therefore, in accordance with GAAP, these VIEs are consolidated.

U.S. Cellular also consolidates other VIEs that are limited partnerships that provide wireless service. A limited partnership is a variable interest entity unless the limited partners hold substantive participating rights or kick-out rights over the general partner. For certain limited partnerships, U.S. Cellular is the general partner and manages the operations. In these partnerships, the limited partners do not have substantive kick-out or participating rights and, further, such limited partners do not have the authority to remove the general partner. Therefore, these limited partnerships are also recognized as VIEs and are consolidated under the variable interest model.

The following table presents the classification and balances of the consolidated VIEs' assets and liabilities in U.S. Cellular's Consolidated Balance Sheet.

	September 30, 2019	December 31, 2018
(Dollars in millions)		
<b>Assets</b>		
Cash and cash equivalents	\$ 29	\$ 9
Short-term investments	—	17
Accounts receivable	625	611
Inventory, net	4	5
Other current assets	6	6
Assets held for sale	—	4
Licenses	649	652
Property, plant and equipment, net	95	94
Operating lease right-of-use assets	42	—
Other assets and deferred charges	329	349
Total assets	<u>\$ 1,779</u>	<u>\$ 1,747</u>
<b>Liabilities</b>		
Current liabilities	\$ 34	\$ 34
Liabilities held for sale	—	1
Long-term operating lease liabilities	38	—
Other deferred liabilities and credits	13	16
Total liabilities	<u>\$ 85</u>	<u>\$ 51</u>

## **Unconsolidated VIEs**

U.S. Cellular manages the operations of and holds a variable interest in certain other limited partnerships, but is not the primary beneficiary of these entities and, therefore, does not consolidate them under the variable interest model.

U.S. Cellular's total investment in these unconsolidated entities was \$5 million and \$4 million at September 30, 2019 and December 31, 2018, respectively, and is included in Investments in unconsolidated entities in U.S. Cellular's Consolidated Balance Sheet. The maximum exposure from unconsolidated VIEs is limited to the investment held by U.S. Cellular in those entities.

## **Other Related Matters**

U.S. Cellular made contributions, loans and/or advances to its VIEs totaling \$229 million and \$92 million, during the nine months ended September 30, 2019 and 2018, respectively; of which \$199 million in 2019 and \$66 million in 2018, are related to USCC EIP LLC as discussed above. U.S. Cellular may agree to make additional capital contributions and/or advances to these or other VIEs and/or to their general partners to provide additional funding for operations or the development of wireless spectrum licenses granted in various auctions. U.S. Cellular may finance such amounts with a combination of cash on hand, borrowings under its revolving credit agreement and/or other long-term debt. There is no assurance that U.S. Cellular will be able to obtain additional financing on commercially reasonable terms or at all to provide such financial support.

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The limited partnership agreements of Advantage Spectrum and King Street Wireless also provide the general partner with a put option whereby the general partner may require the limited partner, a subsidiary of U.S. Cellular, to purchase its interest in the limited partnership. The general partner's put options related to its interests in King Street Wireless will become exercisable in the fourth quarter of 2019. The general partner's put options related to its interest in Advantage Spectrum will become exercisable in 2021 and 2022. The greater of the carrying value of the general partner's investment or the value of the put option, net of any borrowings due to U.S. Cellular is recorded as Noncontrolling interests with redemption features in U.S. Cellular's Consolidated Balance Sheet. Also in accordance with GAAP, minority share of income or changes in the redemption value of the put options, net of interest accrued on the loans, are recorded as a component of Net income attributable to noncontrolling interests, net of tax, in U.S. Cellular's Consolidated Statement of Operations.

During the first quarter of 2018, U.S. Cellular recorded an out-of-period adjustment attributable to 2016 and 2017 due to errors in the application of accounting guidance applicable to the calculation of Noncontrolling interests with redemption features related to King Street Wireless, Inc. This out-of-period adjustment had the impact of increasing Net income attributable to noncontrolling interests, net of tax, by \$8 million and decreasing Net income attributable to U.S. Cellular shareholders by \$8 million for the nine months ended September 30, 2018. U.S. Cellular determined that this adjustment was not material to any of the periods impacted.

## United States Cellular Corporation Additional Required Information

### Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

U.S. Cellular maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to U.S. Cellular's management, including its principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As required by SEC Rules 13a-15(b), U.S. Cellular carried out an evaluation, under the supervision and with the participation of management, including its principal executive officer and principal financial officer, of the effectiveness of the design and operation of U.S. Cellular's disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on this evaluation, U.S. Cellular's principal executive officer and principal financial officer concluded that U.S. Cellular's disclosure controls and procedures were effective as of September 30, 2019, at the reasonable assurance level.

#### Changes in Internal Control Over Financial Reporting

There have been no changes in internal controls over financial reporting that have occurred during the nine months ended September 30, 2019, that have materially affected, or are reasonably likely to materially affect, U.S. Cellular's internal control over financial reporting, except as follows: U.S. Cellular implemented internal controls to ensure that, upon adoption of the new lease accounting standard codified in ASC 842, effective January 1, 2019, and for all periods thereafter, the financial statements will be presented in accordance with this new accounting standard.

### Legal Proceedings

The United States Department of Justice (DOJ) has notified U.S. Cellular and its parent, TDS, that it is conducting inquiries of U.S. Cellular and TDS under the federal False Claims Act. The DOJ is investigating U.S. Cellular's participation in wireless spectrum license auctions 58, 66, 73 and 97 conducted by the FCC. U.S. Cellular is a limited partner in several limited partnerships which qualified for the 25% bid credit in each auction. TDS and U.S. Cellular are cooperating with the DOJ's review. TDS and U.S. Cellular believe that U.S. Cellular's arrangements with the limited partnerships and the limited partnerships' participation in the FCC auctions complied with applicable law and FCC rules. At this time, U.S. Cellular cannot predict the outcome of this review.

Refer to the disclosure under Legal Proceedings in U.S. Cellular's Form 10-K for the year ended December 31, 2018, for additional information. There have been no material changes to such information since December 31, 2018.

## Unregistered Sales of Equity Securities and Use of Proceeds

In November 2009, U.S. Cellular announced by Form 8-K that the Board of Directors of U.S. Cellular authorized the repurchase of up to 1,300,000 additional Common Shares on an annual basis beginning in 2009 and continuing each year thereafter, on a cumulative basis. In December 2016, the U.S. Cellular Board amended this authorization to provide that, beginning on January 1, 2017, the increase in the authorized repurchase amount with respect to a particular year will be any amount from zero to 1,300,000 Common Shares, as determined by the Pricing Committee of the Board of Directors, and that if the Pricing Committee did not specify an additional amount for any year, such additional amount would be zero for such year. The Pricing Committee has not specified any increase in the authorization since that time. The Pricing Committee also was authorized to decrease the cumulative amount of the authorization at any time, but has not taken any action to do so at this time. The authorization provides that share repurchases will be made pursuant to open market purchases, block purchases, private purchases, or otherwise, depending on market prices and other conditions. This authorization does not have an expiration date. U.S. Cellular did not determine to terminate the foregoing Common Share repurchase program, as amended, or cease making further purchases thereunder, during the third quarter of 2019.

The following table provides certain information with respect to all purchases made by or on behalf of U.S. Cellular, and any open market purchases made by any "affiliated purchaser" (as defined by the SEC) of U.S. Cellular, of U.S. Cellular Common Shares during the quarter covered by this Form 10-Q.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 - 31, 2019	—	\$ —	—	5,900,849
August 1 - 31, 2019	590,300	\$ 35.45	590,300	5,310,549
September 1 - 30, 2019	—	\$ —	—	5,310,549
Total for or as of the end of the quarter ended September 30, 2019	590,300	\$ 35.45	590,300	5,310,549

## Other Information

The following information is being provided to update prior disclosures made pursuant to the requirements of Form 8-K, Item 2.03 — Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

U.S. Cellular did not borrow or repay any cash amounts under its revolving credit agreement in the third quarter of 2019 or through the filing date of this Form 10-Q. U.S. Cellular had no cash borrowings outstanding under its revolving credit agreement as of September 30, 2019, or as of the filing date of this Form 10-Q.

Further, U.S. Cellular did not borrow or repay any cash amounts under its receivables securitization agreement in the third quarter of 2019 or through the filing date of this Form 10-Q, and had no cash borrowings outstanding under its receivables securitization agreement as of September 30, 2019, or as of the filing date of this Form 10-Q.

## Exhibits

Exhibit Number	Description of Documents
Exhibit 3.1	<a href="#">Restated Bylaws, as amended, are hereby incorporated by reference to Exhibit 3.1 to U.S. Cellular's Current Report on Form 8-K dated May 21, 2019.</a>
Exhibit 4.1	<a href="#">Third Amendment to Amended and Restated Term Loan Credit Agreement, among U.S. Cellular, CoBank, ACB, as administrative agent, and the other lenders thereto, dated as of March 14, 2019, is hereby incorporated by reference to Exhibit 4.1 to U.S. Cellular's Quarterly Report on Form 10-Q for the period ended March 31, 2019.</a>
Exhibit 4.2	<a href="#">Restated Bylaws, as amended, are hereby incorporated as Exhibit 3.1.</a>
Exhibit 4.3*	<a href="#">Omnibus Amendment No. 1 to Master Indenture, Series 2017-VFN Indenture Supplement, Note Purchase Agreement, Receivables Purchase Agreement and Transfer and Servicing Agreement dated September 30, 2019 among USCC Master Note Trust, U.S. Bank National Association, as Indenture Trustee, USCC Services, LLC, USCC Receivables Funding LLC, USCC EIP LLC, and Royal Bank of Canada, as administrative agent for owners of the notes.</a>
Exhibit 10.1	<a href="#">Form of 2013 Long-Term Incentive Plan 2019 Performance Award Agreement for Officers other than the President and CEO is hereby incorporated by reference to Exhibit 10.1 to U.S. Cellular's Current Report on Form 8-K dated March 12, 2019.</a>
Exhibit 10.2	<a href="#">Form of 2013 Long-Term Incentive Plan 2019 Performance Award Agreement for U.S. Cellular's President and CEO is hereby incorporated by reference to Exhibit 10.2 to U.S. Cellular's Current Report on Form 8-K dated March 12, 2019.</a>
Exhibit 10.3	<a href="#">U.S. Cellular 2019 Executive Officer Annual Incentive Plan effective January 1, 2019, is hereby incorporated by reference to Exhibit 10.1 to U.S. Cellular's Current Report on Form 8-K dated April 2, 2019.</a>
Exhibit 10.4	<a href="#">Letter Agreement between U.S. Cellular and Douglas W. Chambers is hereby incorporated by reference to Exhibit 10.1 to U.S. Cellular's Current Report on Form 8-K/A dated May 21, 2019.</a>
Exhibit 10.5	<a href="#">U.S. Cellular 2019 Officer Annual Incentive Plan effective January 1, 2019.</a>
Exhibit 10.6*	<a href="#">2019 Master Service Agreement effective October 1, 2019 between USCC Services, LLC, and Amdocs Tethys Limited.</a>
Exhibit 10.7*	<a href="#">2019 Master Statement of Work for Managed Services, effective October 1, 2019 between USCC Services, LLC and Amdocs Tethys Limited.</a>
Exhibit 10.8*	<a href="#">2019 Managed Services Statement of Work No. 1 effective October 1, 2019 between USCC Services, LLC and Amdocs Tethys Limited.</a>
Exhibit 10.9*	<a href="#">Amended and Restated Software License and Maintenance Agreement effective October 1, 2019 between USCC Services, LLC and Amdocs Tethys Limited.</a>
Exhibit 10.10*	<a href="#">Omnibus Amendment No. 1 to Master Indenture, Series 2017-VFN Indenture Supplement, Note Purchase Agreement, Receivables Purchase Agreement and Transfer and Servicing Agreement dated September 30, 2019 is hereby incorporated as Exhibit 4.3.</a>
Exhibit 31.1	<a href="#">Principal executive officer certification pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.</a>
Exhibit 31.2	<a href="#">Principal financial officer certification pursuant to Rule 13a-14 of the Securities Exchange Act of 1934.</a>
Exhibit 32.1	<a href="#">Principal executive officer certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.</a>
Exhibit 32.2	<a href="#">Principal financial officer certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code.</a>





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Exhibit 101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101.SCH	Inline XBRL Taxonomy Extension Schema Document
Exhibit 101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document
Exhibit 101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
Exhibit 101.LAB	Inline XBRL Taxonomy Label Linkbase Document
Exhibit 101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the inline document.

The foregoing exhibits include only the exhibits that relate specifically to this Form 10-Q or that supplement the exhibits identified in [U.S. Cellular's Form 10-K for the year ended December 31, 2018](#). Reference is made to U.S. Cellular's Form 10-K for the year ended December 31, 2018, for a complete list of exhibits, which are incorporated herein except to the extent supplemented or superseded above.

\* Portions of this Exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K promulgated under the Exchange Act.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

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### UNITED STATES CELLULAR CORPORATION

(Registrant)

Date: October 31, 2019

/s/ Kenneth R. Meyers

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Kenneth R. Meyers  
President and Chief Executive Officer  
(principal executive officer)

Date: October 31, 2019

/s/ Douglas W. Chambers

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Douglas W. Chambers  
Senior Vice President, Chief Financial Officer and Treasurer  
(principal financial officer)

Date: October 31, 2019

/s/ Anita J. Kroll

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Anita J. Kroll  
Chief Accounting Officer  
(principal accounting officer)

Date: October 31, 2019

/s/ Jeffrey S. Hoersch

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Jeffrey S. Hoersch  
Vice President and Controller

**CERTAIN IDENTIFIED INFORMATION WITH "[\*\*\*]" HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED**

OMNIBUS AMENDMENT NO. 1 TO  
MASTER INDENTURE,  
SERIES 2017-VFN INDENTURE SUPPLEMENT,  
NOTE PURCHASE AGREEMENT,  
RECEIVABLES PURCHASE AGREEMENT, AND  
TRANSFER AND SERVICING AGREEMENT

OMNIBUS AMENDMENT NO. 1 TO MASTER INDENTURE, SERIES 2017-VFN Indenture Supplement, NOTE PURCHASE AGREEMENT, RECEIVABLES PURCHASE AGREEMENT, AND TRANSFER AND SERVICING AGREEMENT (this "*Amendment*"), dated as of September 30, 2019, is by and among USCC MASTER NOTE TRUST, a Delaware statutory trust (together with its permitted successors and assigns, the "*Issuer*"), USCC SERVICES, LLC, a Delaware limited liability company, as servicer (in such capacity, the "*Servicer*"), USCC Receivables Funding LLC, a Delaware limited liability company (the "*Transferor*"), United States Cellular Corporation, a Delaware corporation ("*USCC*"), USCC EIP LLC, a Delaware limited liability company (the "*Seller*"), the Conduit Purchasers, Committed Purchasers, Conduit Support Providers and Managing Agents parties hereto, ROYAL BANK OF CANADA, as the Administrative Agent (the "*Administrative Agent*") and U.S. Bank national association, a national banking association, as indenture trustee (herein, together with its successors in the trusts under the Indenture, called the "*Indenture Trustee*"). Capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Indenture (defined below) or the Note Purchase Agreement (defined below).

WHEREAS, the Issuer, the Servicer and the Indenture Trustee, have entered into that certain Master Indenture, dated as of December 20, 2017 (the "*Master Indenture*"), as agreed to and accepted by USCC, as amended by that certain Series 2017-VFN Indenture Supplement, dated as of December 20, 2017 (the "*Series Supplement*") among the Issuer, the Servicer and the Indenture Trustee, and that certain Supplemental Indenture No. 1, dated as of November 30, 2018 (the "*First Supplemental Indenture*", together with the Master Indenture and the Series Supplement, the "*Indenture*") among the Issuer, the Servicer and the Indenture Trustee;

WHEREAS, the Issuer, the Servicer and the Indenture Trustee have agreed to amend the Indenture on the terms and conditions set forth herein;

WHEREAS, the Transferor, the Issuer, the Servicer, USCC, as performance guarantor under the Performance Guaranty, the Managing Agents, the Conduit Purchasers, the Committed Purchasers, the Conduit Support Providers and the Administrative Agent entered into that certain Note Purchase Agreement, dated as of December 20, 2017 (the "*Note Purchase Agreement*");

WHEREAS, the Transferor, the Issuer, the Servicer, the Managing Agents, the Conduit Purchasers, the Committed Purchasers, the Conduit Support Providers and the Administrative Agent have agreed to amend the Note Purchase Agreement on the terms and conditions set forth herein;

WHEREAS, the Seller and the Transferor, as purchaser, entered into that certain Receivables Purchase Agreement, dated as of December 20, 2017 (the "*Receivables Purchase Agreement*");

WHEREAS, the Seller and the Transferor have agreed to amend the Receivables Purchase Agreement on the terms and conditions set forth herein;

WHEREAS, the Transferor, the Servicer, as servicer and custodian, and the Issuer entered into that certain Transfer and Servicing Agreement, dated as of December 20, 2017 (the "*Transfer and Servicing Agreement*"); and

WHEREAS, the Transferor, the Servicer and the Issuer have agreed to amend the Transfer and Servicing Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendments to the Indenture. As of the Effective Date (defined below), subject to the satisfaction of the conditions precedent set forth in Section 5 below, the Indenture is hereby amended as follows:

1.1. Section 3.6(b) of the Master Indenture is hereby amended by deleting the first sentence thereof and replacing it as follows:

On or before September 30 in each calendar year, beginning in 2019, the Issuer shall furnish to the Indenture Trustee either (i) an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken to perfect the Lien of this Indenture in the Receivables, including with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any financing statements and amendments to financing statements as is so necessary, or, stating that in the opinion of such counsel no such action is necessary to maintain the perfection of such lien and security interest; or (ii) if the aggregate amount of Note Principal Balance Increases for the twelve months prior to such date is less than \$10,000,000, an Officer's Certificate of the Issuer stating that no such Opinion of Counsel is required to be delivered on such date because the aggregate amount of Note Principal Balance Increases for the twelve months prior to such date is less than \$10,000,000. The cost of each such Opinion of Counsel required under this Section 3.6 shall be an expense of the Issuer and shall not be at the expense of the Indenture Trustee.

1.2. Annex A to the Master Indenture is hereby amended by adding the following definitions in the appropriate alphabetical order:

"Early Upgrade Program" means the upgrade program offered by USCC to existing Obligor pursuant to which an existing Obligor may upgrade certain wireless communication devices that are the subject of a Contract with such existing Obligor upon the satisfaction of the requirements more fully set forth on USCC's website.

"Post-Upgrade Receivable" means any Receivable relating to a Contract where the related Obligor has exercised an early upgrade by successfully meeting all applicable terms and conditions of the Early Upgrade Program, which Receivable has been generated following the effectiveness of such upgrade.

"Pre-May 2019 Receivable" means any Receivable the Contract related to which was originated prior to May 5, 2019, and which Contract does not include post-upgrade termination language in form and substance acceptable to the Administrative Agent.

1.3. The definition of "Dilutions" contained in Annex A to the Master Indenture is hereby amended by deleting it in its entirety and replacing it with the following:

"Dilutions" means, with respect to any Receivable, the aggregate amount of any reductions or adjustments in the Receivable Balance of such Receivable as a result of any defective, rejected, returned, repossessed or foreclosed goods or any credit, rebate, sales allowance, discount or other adjustment or setoff (other than any adjustment in the Receivable Balance of any Receivable relating to its upgrade under the Early Upgrade Program).

1.4. The definition of "Eligible Receivable" contained in Annex A of the Master Indenture is hereby amended by deleting clause (x) it in its entirety and replacing it with the following:

(x) it (i) relates solely to the purchase of a device, (ii) does not have an outstanding balance exceeding \$1,500, and (iii) which has not been extended, rewritten, or otherwise modified from the original terms except in accordance with the Transaction Documents; and

(y) with respect to any Receivable acquired by the Issuer after September 30, 2019, as to which, at the time of its origination, its related Obligor had an Obligor Credit Class of "A".

1.5. The definition of “Receivable Balance” contained in Annex A to the Master Indenture is hereby amended by deleting it in its entirety and replacing it with the following:

“Receivable Balance” means, with respect to any Receivable, as of any date of determination the sum of the unpaid Scheduled Payments thereon; provided, that in the case of Pre-May 2019 Receivables relating to Obligors and related devices that are eligible for a device upgrade pursuant to the terms of the related Contract, the Receivable Balance shall mean only the amount of the unpaid Scheduled Payments owing by such Obligor prior to the date on which the Contract becomes eligible for an upgrade; provided further, that the Receivable Balance of any Receivable may not exceed the outstanding principal amount, if any, owing by the related Obligor, and provided further, that the Receivable Balance of (i) a Defaulted Receivable or (ii) any Receivable which has been identified as an Ineligible Receivable but not yet reassigned by the Issuer to the Transferor pursuant to Section 2.05 of the Transfer and Servicing Agreement, shall be zero.

1.6. The definition of “Trigger Receivable Balance” contained in Annex A to the Master Indenture is hereby amended by deleting it in its entirety and replacing it with the following:

“Trigger Receivables Balance” means, with respect to any Receivable, as of any date of determination the sum of the unpaid Scheduled Payments thereon; provided, that in the case of Pre-May 2019 Receivables relating to Obligors and related devices that are eligible for a device upgrade pursuant to the terms of the related Contract, the Receivable Balance shall mean only the amount of the unpaid Scheduled Payments owing by such Obligor prior to the date on which the Contract becomes eligible for an upgrade; provided further, that the Receivable Balance of any Receivable may not exceed the outstanding principal amount, if any, owing by the related Obligor.

1.7. Section 2.1(b) of the Series Supplement is hereby amended as follows:

1.7.1. The definition of “Asset Base” is hereby amended by deleting it in its entirety and replacing it with the following:

“Asset Base” shall mean, as of any date of determination, an amount equal to the sum of (a) the product of (i) the Asset Base Allocation Percentage for Series 2017-VFN in effect on such date of determination, (ii) the Advance Rate in effect on such date of determination and (iii) the Aggregate Receivables Balance (measured as of such date of determination), plus (b) amounts on deposit in the Series 2017-VFN Series Account which are available for payment of principal on the Series 2017-VFN Notes on the following Payment Date on such date (after taking into account payments with senior priority), plus (c) an amount equal to the product of (x) the Asset Base Allocation Percentage for Series 2017-VFN in effect on such date of determination and (y) the amount of cash and Eligible Investments on deposit in the Excess Funding Account on such date of determination, plus (d) the aggregate amount of funds on deposit in the Collection Account on such date.

1.7.2. The definition of “Scheduled Commitment Termination Date” is hereby amended by replacing the reference to “December 13, 2019” contained therein with “December 15, 2021”.

1.7.3. Subclause (i) of clause (b) of the definition of “Target Deposit Account” is hereby amended by replacing the reference to “Section 4.2” contained therein with “Sections 4.2(a) through (e)”.

1.7.4. The definition of “USCC Credit Agreement” is hereby amended by replacing the reference to “June 15, 2016” contained therein with “May 10, 2018”.

1.8. Section 4.2 of the Series Supplement is hereby amended by deleting clause (l) in its entirety and replacing it with the following:

(l) To be retained in the Series 2017-VFN Series Account for application in accordance with this Section 4.2 on the immediately succeeding Payment Date, an amount equal to the Target Deposit Amount;

(m) To the applicable payee, any amounts accrued and payable by the Issuer under the Transaction Documents, including without limitation, in payment of fees and expenses of counsel and other administrative expenses; and

(n) All remaining amounts to the Transferor, as holder of the Equity Certificate.

1.9. Section 6.1(f) of the Series Supplement is hereby amended by replacing the reference to "10.50%" contained therein with "5.25%".



1.10. Section 6.1(g) of the Series Supplement is hereby amended by replacing the reference to “4.50%” contained therein with “2.50%”.

1.11. Annex A to the Series Supplement is hereby amended as follows:

1.11.1. The following new defined term is hereby added in the correct alphabetical order:

“Payments Made” with respect to (i) any Pre-May 2019 Receivable shall mean the number of consecutive Scheduled Payments owed by the Obligor on the related Contract that have been made as of the relevant Determination Date prior to the date on which such Contract becomes eligible for an upgrade and (ii) any Receivable which is not a Pre-May 2019 Receivable shall mean the number of consecutive Scheduled Payments owed by the Obligor on the related Contract that have been made as of the relevant Determination Date.

1.11.2. The definition of “Advance Matrix I” is hereby amended by deleting it in its entirety and replacing it with the following:

[\*\*\*]

1.11.3. The definition of “Advance Matrix II” is hereby amended by deleting it in its entirety and replacing it with the following:

[\*\*\*]

1.11.4. The definition of “Cohort” is hereby amended by replacing the reference to “Remaining Term” contained therein with “Payments Made”.

1.11.5. The definition of “Excess Concentrations” is hereby amended by deleting it in its entirety and replacing it with the following:

“Excess Concentrations” shall mean, as of any date of determination, an amount equal to the sum of (without duplication):

(a) the excess, if any, of (i) the Receivables Balances for the Cohort of Obligor Credit Class “A” and Obligor Tenure “0” over (ii) the product of (x) 20% and (y) the Aggregate Receivables Balance at the end of such Collection Period; and

(b) the excess, if any, of (i) the aggregate Receivables Balances for the Cohorts of Obligor Credit Class “A” and Obligor Tenures “0”, “1”, “2”, “3”, and “4” over (ii) the product of (x) 45% and (y) the Aggregate Receivables Balance at the end of such Collection Period.

1.11.6. The definition of “Matrix Rate Adjustment Event” is hereby amended by replacing the reference to “3.50%” and “8.50%” contained therein with “1.75%” and “4.25%”, respectively.

1.11.7. The definition of “Obligor Credit Class” is hereby amended by deleting it in its entirety and replacing it with the following:

“Obligor Credit Class” shall mean the credit class associated with the Obligor as assigned at the inception of the Contract or at the time, if any, the related Receivable becomes a Change of Responsibility Receivable through the Credit and Collection Policies, as applicable. Receivables classified as Credit Class Group A pursuant to the Credit and Collection Policies will have an Obligor Credit Class of “A”.

1.11.8. The term “Remaining Term” and its related definition are hereby deleted in their entirety.

Section 2. Amendment to the Note Purchase Agreement. As of the Effective Date (defined below), subject to the satisfaction of the conditions precedent set forth in Section 5 below, the Note Purchase Agreement is hereby amended by replacing the reference in Section 2.1(g) of the Note Purchase Agreement to “Transferor’s account [\*\*\*]” with “Transferor’s account [\*\*\*\*]”;

Section 3. Amendment to the Receivables Purchase Agreement. As of the Effective Date (defined below), subject to the satisfaction of the conditions precedent set forth in Section 5 below, the Receivables Purchase Agreement is hereby amended by deleting Section 5.01(o) of the Receivables Purchase Agreement in its entirety and replacing it with the following:

(o) [Reserved].

Section 4. Amendment to the Transfer and Servicing Agreement. As of the Effective Date (defined below), subject to the satisfaction of the conditions precedent set forth in Section 5 below, the Transfer and Servicing Agreement is hereby amended by deleting Section 2.09 of the Transfer and Servicing Agreement in its entirety and replacing it with the following:

Section 2.09 Contract Responsibility Transfers and Post-Upgrade Receivables.

(a) Subject to clause (c) below, in the event that a Transferred Receivable becomes a Change of Responsibility Receivable or a Post-Upgrade Receivable, and as a result of such event an Asset Base Deficiency would occur if one of the actions described in clauses (1) or (2) below is not taken, the Transferor shall, within two (2) Business Days of the date on which such Transferred Receivable becomes a Post-Upgrade Receivable, or no later than the next date on which a Monthly Report is deliverable in accordance with this Agreement in the case of a Change of Responsibility Receivable, as applicable, either (1) replace such Change of Responsibility Receivable or Post-Upgrade Receivable, as applicable, with one or more "Replacement Receivables" having aggregate Receivable Balances equal to or greater than the remaining Receivables Balance of such Transferred Receivable immediately prior to the time it became a Change of Responsibility Receivable or a Post-Upgrade Receivable, as applicable (in an amount at least equal to the amount necessary to cause an Asset Base Deficiency to not occur for any Series), or (2) repurchase the related Change of Responsibility Receivable or Post-Upgrade Receivable, as applicable, in an amount equal to the Receivable Balance of such Transferred Receivable immediately prior to the time it became a Change of Responsibility Receivable or Post-Upgrade Receivable, as applicable (in an amount at least equal to the amount necessary to cause an Asset Base Deficiency to not occur for any Series), and deposit such funds in the Collection Account, to be treated as Collections. The Transferor shall cause any such Replacement Receivable to be transferred to the Trust, and such Replacement Receivable shall be an Additional Receivable and shall be deemed to be transferred on an Addition Date, and the terms of this Agreement shall apply to such Replacement Receivable as if it had been transferred under Article II herein without further action from any party hereto. Following this deposit of cash or transfer of a Replacement Receivable (in accordance with clauses (1) or (2) above), the Trust shall no longer have any interest in or right to the Change of Responsibility Receivable or Post-Upgrade Receivable, as applicable. The Replacement Receivable will be an Additional Receivable for purposes of this Agreement.

(b) Subject to clause (c) below, in the event that an Asset Base Deficiency would not occur as a result of a Transferred Receivable becoming a Change of Responsibility Receivable or a Post-Upgrade Receivable, as applicable, the Transferor shall have the option (but not obligation) to either replace or repurchase, as applicable, the Change of Responsibility Receivable or Post-Upgrade Receivable, as applicable, under the same terms and conditions set forth in clause (a) above.

(c) For purposes of this Section 2.09, the Transferor shall be prohibited from repurchasing or replacing Change of Responsibility Receivables and Post-Upgrade Receivables, as applicable, pursuant to clauses (a) and (b) above if at the time of such repurchase or replacement, as applicable, and after giving effect thereto, the sum of (i) the aggregate Receivables Balances immediately prior to the repurchase or replacement for all repurchased and replaced Change of Responsibility Receivables plus (ii) the aggregate Receivables Balance of all repurchased and replaced Post-Upgrade Receivables immediately prior to the time each such Post-Upgrade Receivable became a Post-Upgrade Receivable, in each case during the past twelve (12) months would exceed 20% of the Facility Limit. In the event that such prohibition applies, the Seller will no longer consent to (or permit its Affiliates to consent to) any Transferred Receivable becoming a Change of Responsibility Receivable.

Section 5. Conditions Precedent. This Amendment shall become effective as of the date hereof (the "*Effective Date*") upon:

- (i) receipt by the parties hereto of duly executed counterparts of this Amendment and the Fee Letter, dated as of the date hereof (the "*Fee Letter*"), among the Administrative Agent, the Managing Agents, and the Transferor;
- (ii) the Transferor's payment of all fees referred to in (A) the Fee Letter that are payable on the date hereof, including, without limitation, the upfront fee payable to each Managing Agent (for the benefit of its related Owner(s)) and (B) the Administrative Agent Fee Letter, dated as of the date hereof, between the Administrative Agent and the Transferor, that are payable on the date hereof; and
- (iii) all of the terms, covenants, agreements and conditions precedent set forth in the Indenture, the Note Purchase Agreement, the Receivables Purchase Agreement, the Transfer and Servicing Agreement and other Transaction Document to be complied with and performed by USCC, the Transferor, the Issuer, the Servicer, the Originators or the Indenture Trustee, as the case may be, with respect to this Amendment, by the date hereof have been satisfied or otherwise waived by the Managing Agents.

Section 6. Representations and Warranties; Covenants.

6.1. The Issuer hereby represents and warrants that:

(a) This Amendment, the Indenture, the Note Purchase Agreement and the Transfer and Servicing Agreement each as amended hereby, constitute legal, valid and binding obligations of it and are enforceable against it in accordance with their terms.

(b) No event or circumstance has occurred and is continuing which constitutes an Event of Default, Default, Amortization Event, Potential Amortization Event, Trust Amortization Event, or Trust Event of Default.

6.2. The Servicer hereby represents and warrants that:

(a) This Amendment, the Indenture, the Note Purchase Agreement and the Transfer and Servicing Agreement each as amended hereby, constitute legal, valid and binding obligations of it and are enforceable against it in accordance with their terms.

(b) No event or circumstance has occurred and is continuing which constitutes a Servicer Default or Potential Servicer Default.

6.3. The Transferor hereby represents and warrants that this Amendment, the Note Purchase Agreement, the Receivables Purchase Agreement and the Transfer and Servicing Agreement each as amended hereby, constitute legal, valid and binding obligations of it and are enforceable against it in accordance with their terms.

6.4. The Seller hereby represents and warrants that this Amendment and the Receivables Purchase Agreement as amended hereby, constitute legal, valid and binding obligations of it and are enforceable against it in accordance with their terms.

6.5. Upon the effectiveness of this Amendment and after giving effect hereto, the Issuer, the Servicer, the Transferor and the Indenture Trustee as applicable, each represents and warrants as to itself, as applicable, that the covenants, representations and warranties of (a) the Issuer set forth in the Article III and Section 9.5 of the Indenture, (b) the Indenture Trustee set forth in Section 6.13 of the Indenture, (c) the Issuer set forth in the Section 4.1 and Section 4.6 of the Note Purchase Agreement, (d) the Servicer set forth in Section 4.1, Section 4.2, Section 4.7 and Section 4.9 of the Note Purchase Agreement, (e) the Transferor set forth in Section 4.1, Section 4.3, Section 4.6, and Section 4.9 of the Note Purchase Agreement, (f) the Seller set forth in Section 4.01, Section 4.02 and Section 5.01 of the Receivables Purchase Agreement, (g) the Transferor set forth in Section 4.03 of the Receivables Purchase Agreement, and (h) the Transferor set forth in Section 2.03 and Section 2.04 of the Transfer and Servicing Agreement are true and correct in all material respects as of the date hereof (unless stated to relate to an earlier date).

Section 7. Reference to and Effect on the Indenture, the Note Purchase Agreement, the Receivables Purchase Agreement, and the Transfer and Servicing Agreement.

7.1. Upon the effectiveness of this Amendment and on and after the date hereof, each reference in (i) the Indenture to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Indenture and its amendments, as amended hereby, (ii) the Note Purchase Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Note Purchase Agreement and its amendments, as amended hereby (iii) the Receivables Purchase Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Receivables Purchase Agreement and its amendments, as amended hereby, and (iv) the Transfer and Servicing Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Transfer and Servicing Agreement and its amendments, as amended hereby.

7.2. Each of the Indenture, the Note Purchase Agreement, the Receivables Purchase Agreement and the Transfer and Servicing Agreement in each case as amended hereby, and all other amendments, documents, instruments and agreements executed and/or delivered in connection therewith, as applicable, shall remain in full force and effect, and are hereby ratified and confirmed.

7.3. Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Indenture Trustee, Conduit Purchasers, Committed Purchasers, Conduit Support Providers, Managing Agents or the Administrative Agent, nor constitute a waiver of any provision of the Indenture, the Note Purchase Agreement, the Receivables Purchase Agreement, the Transfer and Servicing Agreement, or any Transaction Document or any other documents, instruments and agreements executed and/or delivered in connection therewith.

Section 8. Post-Closing Actions. Prior to the end of the tenth (10<sup>th</sup>) Business Day from the date of this Amendment, the Managing Agents shall receive opinions of counsel relating to security interest matters and corporate and enforceability matters in form and substance reasonably acceptable to the Managing Agents.



Section 9. Governing Law. THIS Amendment and the rights and obligations of the parties under this Amendment SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH SHALL APPLY HERETO).

Section 10. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

Section 11. Counterparts; Facsimile Signatures. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Amendment. The delivery of a signed signature page to this Amendment by facsimile or other electronic transmission (such as email of a .pdf) shall constitute due execution and delivery of this Amendment for all purposes.

Section 12. Entire Agreement. The parties hereto hereby agree that this Amendment constitutes the entire agreement concerning the subject matter hereof and supersedes any and all written and/or oral prior agreements, negotiations, correspondence, understandings and communications.

Section 13. Fees, Costs and Expenses. The Transferor shall pay on demand all reasonable and invoiced fees and out-of-pocket expenses of (i) Morgan, Lewis & Bockius LLP, counsel for the Administrative Agent, as provided in the Fee Letter, (ii) Morris James LLP, counsel for the Owner Trustee, and (iii) Richards, Layton & Finger, P.A., counsel for the Indenture Trustee, incurred in connection with the preparation, negotiation, execution and delivery of this Amendment.

Section 14. Consent to Amendment.

14.1. By its execution hereof each of the Noteholders (which Noteholders constitute, in the aggregate, 100% of the Holders of the Outstanding Notes), (a) acknowledges its receipt of notice of the contents of this Amendment, (b) consents to the amendments contained herein, (c) hereby waives the requirement under Section 10.2 of the Indenture for further written notice setting forth in general terms the substance of this Amendment, (d) directs the Indenture Trustee to consent to and execute this Amendment, without receiving the Officer's Certificates and Opinions of Counsel deliverable in connection with this Amendment under the Indenture, the Note Purchase Agreement, the Receivables Purchase Agreement, the Transfer and Servicing Agreement or any other Transaction Document, and (e) hereby agrees to hold the Indenture Trustee harmless against any and all losses and liabilities, damages, claims, actions, suits, or out-of-pocket expenses or costs (including attorney's fees and other legal expenses) incurred or arising out of or in connection with the actions set forth above taken by the Indenture Trustee pursuant to this authorization and direction.

14.2. By its execution hereof each of the Managing Agents and the Administrative Agent acknowledges its receipt of the contents of this Amendment and consents to the amendments contained herein.

Section 15. Issuer Order. By its execution hereof, the Issuer hereby (a) authorizes, instructs and directs the Indenture Trustee to execute this Amendment, (b) authorizes, instructs and directs the Indenture Trustee to execute this Amendment without receiving an Officer's Certificate, or an Opinion of Counsel pursuant to the Indenture, the Note Purchase Agreement, the Receivables Purchase Agreement, the Transfer and Servicing Agreement or any other Transaction Document and (c) agrees that the actions set forth above taken by the Indenture Trustee pursuant to this authorization and direction shall be actions in connection with the administration of the trust created under the Indenture and the performance of its duties thereunder and under the other Transaction Documents within the meaning of Section 6.7(a) of the Master Indenture and shall not constitute negligence or willful misconduct on the part of the Indenture Trustee.

Section 16. Concerning the Owner Trustee.

(i) It is expressly understood and agreed by the parties hereto that (a) this Amendment is executed and delivered by Wilmington Trust, National Association, not individually or personally but solely as owner trustee of the Issuer, in the exercise of the powers and authority conferred and vested in it pursuant to the Trust Agreement, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Wilmington Trust, National Association, but is made and intended for the purpose of binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Wilmington Trust, National Association, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto and (d) under no circumstances shall Wilmington Trust, National Association, be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Amendment or any other related documents.

(ii) The Transferor, as Equity Certificateholder, hereby authorizes, empowers and directs the Owner Trustee, in the name and on behalf of the Issuer, to execute and deliver this Amendment and each other document, instrument or writing (including, without limitation, any Issuer Order) as may be necessary or convenient in connection with the transactions contemplated hereby. The Transferor, as Equity Certificateholder, hereby waives any notice in connection with the foregoing and hereby certifies and confirms that (x) it is the sole Equity Certificateholder, (y) the foregoing direction and actions are necessary, suitable, or convenient in connection with the matters described in Section 2.03 of the Trust Agreement, and do not violate or conflict with, are not contrary to, are contemplated and authorized by, and are consistent and in accordance and compliance with the Trust Agreement, the Note Purchase Agreement and the Transaction Documents and the obligations of the Issuer and the Owner Trustee under the Trust Agreement, the Note Purchase Agreement and the Transaction Documents, and (z) the foregoing direction and the execution and delivery of such documents are covered by the indemnifications provided under the Trust Agreement.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

USCC MASTER NOTE TRUST, as the Issuer

By: Wilmington Trust, National Association, not in its individual capacity, but solely as Owner Trustee on behalf of USCC Master Note Trust,

By: /s/ Rachel Simpson

Name: Rachel Simpson

Title: Vice President

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U.S. Bank national association, (i) with respect to the Indenture and the Series Supplement, as Indenture Trustee, and (ii) with respect to each other document amended hereby, not in its individual capacity but solely in its capacity as Indenture Trustee

By: /s/ Edwin J. Janis  
Name: Edwin J. Janis  
Title: Vice President

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USCC SERVICES, LLC, as Servicer

By: /s/ John M. Toomey

Name: John M. Toomey

Title: Authorized Person

USCC Receivables Funding LLC  
as Transferor and Purchaser

By: /s/ Steven T. Campbell

Name: Steven T. Campbell

Title: Vice President and Treasurer

USCC EIP LLC, as Seller

By: /s/ Steven T. Campbell

Name: Steven T. Campbell

Title: Vice President and Treasurer

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ROYAL BANK OF CANADA,  
as Administrative Agent

By: /s/ Sofia Shields

Name: Sofia Shields

Title: Authorized Signatory

By: /s/ Lisa Wang

Name: Lisa Wang

Title: Authorized Signatory

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**Consent to Omnibus Amendment No. 1 to Indenture to Master Indenture, Series 2017-VFN Indenture Supplement, Note Purchase Agreement, Receivables Purchase Agreement and Transfer and Servicing Agreement:**

THUNDER BAY FUNDING, LLC,  
as Conduit Purchaser

By: Royal Bank of Canada, as attorney-in-fact for Thunder Bay Funding, LLC

By: /s/ Sofia Shields  
Name: Sofia Shields  
Title: Authorized Signatory

ROYAL BANK OF CANADA,  
as Committed Purchaser, and as a Noteholder

By: /s/ Sofia Shields  
Name: Sofia Shields  
Title: Authorized Signatory

By: /s/ Lisa Wang  
Name: Lisa Wang  
Title: Authorized Signatory

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ROYAL BANK OF CANADA,  
as Managing Agent

By: /s/ Sofia Shields

Name: Sofia Shields

Title: Authorized Signatory

By: /s/ Lisa Wang

Name: Lisa Wang

Title: Authorized Signatory

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THE TORONTO-DOMINION BANK,  
as Committed Purchaser, and as a Noteholder

By: /s/ Rene Landry  
Name: Rene Landry  
Title: Director

THE TORONTO-DOMINION BANK,  
as Managing Agent

By: /s/ Rene Landry  
Name: Rene Landry  
Title: Director



**UNITED STATES CELLULAR CORPORATION**  
**2019 OFFICER ANNUAL INCENTIVE PLAN**  
**Effective January 1, 2019**

## I. Purpose

- To provide incentive for the officers of United States Cellular Corporation (“U.S. Cellular” or “Company”) to extend their best efforts towards achieving superior results in relation to key business performance targets;
- To reward U.S. Cellular officers in relation to their success in meeting and exceeding the performance targets; and
- To attract and retain talented leaders in positions of critical importance to the success of the Company.

## II. Eligible Participants

All U.S. Cellular Senior Vice Presidents and Vice Presidents not eligible to participate in the 2019 Executive Officer Annual Incentive Plan are eligible to participate in this 2019 Officer Annual Incentive Plan (“Plan”).

## III. Performance Measures & Weightings

Performance Measures	Component Weighting	Overall Plan Weighting
Consolidated Total Operating Revenues	35%	14%
Consolidated Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Accretion	30%	12%
Consolidated Capital Expenditures	20%	8%
Customer Engagement	15%	6%
<b>Company Performance</b>		<b>40%</b>
<b>Team Performance</b>		<b>40%</b>
<b>Individual Performance</b>		<b>20%</b>

## IV. Performance Measures Definitions

### Company Performance - Weighting: 40%:

Actual performance will be assessed against the targeted performance for each performance measure. The performance measures are defined below:

**Consolidated Total Operating Revenues:** Total operating revenues determined on a consolidated company-wide basis and in a manner consistent with U.S. Cellular’s presentation of total operating revenues for external reporting purposes.

### Consolidated Adjusted EBITDA (i.e., Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Accretion):

Adjusted EBITDA determined on a consolidated company-wide basis and in a manner consistent with U.S. Cellular’s presentation of Adjusted EBITDA for external reporting purposes, and further adjusted to remove (1) the effects of equity in earnings of unconsolidated entities, determined on a consolidated company-wide basis and in a manner consistent with U.S. Cellular’s presentation of equity in earnings of unconsolidated entities for external reporting purposes, and (2) expenses associated with the annual bonus and performance share unit plans.

**Consolidated Capital Expenditures:** Capital expenditures determined on a consolidated company-wide basis and in a manner consistent with U.S. Cellular’s presentation of capital expenditures for external reporting purposes. The measurement of actual capital expenditures against targeted capital expenditures may not be sufficiently comprehensive because it would measure actual expenditures, but not necessarily the efficiency and/or productivity of those expenditures. Therefore, if appropriate, the measurement of actual expenditures against targeted expenditures could incorporate an adjustment for spending efficiency/productivity which could include an assessment of the degree of completion of certain projects. The determination of whether such an adjustment is appropriate and the amount of the adjustment will be made by the President and CEO and will be subject to the review and approval of the Chairman.





**Customer Engagement:** Customer Engagement as measured by the Loyalty Index Score from the Customer Engagement Total Experience Survey. The Loyalty Index Score is a calculated score of customers' responses based on their overall experience of U.S. Cellular, including overall brand, network and customer experience, laddering to overall satisfaction, likelihood to recommend and likelihood to continue to do business with U.S. Cellular.

**Notes:**

- Results associated with acquisitions and / or divestitures will be evaluated **on a case-by-case basis** to determine whether adjustments to target or actual results are warranted.
- The Chairman in his discretion may adjust targets to reflect unanticipated events.

**Team Performance - Weighting: 40%:**

Each eligible officer will have approximately 3-5 metrics that measure the performance of his or her team / department. The metrics, targets for the metrics and team performance against these metrics will be determined by the officer's relevant leader(s). Any bonus for team performance will be payable according to the table in Section VI, and will be subject to approval by the President and CEO of U.S. Cellular.

**Individual Performance - Weighting: 20%:**

Each officer's overall individual performance for the year will be assessed by his or her immediate leader and where applicable the officer he or she reports up to. Each officer will be assessed based on the individual performance goals that were set for the year. Any bonus for individual performance will be payable according to the table in Section VI, and will be subject to approval by the President and CEO of U.S. Cellular.

**V. Miscellaneous Provisions**

The Plan is subject to the Administrative Guidelines attached hereto as Exhibit A. There are no oral or written agreements or understandings between U.S. Cellular and the participants affecting or relating to this Plan not referenced herein. If the participant fails to adhere to the ethical and legal standards as referenced by U.S. Cellular policy, U.S. Cellular shall have the right to revoke this Plan, reduce or eliminate compensation as it applies to the violator, or any other remedy as provided by corporate policy or law.

Any compensation earned or paid pursuant to this Plan is subject to forfeiture, recovery by U.S. Cellular or other action pursuant to any clawback or recoupment policy which U.S. Cellular may adopt from time to time, including without limitation any such policy which U.S. Cellular may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

This Plan shall not be construed as an employment contract or as a promise of continuing employment between U.S. Cellular and the officer. Employment with U.S. Cellular is terminable at will, i.e., either the participant or U.S. Cellular may terminate the relationship at any time, with or without cause.

The Officer Annual Incentive Plan, as set forth in this document, represents the general guidelines U.S. Cellular intends to utilize to determine what officer bonus payments, if any, will be paid. U.S. Cellular reserves the right to modify or terminate the Plan at its sole discretion, at any time and for any reason, with or without written notification and without regard to the effect that any such action may have on any officer's bonus or potential bonus. U.S. Cellular shall have the full power and authority to interpret and administer the Plan and shall be the sole arbiter of all matters of interpretation and application of the Plan.

**VI. Bonus Ranges As A Percent Of Target**

The bonus ranges were set to reinforce the Company's pay for performance philosophy. Minimum performance levels for each component need to be achieved before any bonus is earned for that component. The ranges result in substantial reductions in bonuses when targets are not achieved, and greater rewards for above target performance.

**Company Performance Measures:**

Performance Measure	Minimum	Maximum
Consolidated Total Operating Revenues	90%	110%
Consolidated Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Accretion	80%	120%
Consolidated Capital Expenditures	110%	80%
Customer Engagement	95%	110%



**Bonus Payouts as a Percent of Target at Minimum and Maximum Performance Levels:**

Performance Measure	Minimum	Target	Maximum
Consolidated Total Operating Revenues	50%	100%	225%
Consolidated Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Accretion	50%	100%	225%
Consolidated Capital Expenditures	50%	100%	225%
Customer Engagement	50%	100%	225%

Bonus payouts between the minimum and target performance levels and between the target and maximum performance levels will be computed by interpolation.

Any bonus for performance below the minimum level will be determined and approved at the discretion of the Chairman.

**Team Performance:**

Performance Criteria	% Payout Range
<b>Far exceeds expectations target performance:</b> Performance greatly exceeded that which was planned and expected.	150% - 200%
<b>Exceeds expectations target performance:</b> Performance significantly exceeded that which was planned and expected.	120% - 150%
<b>Meets expectations target performance:</b> Performance was essentially equivalent to that which was planned and expected.	80% -120%
<b>Partially meets target performance:</b> Given the conditions that prevailed, performance was sufficient to merit a partial bonus.	Up to 80%
<b>Fails to meet target performance:</b> Given the conditions that prevailed, performance was not sufficient to merit any bonus.	0%

**Individual Performance:**

Performance Criteria	% Payout Range
<b>Far Exceeds Expectations (FE)</b>	130% - 150%
<b>Exceeds Expectations (EE)</b>	110% - 130%
<b>Meets Expectations (ME)</b>	80% -110%
<b>Partially Meets Expectations (PM)</b>	0%
<b>Fails to Meet Expectations (FM)</b>	0%

\_\_\_\_\_  
President and CEO

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Date



**Exhibit A**  
**Administrative Guidelines**

<b>PLAN YEAR EFFECTIVE DATES</b>	January 1, 2019 - December 31, 2019
<b>GENERAL ADMINISTRATION</b>	The target annual bonus payout for Plan participants will be based on the officer's base earnings paid during the bonus period. Base earnings include base wages, paid time off, and any differential pay (excludes short-term disability pay, bonuses and any additional compensation not related to base earnings).
<b>VESTING</b>	<p>The bonus does not vest and no bonus shall be paid unless the officer remains employed through the actual bonus payout date. Special rules apply to those officers who retire or die before the actual bonus payout date (see below).</p> <p>To the extent and only to the extent that any bonus is paid for the plan year, such bonus shall be deemed to have been earned on December 31, 2019.</p>
<b>NEW HIRE ELIGIBILITY</b>	Eligibility for participation in this Plan and any payout will be determined at the discretion of the President and CEO.
<b>SEPARATION PRIOR TO PAYOUT VESTING DATE</b>	Not eligible for a payout unless separation is due to retirement or death (see below), or unless approved by the President and CEO.
<b>RETIREMENT</b> Prior to Payout Vesting Date	Officer must be at least age 55 and have a minimum of 10 years of 401(k) vesting service at time of retirement to be eligible for a payout (unless otherwise approved by the President and CEO).
<b>DEATH</b> Prior to Payout Vesting Date	<p>In the event of death or retirement during the plan year (1/1 - 12/31) a prorated bonus for time worked at target (100% Plan attainment) will be paid. The payout will be made as soon as administratively possible following the date of the event (but no later than the Bonus Payout Date, as described below).</p> <p>In the event of death or retirement after the plan year, but before the payout date for the plan year, a participant will be eligible to receive a bonus for time worked in the prior year based upon actual Plan attainment (company, team and individual performance), or if actual plan attainment is not available on the date of the event, at target (100% Plan attainment). The payout will be made as soon as administratively possible following the date of the event (but no later than the Bonus Payout Date, as described below).</p>
<b>LEAVE OF ABSENCE</b>	A leave of absence includes the following: Short-term Disability, FMLA Leave of Absence, Plan Parental Leave, Unpaid Medical Leave of Absence, Military Service Leave of Absence and Personal Leave of Absence. Bonus payouts will be prorated for any portion of the plan year for which the officer had unpaid hours. Unpaid hours are defined as those hours where accrued benefit time (i.e. sick, vacation, personal, etc.) was NOT applied to the leave of absence.
<b>TRANSFERS/PROMOTIONS DURING PLAN YEAR</b>	<p><u>Within/ Between Annual Plans:</u> If an officer is promoted / transferred within or between annual incentive plan(s), no pro-rations will be made in determining the officer's bonus. The officer's bonus will be based on the officer's plan as of 12/31/19.</p> <p><u>Between an Annual Plan and a Quarterly or Monthly Plan:</u> Prorated payouts from both positions/plans will be determined following the end of the plan year. The following factors will be considered in the determination of the payout: both plans' attainment percentages, individual performance in each job/plan, the last base earnings from each position occupied during the plan year (if applicable), target incentive assigned for each position's pay grade, and percentage of time worked in each position/plan during the plan year.</p>
<b>TRANSFERS TO/ FROM TDS DURING THE PLAN YEAR</b>	If an officer transfers to/from another TDS business unit, he/she will be eligible to receive a prorated payout based on the factors listed above.
<b>BONUS PAYOUT DATE</b>	Historically bonuses have been paid in March on or before March 15 <sup>th</sup> of the year following the end of the plan year (12/31). Notwithstanding the foregoing, in the event that payment by March 15, 2020 is administratively impracticable and such impracticability was unforeseeable (in each case, such that the payment continues to qualify as a "short-term deferral" within the meaning of section 409A of the Internal Revenue Code), payment will be made as soon as administratively practicable after March 15, 2020, but in no event later than December 31, 2020. Payment will be in the form of a lump sum.



**CERTAIN IDENTIFIED INFORMATION WITH “[\*\*\*]” HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED**

**2019 MASTER SERVICE AGREEMENT**

This 2019 MASTER SERVICE AGREEMENT (this “Agreement”) is made and entered into as of the date of last signature of the parties, to be effective as of October 1, 2019, by and between **USCC Services, LLC**, a Delaware limited liability company, having its principal offices at 8410 West Bryn Mawr, Suite 700, Chicago, Illinois 60631, its subsidiaries and affiliates (collectively referred to as “USCC”), and **Amdocs Tethys Limited**, an Irish corporation, having its principal offices at First Floor, Block S, East Point Business Park, Dublin 3, Ireland (“Consultant”, “Supplier” or “Amdocs”).

WITNESSETH:

**WHEREAS**, United States Cellular Corporation (“U.S. Cellular”), an Affiliate of USCC, and Amdocs Software Systems Limited, an Affiliate of Consultant, were the initial parties to that certain Master Service Agreement, dated as of August 17, 2010 (the “Original MSA Effective Date”), as amended pursuant to Amendment # 1 to Master Service Agreement effective as of July 15, 2013 (collectively, the “Original MSA”); and

**WHEREAS**, USCC is the successor in interest under the Original MSA to United States Cellular Corporation and Consultant is the successor in interest under the Original MSA to Amdocs Software Systems Limited; and

**WHEREAS**, the parties hereto are parties to statements of work under the Original MSA (the “Original SOWs”); and

**WHEREAS**, the parties hereto desire to terminate the Original MSA on October 1, 2019 but continue the relationship embodied in the Original MSA and the Original SOWs beyond such date while making certain modifications to the terms and conditions under which the parties will continue such relationship pursuant to this Agreement and new Statements of Work under this Agreement and certain Original SOWs that by their terms do not terminate on October 1, 2019; and

**WHEREAS**, USCC and Consultant desire to provide a means by which USCC can continue to engage Consultant to perform certain strategic project, support and other services for USCC and its Affiliates through Consultant’s and its Affiliates’ employees, contractors and consultants under new Statements of Work to be entered into under this Agreement; and

**WHEREAS**, USCC and its Affiliates desire from time to time to engage Consultant to perform certain consulting services; and

**WHEREAS**, Consultant desires to perform such consulting services for USCC and its Affiliates.

**NOW, THEREFORE**, in consideration of the foregoing and the mutual covenants and agreements contained herein, the receipt and sufficiency of which are acknowledged, the parties hereto hereby agree as follows:

**EFFECTIVE DATE AND EFFECT OF THIS AGREEMENT.**

The Original MSA shall terminate and simultaneously this Agreement shall be effective as of October 1, 2019 at 12:00:01 a.m. (the “Effective Date”). The parties agree that (i) the terms and conditions of the Original MSA (except for Sections 5.3(a), 5.3(c) and 5.3(d), which shall be deemed not applicable) govern the rights and obligations of the parties arising under the Original MSA prior to the Effective Date and (ii) the terms and conditions of this Agreement will govern the rights and obligations of the parties arising under this Agreement on or after the Effective Date.

**1. DEFINITIONS.**

As used herein, the capitalized terms immediately below shall have the respective meanings as set forth hereinbelow. Capitalized terms used but not defined in this Agreement or its Exhibits shall have the meanings attributed to them in the 2019 Development Statement of Work (“Dev SOW”), the 2019 Master Statement of Work for Managed Services (the “MSOWMS”), the 2019 Managed Services Statement

of Work No. 1 ("MSSOW1"), or the 2019 Managed Services Statement of Work No. 2 ("MSSOW2"), each being entered into by the parties contemporaneous with this Agreement and being a Statement of Work under this Agreement.



- 1.1 “Affiliate” means an entity that directly or indirectly owns or controls, is directly or indirectly owned or controlled by, or is directly or indirectly under common ownership or control with another entity. As used in this definition, “control” means the power to direct the management or affairs of an entity, and “ownership” means the beneficial ownership of more than 50% of the equity securities or other equivalent equity ownership interests of an entity. For purposes of this Agreement, an Affiliate of USCC includes:
- (a) USCC’s parent company, U.S. Cellular, and any entity that U.S. Cellular directly or indirectly owns or controls;
  - (b) any Federal Communications Commission licensee:
    - (i) with which U.S. Cellular has a management agreement, or
    - (ii) in which U.S. Cellular is a general partner; and
  - (c) U.S. Cellular’s parent company, Telephone and Data Systems, Inc., and any entity that Telephone and Data Systems, Inc., directly or indirectly owns or controls.
- 1.2 “Confidential Information” means with respect to either party hereto (including each party’s Affiliates, as applicable), this Agreement, together with all confidential business or technical information or materials of such party; provided, however, that Confidential Information shall not include information or materials that the Receiving Party (as defined in Section 4.1(a)) can demonstrate: (a) was known to the Receiving Party prior to the Effective Date free of any obligation of nondisclosure; (b) was generally known or available to the public prior to the date of disclosure to the Receiving Party or subsequently became generally known or available to the public through no fault of the Receiving Party; (c) was lawfully received by the Receiving Party from a third party free of any obligation of nondisclosure; or (d) is or was independently developed by the Receiving Party or any of its Affiliates, employees, consultants or agents without reference to any Confidential Information of the Disclosing Party (as defined in Section 4.1(a)). USCC’s Confidential Information shall include, without limitation: (i) the USCC Materials, (ii) all PII, and (iii) all Confidential Information of USCC that is (A) provided by or on behalf of USCC to Consultant or to any third party acting on behalf of Consultant, or (B) otherwise obtained by Consultant or by any third party acting on behalf of Consultant. Consultant’s Confidential Information shall include, without limitation: (i) the Consultant Tools (but without limiting the license and sublicense rights granted by Consultant pursuant to Section 2.6(b)(ii)), and (ii) all Confidential Information of Consultant that is (A) provided by or on behalf of Consultant to USCC or to any third party acting on behalf of USCC, or (B) otherwise obtained by USCC or by any third party acting on behalf of USCC.
- 1.3 “Contract Year of this Agreement” means one of the consecutive 12 months periods during the Term starting on the Effective Date or any anniversary of the Effective Date.
- 1.4 “Consultant Entities” means Consultant, its Affiliates, and their respective directors, officers, agents and employees.
- 1.5 “Consultant Tools” means proprietary works of authorship that have not been created specifically for USCC, and that do not uniquely address issues related to USCC’s business practices or contain or embody Confidential Information of USCC, including without limitation computer programs, methodologies, templates, flowcharts, architecture designs, tools, specifications, drawings, sketches, models, samples, records and documentation, as well as copyrights, trademarks, service marks, ideas, concepts, know-how, techniques, knowledge or data, and any derivatives thereof, which have been originated, developed or purchased by Consultant, a Consultant Affiliate, or by third parties under contract to Consultant or to a parent or affiliated company of Consultant.
- 1.6 “Data Security Incident” means the actual loss or misuse of Confidential Information or any other inadvertent, unauthorized or unlawful Processing of Confidential Information that compromises its security, confidentiality or integrity or otherwise creates a substantial risk of identity fraud or theft, regardless of whether the Confidential Information is in electronic or hard copy form.
- 1.7 “Deliverables” means any and all documents, designs, computer programs (in both object code and source code formats), computer systems, data, computer documentation and other tangible materials authored or prepared by Consultant for USCC pursuant to a Statement of Work, including any Consultant Tools incorporated therein. Each Deliverable shall be categorized by the parties as a “Category [\*\*\*] Deliverable,” a “Category [\*\*\*] Deliverable,” a “Category [\*\*\*] Deliverable” or a “Category [\*\*\*] Deliverable” in accordance with Section 2.6(b), Exhibit H and the applicable SOW.
- 1.8 “Hosted Solution” means a software solution, including DXP, that is hosted by Consultant for USCC.
- 1.9 “Hosting SOW” means a Statement of Work for a Hosted Solution or Services related to a Hosted Solution.
- 1.10 “PCI-DSS” means the applicable, current version of the Payment Card Industry Data Security Standard as adopted by the PCI Security Standards Council, LLC (or its successor or affiliated organization).

- 1.11 “Personally Identifiable Information” or “PII” means any of the following information that is provided by or on behalf of USCC to Consultant or to any third party acting on behalf of Consultant or is otherwise obtained by Consultant or any third party acting on behalf of Consultant: (a) any information that identifies or can reasonably be used to identify an individual, such as first and last name, social security number or other government issued number or identifier, date of birth, home or other physical address, e-mail address or other online contact information, IP address, telephone number, financial account number, credit or debit card number, biometric data, mother’s maiden name or other personally identifiable information; (b) personally identifiable “Customer Proprietary Network Information” or “CPNI” as that term is defined in the Communications Act of 1934 (as amended) and implementing regulations, 47 U.S.C. §222(h); (c) personally identifiable financial, health or insurance information including, without limitation, “non-public personal information” as that term is defined in the Gramm-Leach-Bliley Act (as amended) and implementing regulations, 15 U.S.C. §6809(4), and “protected health information” as defined in regulations relating to the Health Insurance Portability and Accountability Act (as amended) and implementing regulations, 45 CFR §160.103; (d) any unique persistent identifier associated with an individual or a networked device including, without limitation, a customer number held in a cookie, a user ID, a browser fingerprint, a processor serial number, a device serial number or any other number that uniquely identifies a particular telecommunications device, processor or computer; (e) the contents of any wire or electronic communication; or (f) any other information relating to an individual (including, without limitation, a person’s or a mobile device’s precise geographic location) that is combined with any of the information in clause (a) of this definition.
- 1.12 “Process” or “Processing” means any operation or set of operations that is performed upon Confidential Information, whether or not by automatic means, including, without limitation, collection, recording, organization, storage, access, adaptation, alteration, retrieval, consultation, use, corruption, transfer, transmission, sale, rental, disclosure, dissemination, making available, alignment, combination, deletion, erasure or destruction. For the avoidance of doubt, the remote access to information to perform the operation or set of operations (including, without limitation, via virtual private network such as Admin VDI) is not itself considered a “Process” or “Processing” hereunder.
- 1.13 “Sensitive Personally Identifiable Information” or “SPII” shall mean a subset of Personally Identifiable Information and means all: (a) government-issued identification numbers including, but not limited to, Social Security Numbers, driver’s license numbers, identification numbers and passport numbers; (b) financial institution account numbers; (c) credit or debit card “Primary Account Numbers” (PANs), Service Codes and Sensitive Authentication Data, as those terms are defined in the current version of the “Payment Card Industry Data Security Standard” (PCI DSS), as adopted by the PCI Security Standards Council, LLC (or its successor or affiliated organization); (d) “Protected Health Information” (PHI) as defined in regulations relating to the Health Insurance Portability and Accountability Act, as amended, and implementing regulations, 45 CFR §160.103; information related to the past, present or future physical or mental health or condition of an individual; the provision of health care to an individual; the past, present or future payment for the provision of health care to an individual; or any other individual medical, medical history, health, biometric, disability, or genetic information; (e) passwords, personal identification numbers, access codes, answers to security questions and other security credentials that provide access to SPII as defined elsewhere in this definition; (f) videos or photographs of identifiable individuals in private areas, including home security monitoring footage; and (g) any other Personally Identifiable Information that USCC reasonably designates for the Consultant in writing as Sensitive Personally Identifiable Information. SPII only includes such information as is provided by or on behalf of USCC to Consultant or any Third Party acting on behalf of Consultant or is otherwise obtained by Consultant or any Third Party acting on behalf of Consultant.
- 1.14 “Services” means certain project, support, consulting, scoping, development, testing, hosting, operation and other services which shall, from time to time, be rendered by Consultant for USCC pursuant to a Statement of Work.
- 1.15 “Statement of Work” or “SOW” means each project outline agreed to by Consultant and USCC in accordance with the terms and conditions of this Agreement, and substantially in the form attached hereto as Exhibit A. Statements of Work shall be executed by the parties and shall form a part of this Agreement.
- 1.16 “Technical and Organizational Security Measures” means appropriate administrative, technical and physical safeguards sufficient to protect against reasonably anticipated threats or hazards to the security, integrity and confidentiality of Confidential Information (including any unauthorized Processing of Confidential Information) commensurate with the type of Confidential Information in Consultant’s possession, custody or control including, without limitation, all such measures as are required by applicable laws.
- 1.17 “USCC Entities” means USCC, its Affiliates, and their respective directors, officers, agents and employees.

## 2. SERVICES

### 2.1 Procedures for Engagement of Services.

- (a) The Services to be rendered by Consultant for USCC pursuant to this Agreement shall be engaged in the following manner. From time to time during the term of this Agreement, USCC and Consultant may enter into Statements of Work. Each Statement of Work shall include a complete and detailed description of the project which Consultant agrees to undertake, including, if and to the extent applicable, the proposed objectives, projected staffing levels, the assumptions upon which the SOW was developed, the site or sites where the Services are to be rendered, anticipated milestones, expected Deliverables, ramp-up and completion schedule, knowledge transfer plan, and pricing for such project. A Statement of Work may include Staff Support Services, as defined in Exhibit D, to be provided by Consultant subject to the terms of this Agreement, Exhibit D, and the applicable SOW. A Statement of Work shall provide specifications for Services and Deliverables to be provided thereunder (the "Specifications"). To the extent provided in a Statement of Work or otherwise agreed by the parties in writing, Consultant shall provide the Services at USCC's facilities. When Services are provided at a USCC facility, USCC shall provide appropriate work space and other facilities such as computer support, consistent with the requirements of the Services to be provided under the Statement of Work. For the avoidance of doubt, Consultant shall not perform any Services except under an executed Statement of Work, and USCC shall be under no obligation to pay for any services performed or expenses incurred by Consultant that were not authorized in a Statement of Work.
- (b) Upon execution of a Statement of Work: (i) the services described therein shall be deemed "Services" for the purposes of this Agreement, and (ii) Consultant's provision thereof shall be subject to, and governed by, the terms and conditions of this Agreement.

### 2.2 Personnel.

- (a) While at a USCC facility, Consultant's personnel and agents shall comply with reasonable requests and standard procedures and policies of USCC, including (i) USCC's safety and security rules and other rules applicable to those working in the facility, (ii) USCC's policies concerning access to and security of any USCC computer system and USCC data to which Consultant may have access, (iii) USCC's Consultant Code of Business Conduct attached hereto as Exhibit B, and (iv) the USCC Confidentiality, Privacy and Data Security Practices for Vendor Personnel attached hereto as Exhibit J; provided, that USCC has provided Consultant with copies of such rules and policies, and any other policies communicated to Consultant in writing regarding personal and professional conduct generally applicable to USCC's facility. Such personnel and agents will conduct themselves in a businesslike manner. Consultant shall have a reasonable period of time to become compliant with any requests, policies and procedures provided to Consultant. Consultant personnel who are issued a badge to provide access to a USCC facility or access to any USCC computer system shall be registered by Consultant in the VMSP referred to in Section 3.3 at no cost to Consultant.
- (b) If USCC determines in good faith that a particular Consultant employee or agent (i) is not conducting him or herself in accordance with Section 2.2(a), or (ii) is not performing the Services in a satisfactory manner as described in this Agreement and the applicable Statement of Work, USCC may provide Consultant with notice thereof and Consultant shall, at USCC's reasonable request and upon USCC's prior written notice, remove and replace such individual. Prior to such removal and replacement of any individual pursuant to clause (ii) of this Section 2.2(b), the Agreement Managers (as defined in Section 2.2(d)) will use good faith efforts to agree upon (I) ways to improve the performance of such Consultant's employee or agent, and (II) a reasonable cure period not to exceed fourteen days. USCC reserves the right to deny access to its premises to any such individual on reasonable advance notice to Consultant.
- (c) Except to the extent provided in a Statement of Work or otherwise agreed by the parties in writing, all Consultant personnel performing the Services at or near USCC's facilities shall be based in that vicinity, and USCC shall not be responsible for any travel, mileage or living expenses with respect to such personnel.
- (d) Each party shall designate (i) one manager (each, an "Agreement Manager") who shall be responsible for implementing this Agreement and for providing timely management decisions as required relating to this Agreement, and (ii) for each Statement of Work, one project manager (each, a "Project Manager") who shall be responsible for providing timely management decisions as required relating to such Statement of Work. Any Agreement Manager or Project Manager may be replaced from time to time by the designating party upon written notice to the other party.

- 2.3 Schedule. A SOW may contain a time schedule for completion of the Services required thereunder (the "Schedule"). Unless otherwise specified in a SOW, USCC and Consultant expressly acknowledge and agree that, subject to Section 2.5, all Schedules are firm for fixed performance dates, and Consultant shall complete such Services in accordance with the Schedule. Any changes to the Schedule shall be made in accordance with Section 2.4.



2.4 Changes to SOW. Each party may request changes that affect the scope or duration of the Services relating to any Statement of Work, including changes in the Specifications and Deliverables. Each party also may request a change in the Schedule without changing the scope of the applicable Statement of Work. If a party requests any such change, Consultant shall notify USCC if it believes that an adjustment in the fees to be paid to Consultant with respect to the applicable Statement of Work, or an adjustment to the applicable Schedule, is required. The parties shall then negotiate in good faith a reasonable and equitable adjustment in each or any of the applicable fees, Deliverables, Services, Schedule or Specifications. Consultant shall continue to perform pursuant to the existing Statement of Work, and neither party shall be bound by any change requested by the other party, until such change has been accepted in writing by the other party.

2.5 USCC Obligations. USCC's obligations in connection with a particular engagement, if any, shall be set forth in the applicable Statement of Work. USCC shall cooperate with Consultant in the performance of the Services hereunder, including, without limitation, providing Consultant with reasonable facilities (including its computer and communications networks, office space, and work facilities), and a VPN connection to allow Consultant remote access to USCC, and timely access to data, information and personnel of USCC, as reasonably necessary, at no charge, and USCC acknowledges and agrees that Consultant's performance is dependent in part upon the timely and effective satisfaction of USCC's responsibilities hereunder and timely decisions and approvals of USCC in connection with the Services. USCC acknowledges that when a Statement of Work provides that USCC's personnel are to work with Consultant's personnel in connection with an engagement, USCC's failure to assign USCC personnel having skills commensurate with their role with respect to such engagement could adversely affect Consultant's ability to provide the Services. Consultant shall be entitled to rely on all decisions and approvals of USCC in connection with the Services. To the extent that (a) Consultant fails to meet its obligations with respect to milestone or delivery dates, or a fixed fee engagement will extend longer than anticipated in the relevant Statement of Work, and (b) the conditions described in clause (a) are due to USCC's failure to perform its responsibilities described in the Statement of Work, Consultant shall not be deemed to be in breach of this Agreement, and the Schedule shall be amended to account for any delays to the extent caused by USCC's failure.

2.6 Proprietary Rights.

(a) [RESERVED]

(b) The following provisions of this Section 2.6(b) shall apply with respect to Services and Deliverables (including Consultant Tools) that are provided pursuant to this Agreement in connection with (I) Consultant's software that was licensed to USCC after the Original MSA Effective Date or (II) any derivative works created by Consultant for USCC based upon the items described in the preceding clause (I).

(i) Any intellectual property that is created by Consultant for, or in connection with, such software as part of the Services shall vest with (I) Consultant, or (II) Consultant and USCC, in accordance with the following, except as otherwise agreed and specified in the applicable SOW:

(A) Category [\*\*\*] Deliverables (as defined in Exhibit H and the applicable SOW) - All intellectual property rights in such Deliverables shall vest with Consultant. Consultant hereby grants to USCC a royalty-free license to use such Deliverables in conjunction with, and otherwise in accordance with, the same license terms as the license granted by Consultant to USCC to Consultant's proprietary software products to which such Deliverable relates.

(B) Category [\*\*\*] Deliverables (as defined in Exhibit H and the applicable SOW) - Consultant hereby irrevocably transfers and assigns to USCC an equal, undivided, one-half (1/2) interest (provided that, pursuant to Section 4.1(f), USCC's interest shall be restricted in the case of Category [\*\*\*] Deliverables, as categorized pursuant to Section 2.6(b)(i)(B)(I)) in all intellectual property rights in Category [\*\*\*] Deliverables, except with respect to Consultant Tools, without an obligation to account to Consultant for any exploitation of such jointly-owned Category [\*\*\*] Deliverables. USCC hereby acknowledges that upon such transfer and assignment by Consultant, Consultant retains all right, title and interest in and to an equal, undivided, one-half (1/2), unrestricted interest in all intellectual property rights in Category [\*\*\*] Deliverables, without an obligation to account to USCC for any exploitation of such jointly-owned Category [\*\*\*] Deliverables.

(I) Each Category [\*\*\*] Deliverable shall be further classified either as a Category [\*\*\*] Deliverable or a Category [\*\*\*] Deliverable as agreed upon by the parties and set forth in the SOW.

(II) In addition to any other restrictions and limitations applicable to Category [\*\*\*] Deliverables in general or applicable to Category [\*\*\*] Deliverables, USCC's interest in Category [\*\*\*] Deliverables shall be subject to the restrictions set forth in Section 4.1(f).



- (C) Category [\*\*\*] Deliverables (as agreed and specified in the applicable SOW) - All intellectual property rights in such Category [\*\*\*] Deliverables, except with respect to Consultant Tools, shall vest with USCC subject to any rights as expressly provided to Consultant in this Section 2.6(b)(i)(C) and/or the applicable SOW. Consultant may use such Deliverables solely in connection with its performance of the Services. Notwithstanding the right of USCC to ownership of such Deliverables, Consultant retains the right to redevelop and unrestricted rights to use, transfer or otherwise exploit similar Deliverables for itself and for other customers of Consultant where such development does not include the actual Category [\*\*\*] Deliverable developed for USCC.
- (ii) USCC acknowledges that as part of Consultant's provision of the Services in connection with such software, Consultant may utilize Consultant Tools, which shall remain solely and exclusively the property of Consultant. Upon payment by USCC for any applicable Deliverable that incorporates any Consultant Tools, to the extent that Consultant incorporates any of Consultant Tools into the Deliverables (which Consultant shall do only in accordance with the applicable Statement of Work), Consultant hereby grants to USCC a worldwide, perpetual, royalty-free, nonexclusive, internal use, right and license to use, modify, display, perform and reproduce Consultant Tools (in both source code and object code formats), and to prepare derivative works based on Consultant Tools, solely in connection with USCC's use, operation, modification, enhancement and maintenance of the Deliverables, and, subject to Section 4, to authorize its agents, subcontractors or employees to do any or all of the foregoing. Additionally, USCC may transfer its license to, or may sublicense, Consultant Tools to the extent that such Consultant Tools are incorporated into a Deliverable, if USCC transfers or sublicenses such Deliverable. Notwithstanding the foregoing, USCC shall not: (i) license, sublicense, or disclose to any third party any Consultant Tools except as incorporated into a Deliverable; (ii) utilize or disclose Consultant Tools as independent programming, development tools or templates; or (iii) translate, decompile, disassemble or reverse engineer all or any part of Consultant Tools (nor permit any third party to do the same).
- (iii) Consultant may use any USCC Materials (as defined in Section 8.2) only for purposes of performing the Services hereunder. Except as set forth in the foregoing sentence, all right, title and interest in and to the USCC Materials are reserved by USCC. Except as expressly granted herein, nothing in this Agreement shall be construed as conferring any right, title, interest or license by implication, estoppel or otherwise with respect to the USCC Materials upon Consultant.
- (iv) Subject to Section [\*\*\*], Consultant, on behalf of itself and its Affiliates and suppliers, reserves all proprietary rights in and to (A) all designs, engineering details and other data pertaining to the Services related to such software, and (B) all original works, computer programs, discoveries, inventions, patents, know-how, and techniques arising out of the Services done wholly or in part by Consultant or its Affiliates or contractors. Performance by Consultant of the Services will not be deemed to create works-for-hire but will instead be subject to this Section 2.6(b).

2.7 Acceptance of Services and Deliverables. USCC, with Consultant's cooperation and assistance, may conduct acceptance tests to verify whether the Services and/or Deliverables substantially conform to the applicable Specifications as and to the extent and during the time period (the "Acceptance Period") specified in the applicable Statement of Work. If USCC notifies Consultant of any material non-conformities with the Specifications in any of the Services or Deliverables (collectively "Non-conformities") in writing within the applicable Acceptance Period, Consultant shall promptly correct such Non-conformities at its own expense and shall notify USCC when the corrections are complete. USCC then shall have the right to test the corrected Services or Deliverables, as upon the initial completion of the applicable Services or Deliverables. USCC and Consultant may agree in a Statement of Work that certain Non-conformities will be corrected after acceptance of a Service or Deliverable during the post-implementation period. If USCC does not notify Consultant of any material Non-conformities within the Acceptance Period, or if USCC commences commercial use of the Services or Deliverables in connection with bills sent or other services provided to USCC subscribers ("Commercial Use"), USCC shall be deemed to have accepted the Services or Deliverables. USCC may, subject to Section 11.17, terminate the Services under a Statement of Work if Consultant fails to correct a Non-conformity with respect to such Statement of Work within sixty (60) days (the "Correction Period") after the later to occur of the following: (a) Consultant's receipt of written notice from USCC of such Non-Conformity, or (b) Consultant's receipt of written notice from USCC that USCC will terminate the Services if such Non-conformity is not corrected. In such event, Consultant shall refund the fees and expenses paid by USCC to Consultant for: (i) the Non-conforming Services or Deliverables under such Statement of Work, and (ii) any other Services or Deliverables that were previously paid for in whole or in part by USCC under such Statement of Work (the "Initial Services or Deliverables") in which the Initial Services or Deliverables were identified as being part of an aggregated Deliverable (the "Aggregated Deliverable") comprising additional components or phases, including the Non-conforming Services or Deliverables, that were intended to be used together, and provided that: (A) the Non-conforming Services or Deliverables were identified in such Statement of Work as being parts of the Aggregated Deliverable; (B) the value to USCC of the Initial Services or Deliverables is materially diminished because such Initial Services or Deliverables will not be part of the Aggregated Deliverable; (C) the Initial Services or Deliverables have been in Commercial Use for less than one hundred (100) days; and (D) USCC ceases Commercial Use of the Initial Services or Deliverables at or before the end of the Correction Period and returns to Consultant the Deliverables that are part of such Initial Services or Deliverables. The foregoing shall be USCC's sole remedy for such Non-conformity.

## 2.8 Replacement of Personnel.

- (a) If any Consultant employee or agent performing Services hereunder solely at USCC's site is replaced (i) for the reasons set forth in Section 2.2(b)(i), or (ii) by Consultant other than at USCC's direction, the choice of replacement personnel shall be subject to USCC's approval, which will not be unreasonably withheld. In addition, Consultant shall not charge USCC for activities relating to required knowledge transfer to the replacement and otherwise preparing the replacement to perform Services at USCC's site.
- (b) If USCC requests that any Consultant employee or agent be replaced within one week after such employee or agent begins performing Services hereunder for the reasons set forth in Section 2.2(b)(ii), and such employee or agent is replaced, then Consultant shall not charge USCC for any Services performed by or expenses incurred by such replaced employee or agent.

2.9 USCC Affiliates. During the term of this Agreement, if any USCC Affiliate desires to engage Consultant to perform Services hereunder, such USCC Affiliate may enter into a Statement of Work hereunder. Any such Statement of Work shall create contractual rights and obligations solely between such USCC Affiliate and Consultant.

## 3. FEES AND EXPENSES.

3.1 Service Fees. Subject to Sections 3.2 and 3.3, USCC shall pay Consultant for the provision of Services in accordance with the schedule of fees and charges set forth in the applicable Statement of Work. Subject to USCC's obligations to provide facilities and equipment for Consultant's use, at no cost to Consultant, in accordance with this Agreement and the applicable Statement of Work, Consultant shall furnish all labor, materials, services and equipment, and shall perform all of the Services, solely at Consultant's cost and expense. Without right to reimbursement from USCC, Consultant shall pay or cause to be paid all contributions, payments, taxes and deductions for social security, old age retirement benefits, unemployment insurance, and annuities, pension or welfare fund payments required by any labor union or by any governmental body, and all withholding taxes, measured by or related to the wages, salaries or other compensation paid to persons employed or engaged by Consultant in connection with the performance of such Services under this Agreement. Consultant shall comply with all laws and regulations in connection with the foregoing.

3.2 Time Entry. Consultant shall cause all Consultant personnel performing Services hereunder on a time and materials basis to enter the time they spend performing such Services into a USCC-provided time entry system, set forth in the applicable Statement of Work, or via any other USCC-defined method set forth in the applicable Statement of Work, on a weekly basis. Notwithstanding anything to the contrary herein, USCC shall not be required to pay any hourly fees associated with Services to the extent that the time spent performing such Services has not been entered into such time entry system within 30 days after the performance thereof.





- 3.3 **Service Fee.** Except as otherwise provided in a Statement of Work, Consultant agrees and acknowledges that, to the extent agreed to by Consultant and USCC's vendor management service provider (the "VMSP") and to the extent that Consultant is required by USCC to use the services of such VMSP, USCC shall deduct from Consultant's fee a certain percentage of the fees incurred for Services performed hereunder (other than expenses) and will instead use such deducted amounts to subsidize the cost of services provided to USCC by such VMSP.
- 3.4 **Expenses.** USCC shall reimburse Consultant for its reasonable out-of-pocket costs and expenses specifically authorized in the applicable Statement of Work or otherwise authorized in advance in writing by USCC in connection with the Services and in accordance with the reimbursement policy summarized in Exhibit E. Consultant shall submit a weekly expense report (including documentation of all reported expenses) to USCC, in the manner set forth in the applicable Statement of Work, detailing expenses incurred no earlier than two weeks prior to the date of such report. Consultant shall provide documentation of all expenses for which Consultant requests reimbursement on a monthly basis in accordance with the agreed reimbursement policy, prior to the generation of any invoice on which such expenses are listed. Notwithstanding anything to the contrary herein, USCC shall not be required to reimburse Consultant for any expenses to the extent that Consultant has not presented an expense report verifying such expenses within 45 days after such expenses were incurred.
- 3.5 **Records; Audit.** Consultant shall maintain adequate records of the fees and expenses charged to USCC with respect to the Services under each Statement of Work for at least two (2) years after completion of the applicable Statement of Work. Consultant shall make such records available to USCC during normal business hours and at agreed-upon times upon (a) written notice of not less than 60 days in the case of USCC's internal auditors, or (b) for all other auditors (e.g., external, governmental, etc.), written notice as long in advance as reasonably practicable. Consultant shall cooperate in any audit of such records that USCC may undertake; provided, however, that any such audit shall be solely at USCC's cost and expense. If, as a result of such audit, it is determined that Consultant has overcharged USCC, USCC shall notify Consultant of the amount of such overcharge, and Consultant shall credit to USCC the amount of such overcharge. If any audit reveals discrepancies equal to or greater than 5% for the period of time audited, Consultant shall reimburse USCC for all reasonable out of pocket costs related to the audit. No such audit may occur more than once in any 12-month period unless USCC needs to do so for purposes for defending itself or its Affiliates with respect to litigation or threatened litigation.
- 3.6 **Payment Terms.** Invoices for the Services shall be generated as described in the applicable Statement of Work every thirty (30) days for time and materials engagements or at agreed upon milestones or period payment dates for fixed price engagements, as set forth in the relevant Statement of Work, with any credit balance to be applied to any amounts due Consultant by USCC or refunded, as the case may be. If generated by Consultant, invoices shall be delivered to USCC using one of the following applicable methods:

**When No USCC Purchase Order Is Issued:**

<b>Discounted Invoices (No Purchase Order)</b>	<b>Non-Discount Invoices (No Purchase Order)</b>	<b>Credit Memos</b>
<b>Via regular mail:</b>	<b>Via regular mail:</b>	<b>Via regular mail:</b>
Submit via email only- DO NOT MAIL	U.S. Cellular PO Box 620989 Middleton, WI 53562-8430	U.S. Cellular PO Box 620989 Middleton, WI 53562-8430
<b>Via e-mail:</b>	<b>Via e-mail:</b>	<b>Via e-mail:</b>
<a href="mailto:invscan.uscnonpodiscounts@tdsinc.com">invscan.uscnonpodiscounts@tdsinc.com</a>	<a href="mailto:usc.nonpovendorinv@tdsinc.com">usc.nonpovendorinv@tdsinc.com</a>	<a href="mailto:usc.nonpocm@tdsinc.com">usc.nonpocm@tdsinc.com</a>

**When a USCC Purchase Order Is Issued:**

<b>Discounted Invoices with Purchase Order Number</b>	<b>Non-Discount Invoices with Purchase Order Number</b>	<b>Credit Memos</b>
<b>Via regular mail:</b>	<b>Via regular mail:</b>	<b>Via regular mail:</b>
Submit via email only - DO NOT MAIL	U.S. Cellular PO Box 628430 Middleton, WI 53562-8430	U.S. Cellular PO Box 628430 Middleton, WI 53562-8430
<b>Via e-mail:</b>	<b>Via e-mail:</b>	<b>Via e-mail:</b>
<a href="mailto:invscan.uscpodiscounts@tdsinc.com">invscan.uscpodiscounts@tdsinc.com</a>	<a href="mailto:usc.povendorinv@tdsinc.com">usc.povendorinv@tdsinc.com</a>	<a href="mailto:usc.pocm@tdsinc.com">usc.pocm@tdsinc.com</a>



Each invoice shall include documentation of all expenses for which Consultant requests reimbursement in such invoice. All payments of undisputed fees and reimbursements of expenses/materials costs by USCC to Consultant shall be made within thirty (30) days after USCC's receipt of the applicable invoice. If USCC or Consultant believes that any adjustments to any invoices are necessary, it shall give written notice to the other party, detailing the nature and basis of the requested adjustment, within ten (10) days after the disputing party's receipt of such invoice. USCC has the right to withhold any amounts that are the subject of a good-faith dispute. Consultant shall continue to perform the Services during the resolution of any such dispute. The parties shall negotiate in good faith to resolve any dispute relating to an invoice within twenty (20) days after a party has notified the other party of such a dispute. Consultant may assess interest on past due amounts at the lesser of 12% per annum or the maximum interest rate allowed by law; provided, however, at least three business days prior to assessing any such interest, Consultant shall notify USCC in writing (which may occur via electronic mail) that Consultant has not yet received the applicable payment, and Consultant shall not assess any such interest if USCC tenders payment prior to the end of such three business day period.

3.7 Taxes. Except as otherwise expressly set forth in this Agreement or the applicable SOW, USCC and Consultant shall be responsible for the timely reporting and payment of all taxes legally applicable to and assessable on USCC and Consultant, respectively, in connection with this Agreement including (a) sales, use, excise, value-added, business, service, goods and services, consumption, and other similar taxes; (b) withholding and employment-related taxes and fees; (c) franchise and property taxes; (d) customs and duties and other ad valorem taxes and government fees; and (e) its own income taxes. In this regard, however:

- (a) USCC shall bear the burden of United States federal, state and local sales, use and similar taxes imposed on USCC's purchase/use of Consultant's property and USCC's receipt of Consultant's services ("U.S. Transaction Taxes"). U.S. Transaction Taxes that the Consultant is required to collect shall be separately stated on Consultant's invoices and will be in addition to other charges.
- (b) Consultant shall bear the burden of all other foreign and United States taxes imposed in connection with the transactions contemplated by this Agreement other than (i) U.S. Transaction Taxes, (ii) withholding and employment-related taxes and fees of individuals not considered Consultant's employees or subcontractors under this Agreement, and (iii) USCC's own United States (federal, state, and local) franchise, property and income taxes.
- (c) USCC may withhold from any payments due Consultant and remit to the relevant taxing jurisdictions any tax required by law to be withheld and remitted. If Consultant supplies USCC with the correct federal income tax form that properly claims complete exemption from U.S. withholding tax under a treaty and such federal income tax form is true, complete and accurate in all respects, USCC does not intend to withhold such tax. However, if USCC does not withhold based on exemption information provided by Consultant in accordance with this Section or Section 3.7(e), Consultant shall remain responsible for any such non-withheld taxes later assessed against USCC. If USCC intends to withhold despite information provided by Consultant in accordance with this Section or Section 3.7(e), USCC shall provide to Consultant a written explanation in sufficient detail for Consultant to understand the justification for such withholding.
- (d) Each party shall promptly reimburse the other party for any tax paid by that other party but for which that first party is to bear the burden.
- (e) The parties shall cooperate in good faith to minimize taxes to the extent legally permissible including, without limitation, the timely provision to the other party of any resale exemptions, multiple points of use certificates, treaty certifications and other exemption information reasonably requested by the other party.
- (f) Except as provided in Section 3.7(g), as used in this Section 3.7, the word "tax" or "taxes" includes interest imposed thereon and penalties imposed with respect thereto.
- (g) Notwithstanding the foregoing: (i) USCC will not bear the burden of interest and penalties resulting from Consultant's failure to withhold taxes or to charge USCC taxes or from Consultant's failure to timely and properly file any related tax or other jurisdictional filings except where such failure is due to an action or inaction by USCC; and (ii) Consultant will not bear the burden of interest and penalties resulting from USCC's failure to withhold taxes or to charge Consultant taxes or from USCC's failure to timely and properly file any related tax or other jurisdictional filings except where such failure is due to an action or inaction by Consultant.

#### 4. **CONFIDENTIALITY.**

##### 4.1 Nondisclosure of Confidential Information.

- (a) All Confidential Information supplied by a party (the “Disclosing Party”) to the other party (the “Receiving Party”) shall remain solely and exclusively the property of the Disclosing Party. The Receiving Party shall not use or disclose to any third party any of the Disclosing Party’s Confidential Information except (i) as expressly authorized in this Agreement, (ii) as reasonably necessary or appropriate to perform the Receiving Party’s obligations under this Agreement, or (iii) with the prior written consent of the Disclosing Party, which consent may be withheld in the Disclosing Party’s sole discretion.
- (b) The Receiving Party shall disclose the Disclosing Party’s Confidential Information only to those of its Affiliates (and its and their respective employees and individuals providing services to Receiving Party), agents, representatives and consultants (each an “Independent Contractor,” as opposed to personnel of a third-party vendor, other than a staffing agency, that provides services for the Receiving Party) who have a need to know it for the purposes of this Agreement and who have executed a written nondisclosure agreement containing terms substantially similar to this Section 4 regarding such Confidential Information (or, with respect to the Receiving Party’s employees and the employees of its Affiliates, are otherwise subject to terms substantially similar to this Section 4 regarding such Confidential Information). The Receiving Party shall protect the Confidential Information of the Disclosing Party with the same level of care with which it protects its own Confidential Information, but in no event with less than reasonable care.
- (c) Neither party shall create or maintain data sets that are derived from or derivative works of the other party’s Confidential Information except for the purpose of performing its obligations under this Agreement. The Receiving Party shall not permit any officer, director, employee, agent, other representative, subsidiary, Affiliate or any other person or entity acting on behalf of the Receiving Party or any third party to Process Confidential Information unless such Processing is in compliance with this Agreement and conducted solely by individuals who have been appropriately trained and are bound by commercially reasonable and legally enforceable confidentiality obligations and have a legitimate business reason to Process such information as contemplated by this Agreement. Each party shall be responsible for any unauthorized use or disclosure of any of the other party’s Confidential Information received by it and its Affiliates and its and their respective employees and Independent Contractors. Each party shall Process the other party’s Confidential Information only in compliance with all applicable trade secret, privacy and data protection laws to which such party is subject while refraining from, by act or omission, knowingly placing the other party in violation of any applicable law. Subject to Section 9 of Exhibit G, each party shall notify the other party within a reasonable time after becoming aware of any unauthorized use or disclosure of any of the other party’s Confidential Information received by it and its Affiliates and its and their respective employees and Independent Contractors.
- (d) Other vendors of USCC who will have access to Consultant’s Confidential Information will first sign a nondisclosure agreement with Consultant substantially in the form attached hereto as Exhibit C1. (If Consultant will have access to the vendor’s confidential information, Consultant and such vendor will instead sign the mutual nondisclosure agreement substantially in the form attached hereto as Exhibit C2.)
- (e) If such vendor is a Consultant Competitor (as defined in Exhibit F hereto), USCC will not provide to such vendor any Category [\*\*\*] Deliverable (as defined in Exhibit H and the applicable SOW) for a period of [\*\*\*] following commencement of Consultant’s Services for the development of such Deliverable. USCC will also sign a confidentiality and nondisclosure agreement with such Consultant Competitor that limits such Consultant Competitor’s use of Consultant’s Confidential Information to supporting USCC’s use of the Deliverables hereunder.
- (f) With respect to the Category [\*\*\*] Deliverables, a Consultant Competitor may be provided access to such Deliverables subject to the following restrictions: (i) such access shall be used solely for purposes of providing services for USCC and shall be provided only to individuals who have a need for such access in order to provide services for USCC; (ii) such Deliverables shall reside exclusively on USCC’s network; (iii) such Consultant Competitor shall be limited to accessing such Deliverables either via direct access to USCC’s network or via VPN-like technology; and (iv) such Consultant Competitor shall have agreed not to replicate such Deliverables locally and otherwise not to remove such Deliverables from USCC’s network. USCC shall remain primarily liable for any violation by such Consultant Competitor of any of the foregoing terms or conditions in this Section 4.1(f). In the event of such violation, Consultant shall be entitled to all remedies available at law and equity including termination of any affected license. In addition, notwithstanding anything to the contrary in this Agreement, USCC will indemnify Consultant for any damages incurred by Consultant as a result of such violation by such Consultant Competitor of any of the foregoing terms or conditions in this Section 4.1(f).

4.2 Required Disclosures. Notwithstanding the foregoing, the Receiving Party may disclose the Disclosing Party's Confidential Information to the extent that the Receiving Party is required by any applicable governmental authority to do so; provided, however, that in such event, to the extent permitted by applicable law, the Receiving Party shall notify the Disclosing Party and shall cooperate with the Disclosing Party in any attempt to contest or limit such required disclosure, solely at the Disclosing Party's cost and expense. Notwithstanding the foregoing, if either party intends to file a version of this Agreement with the U.S. Securities and Exchange Commission, the parties will prepare a jointly-redacted version of this Agreement and the filing party will make a request for confidential treatment thereof, and each party will continue to treat such redacted terms as the Confidential Information of the other.

## 5. TERM AND TERMINATION.

5.1 Term. This Agreement shall commence on the Effective Date and shall continue in full force and effect until terminated in accordance with Section 5.2 ("Term").

### 5.2 Termination.

- (a) USCC or Consultant may terminate this Agreement and all Statements of Work hereunder, immediately upon written notice of termination, in the event of a material breach of this Agreement by the other party, if such breach continues uncured for a period of sixty (60) days after written notice of such breach, subject to Section 11.17; provided, however, that USCC or Consultant, as applicable, may also choose to terminate only the Statement of Work related to the applicable breach.
- (b) USCC or Consultant may terminate this Agreement and all Statements of Work hereunder, immediately upon written notice of termination to the other party, in the event the other party: (i) becomes insolvent; (ii) makes an assignment for the benefit of creditors; (iii) files a voluntary bankruptcy petition; (iv) acquiesces to any involuntary bankruptcy petition; or (v) is adjudicated bankrupt.
- (c) USCC or Consultant may terminate this Agreement for any or no reason upon thirty (30) days written notice to the other party, provided that there are no then-current Statements of Work.
- (d) Unless otherwise provided in a Statement of Work or otherwise agreed by the parties in writing, USCC may terminate any Statement of Work for any or no reason upon written notice to Consultant at least 45 days prior to the effective date of such termination.
- (e) Either party may terminate a Statement of Work in accordance with Section 2.7 or 11.4.

### 5.3 Consequences of Termination.

- (a) Prior to the effective date of such termination, a final invoice including all fees and charges for Services performed and expenses incurred prior to and including the effective date of termination shall be generated as set forth in each applicable Statement of Work, and USCC shall pay such invoice in accordance with Section 3.6. For Statements of Work to be performed for a fixed fee, unless otherwise set forth in such Statement of Work, USCC shall be invoiced and shall pay for fees and expenses relating to: (i) Deliverables and other milestones, each to the extent accepted in accordance with Section 2.7, plus (ii) for each partially completed Deliverable, an amount equal to the product of (A) the percentage of completion of such partially-completed Deliverable stated as a decimal, multiplied by (B) the fees set forth in the Statement of Work for such Deliverable if such Deliverable had been completed.
- (b) If USCC wishes to terminate a Statement of Work upon less than 30 days notice (or such notice as is otherwise set forth in the applicable Statement of Work), USCC shall pay: (i) for, time and materials engagements, a fee equal to the aggregate amount that Consultant's personnel performing the applicable Statement of Work would have billed during each day of the Short Notice Period; or (ii) for fixed fee engagements, the greater of (A) the time and materials that Consultant's personnel performing the applicable Statement of Work would have billed during each day of the Short Notice Period, and (B) the pro rated amount of the fixed fee applicable to the Short Notice Period. "Short Notice Period" shall mean the number of days that is equal to thirty days, less the number of days' notice of termination provided by USCC.
- (c) Upon the termination of this Agreement, Consultant shall deliver all existing Deliverables and all Deliverables-in-progress to USCC.

- (d) Except with respect to any of Consultant's Confidential Information contained or embodied in the Deliverables and Deliverables-in-progress delivered to USCC pursuant to Section 5.3(c), upon the termination of this Agreement or any applicable SOW, each party shall securely destroy all Confidential Information of the other party (including all copies thereof) and all other papers, materials and other property of the other party in such party's possession pursuant to this Agreement or applicable SOW and shall certify that it has effectively destroyed such Confidential Information (i) by erasing it from all of its electronic media so that it is unreadable or indecipherable through any means, and (ii) by destroying any physical papers or materials containing any such Confidential Information. Before destroying any USCC Confidential Information, Consultant shall provide a copy thereof to USCC. Each party shall notify the other party if any applicable legal or regulatory preservation obligation prevents the return or destruction of any specified Confidential Information and, if necessary, such party shall retain such specified Confidential Information, provided that it may not Process such Confidential Information without the prior written consent of the other party. Notwithstanding the foregoing, each party may retain any Confidential Information of the other party that is necessary to exercise any of such party's surviving rights or obligations hereunder.
- (e) Sections 2.6, 3.5, 4, 5.3, 7, 8, 9, 11.2, 11.5, 11.6, 11.7, 11.8, 11.9, 11.10, 11.11, 11.12, 11.13, 11.14, 11.15, 11.16 (to the extent set forth therein), 11.17 and 11.18, and any other provision that should naturally extend beyond the termination of this Agreement shall survive termination of this Agreement for any reason.

## 6. **INSURANCE.**

- 6.1 Consultant shall maintain, during the Term of this Agreement, at its own expense, the following insurance related to Consultant's activities in the United States:
  - (a) Statutory workers compensation insurance and employer's liability in an amount no less than \$1,000,000 per occurrence;
  - (b) Comprehensive general liability insurance with bodily injury and property damage limits of \$10,000,000 per occurrence and annual aggregate (in any combination of primary or umbrella coverage). (Such insurance shall include products liability, contractual liability and completed operations coverage.)
  - (c) If the use of automobiles is required, comprehensive automobile liability insurance, each with limits of \$1,000,000 for bodily injury, including death, to any one person, and \$1,000,000 for each occurrence of property damage;
  - (d) Excess liability insurance in the umbrella form with a combined single limit of \$5,000,000 annual aggregate; and
  - (e) Professional liability or errors and omissions insurance in the amount of \$10,000,000 per claim and in the aggregate. The professional liability insurance shall include coverage for infringement of intellectual property rights of any third party (including infringement of copyrights and trademarks, but excluding infringement of patents and trade secrets). The coverage shall include claims arising from wrongful acts from technology products or professional services, including coverage for claims resulting from viruses, and unauthorized access of private or confidential information. The coverage shall be maintained during the Term of this Agreement and for at least one (1) year after termination of this Agreement.
- 6.2 The Commercial General Liability policy shall name USCC as additional insured and waive subrogation in favor of USCC, and such endorsements shall be listed on a certificate of insurance furnished to USCC.
- 6.3 Consultant shall furnish to USCC certificates of such insurance within ten Business Days following USCC's written request, such request not to be made more than once annually. Consultant shall not cancel or fail to renew such insurance without providing written notice to USCC within 30 days following such cancellation or nonrenewal.
- 6.4 Consultant shall ensure that Consultant's subcontractors, if any, which may enter upon USCC's premises, maintain similar insurance and agree to furnish USCC, if requested, with certificates or adequate proof of such insurance.

## 7. **WARRANTIES.**

- 7.1 Violation of Law. Consultant represents and warrants to USCC that as of the date of performance, Consultant's performance of the Services does not and shall not violate any applicable law, rule, or regulation.

7.2 Professional Standards. Consultant represents and warrants to USCC that: (a) all Services will be performed and all Deliverables delivered by Consultant in a good and workmanlike manner in accordance with applicable industry standards and practices and the Specifications for such Services and Deliverables set forth in the applicable Statement of Work (subject to USCC's undertaking to provide facilities and equipment as specified in this Agreement and the applicable Statement of Work); (b) Consultant possesses the necessary equipment, personnel and other expertise necessary to provide the Services and Deliverables as set forth herein and in the Statement of Work; and (c) Consultant personnel rendering the Services and developing the Deliverables shall have the appropriate technical skills, training, experience and expertise to enable Consultant to perform its responsibilities hereunder. The warranty period is [\*\*\*] days. If Consultant breaches this warranty, then subject to the applicable terms and conditions set forth in Sections 2.2(b) and 2.8, Consultant shall replace the relevant Consultant personnel. The foregoing shall be USCC's sole remedy for such breach.

7.3 Services and Deliverables Warranties and Obligations.

- (a) USCC shall be responsible for ensuring its compliance with all applicable laws and regulations and with USCC's security and data privacy policies. To the extent such compliance will be impacted by the deployment of software Deliverables being provided to USCC under this Agreement, Consultant will, via compliance with the Specifications in the applicable SOW, make reasonable efforts to ensure compliance of such Services and Deliverables to requirements specified by such applicable laws and regulations and USCC's security and data privacy policies. To the extent requested by USCC and specified in the applicable SOW, Consultant shall make available to USCC appropriate product and subject matter experts as may reasonably be requested to assist USCC in defining the business requirements and functionality required for USCC to comply with (i) applicable laws and regulations, including privacy rights protection and data security requirements, and (ii) laws and regulations relating to the protection and privacy of the USCC Personally Identifiable Information, all to the extent expressly agreed to in the Specifications in the applicable SOW, provided, however, that in so assisting USCC, USCC shall not require Consultant to provide, and Consultant shall not be deemed to have provided, any legal services, advice or counsel to USCC.
- (b) For a period of [\*\*\*] ([\*\*\*)] days following USCC's acceptance of any Services or Deliverables in accordance with Section 2.7, Consultant represents and warrants to USCC that the Deliverables and Services shall materially conform to and perform in substantial accordance with the applicable Specifications.
- (c) The foregoing warranties of Consultant shall not apply to Deliverables that are modified by anyone other than Consultant or its agents (except as authorized by Consultant). If Consultant breaches this warranty, Consultant shall use commercially reasonable efforts to repair or replace the defective Deliverables or Services within 60 days (the "Cure Period") after being notified of such breach by USCC and that USCC will require a refund of the fees paid for such defective Deliverable if such Non-conformity is not corrected. If Consultant fails to repair or replace such defective Deliverables within 60 days after being notified of such breach by USCC, Consultant shall, subject to Section 11.17, refund to USCC the fees and expenses paid by USCC to Consultant for: (i) such defective Deliverables, and (ii) any Initial Services or Deliverables that were previously paid for in whole or in part by USCC under such Statement of Work in which the Initial Services or Deliverables were identified as being part of an Aggregated Deliverable; provided that: (A) such defective Deliverables were identified in such Statement of Work as being part of the Aggregated Deliverable; (B) the value to USCC of the Initial Services or Deliverables is materially diminished because such Initial Services or Deliverables will not be part of the Aggregated Deliverable; (C) the Initial Services or Deliverables have been in Commercial Use for less than one hundred (100) days; and (D) USCC ceases Commercial Use of the Initial Services or Deliverables at or before the end of the Cure Period and returns to Consultant the Deliverables that are part of such Initial Services or Deliverables. The foregoing shall be USCC's sole remedy for such breach. Notwithstanding the foregoing, any warranty period for custom software will be specified in the applicable Statement of Work.

7.4 Viruses. Consultant represents and warrants to USCC that it will use commercially reasonable means to ensure that its performance of the Services and the Services themselves will not introduce viruses or other harmful elements designed to disrupt the orderly operation of, or impair the integrity of data files resident on, any of USCC's hardware. Consultant further represents and warrants to USCC that Consultant shall use the latest generally and commercially available (in the United States) and most comprehensive virus detection/scanning programs, from a reputable vendor of anti-virus software, to protect USCC's systems and data. Consultant further represents and warrants to USCC that, as of the date each Deliverable is delivered to USCC, such Deliverable shall not contain any such virus or other harmful element.

7.5 DISCLAIMER. CONSULTANT MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, IN RELATION TO THE SERVICES PROVIDED HEREUNDER, OTHER THAN AS MAY BE SPECIFICALLY SET FORTH HEREIN. WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER STATUTORY WARRANTIES OF ANY KIND ARE HEREBY WAIVED. USCC EXPRESSLY AGREES THAT CONSULTANT DOES NOT REPRESENT OR WARRANT THAT SERVICES WILL BE UNINTERRUPTED OR ERROR-FREE.



## 8. INDEMNIFICATION.

### 8.1 Indemnification by Consultant.

- (a) Consultant shall indemnify, defend and hold USCC, its Affiliates and their respective officers, directors, agents and employees harmless from and against any claims, losses, damages, liabilities or expenses (including reasonable attorneys' fees and expenses) arising out of or resulting from: (i) any personal injury or property damage arising out of Consultant's negligence or willful misconduct; (ii) Consultant's violation of any applicable law, rule, or regulation; and (iii) any third-party claim that the Services or any Deliverable (including any Consultant Tools incorporated into a Deliverable) infringes, misappropriates or violates such third party's patent, trademark, trade secret, copyright or other intellectual property or proprietary right. Consultant shall not be obligated to indemnify USCC, however, to the extent that such claim is caused by: (A) USCC's use of the Deliverables other than in accordance with applicable documentation or instructions supplied by Consultant; (B) any alteration, modification or revision of the Deliverables not expressly authorized in writing by Consultant; (C) USCC's failure to use or implement corrections or enhancements to the Deliverables made available free of charge to USCC by Consultant that do not cause such Deliverables to fail to meet the applicable warranties and Specifications therefor; (D) USCC's use of a combination of the Deliverables with other materials not provided, recommended, authorized or approved by Consultant and not otherwise required in order for USCC to use such Deliverables for their intended use as set forth in the applicable documentation or instructions supplied by Consultant; or (E) requirements, instructions or specifications provided by USCC to Consultant unless Consultant knew or should have known that there was a noninfringing alternative means of complying with such requirements, instructions or specifications.
- (b) If any of the Deliverables or any portion thereof is held, or in Consultant's reasonable opinion is likely to be held, in any such suit to constitute an infringement, misappropriation or violation of the rights of a third party, Consultant shall within a reasonable time, at its expense and option, either: (i) secure for USCC the right to continue the use of such Deliverable; or (ii) replace such Deliverable with a substantially equivalent item that is not subject to any such claim, or modify such Deliverable so that it becomes no longer subject to any such claim; provided, however, that after any such replacement or modification, the Deliverable must continue to substantially conform to the Specifications, and further provided, that any such modified or replaced Deliverable shall be subject to all Consultant warranties contained herein. If Consultant is, in Consultant's reasonable discretion, unable to either procure the right to continued use of such Deliverable or replace such Deliverable, as provided in clauses (i) and (ii) of the immediately preceding sentence, USCC shall return such Deliverable to Consultant and all other Deliverables rendered to be of no reasonable utility to USCC, and Consultant shall credit to USCC the amount paid to Consultant for such Deliverables as depreciated on a straight-line basis over a period of five (5) years. If this Agreement terminates or expires prior to the application of any such credit against amounts owed, Consultant shall promptly pay to USCC the amount of any such credit that remains.

8.2 Indemnification by USCC. USCC shall indemnify, defend and hold Consultant, its Affiliates and their respective officers, directors, agents and employees harmless from and against any claims, losses, damages, liabilities or expenses (including reasonable attorneys' fees and expenses) arising out of or resulting from: (a) any personal injury or property damage arising out of USCC's negligence or willful misconduct; and (b) any third-party claim that any computer programs, specifications, content or other USCC-provided materials provided by USCC to Consultant ("USCC Materials") infringe, misappropriate or violate such third party's patent, trademark, trade secret, copyright or other intellectual property or proprietary right, except to the extent that any such claim is subject to indemnification by Consultant pursuant to Section 8.1. USCC shall not be obligated to indemnify Consultant, however, to the extent that the claim of infringement, misappropriation or violation is caused by: (i) use of the USCC Materials other than in accordance with applicable documentation or instructions supplied by USCC; (ii) any alteration, modification or revision of the USCC Materials not expressly authorized in writing by USCC; or (iii) Consultant's failure to use or implement corrections or enhancements to the USCC Materials made available free of charge to Consultant by USCC.

8.3 Indemnification Procedures. Promptly after receipt by an indemnified party of a notice of any third-party claim or the commencement of any action, such indemnified party shall: (a) notify the indemnifying party in writing of any such claim; (b) provide the indemnifying party with reasonable assistance to settle or defend such claim, at the indemnifying party's own expense; and (c) grant to the indemnifying party the right to control the defense and/or settlement of such claim, at the indemnifying party's own expense; provided, however, that: (i) the failure to so notify, provide assistance and grant authority and control shall only relieve the indemnifying party of its obligation to the indemnified party to the extent that the indemnifying party is prejudiced thereby; (ii) the indemnifying party shall not, without the indemnified party's consent (such consent not to be unreasonably withheld or delayed), agree to any settlement which: (A) makes any admission on behalf of the indemnified party; or (B) consents to any injunction against the indemnified party (except an injunction relating solely to the indemnified party's continued use of any infringing Deliverable or USCC Materials); and (iii) the indemnified party shall have the right, at its expense, to participate in any legal proceeding to contest and defend a claim and to be represented by legal counsel of its choosing, but shall have no right to settle a claim without the indemnifying party's written consent.



9. **LIMITATION OF LIABILITY.**

9.1 **General Limitation of Liability.**

(a) EXCEPT IN CONNECTION WITH (a) SECTIONS 4 AND 8 (NEITHER OF WHICH SHALL BE SUBJECT TO ANY OF THE LIMITATIONS IN THIS SECTION 9 EXCEPT FOR THE APPLICABLE SPECIFIC LIMITATIONS OF LIABILITY IN SECTION 9.3(a) OR SECTION 9.4(a) SOLELY TO THE EXTENT RELATED TO DATA SECURITY INCIDENTS INVOLVING PII), (b) SECTION 13(a) OF EXHIBIT G OF THIS AGREEMENT (WHICH SHALL BE SUBJECT TO THE APPLICABLE SPECIFIC LIMITATIONS OF LIABILITY IN SECTION 9.3(a) OR SECTION 9.4(a)), AND (c) SECTION 13(b) OF EXHIBIT G (WHICH SHALL BE SUBJECT TO THE APPLICABLE SPECIFIC LIMITATIONS OF LIABILITY IN SECTION 9.3(b) OR SECTION 9.4(b)), IN NO EVENT SHALL THE CONSULTANT ENTITIES OR THE USCC ENTITIES, RESPECTIVELY, BE LIABLE TO THE USCC ENTITIES OR THE CONSULTANT ENTITIES, RESPECTIVELY, FOR ANY REASON, WHETHER IN CONTRACT OR IN TORT, FOR ANY DIRECT DAMAGES ARISING OUT OF OR BASED UPON THIS AGREEMENT EXCEEDING IN THE AGGREGATE THE AMOUNTS SET FORTH IN ONE OF THE FOLLOWING SUBSECTIONS (i) OR (ii), AS APPLICABLE:

- (i) DURING THE FIRST CONTRACT YEAR OF THIS AGREEMENT, THE FEES PAID BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE CLAIM FOR DAMAGES ACCRUED UNDER (A) THE APPLICABLE STATEMENT OF WORK UNDER WHICH THE CLAIM FOR DAMAGES ACCRUED; AND (B) THE STATEMENT OF WORK UNDER THE ORIGINAL MSA REPLACED BY THE STATEMENT OF WORK UNDER WHICH THE CLAIM ACCRUED, OR
- (ii) DURING THE SECOND CONTRACT YEAR OF THIS AGREEMENT AND EACH SUBSEQUENT CONTRACT YEAR OF THIS AGREEMENT, THE FEES PAID BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE CLAIM FOR DAMAGES ACCRUED, UNDER THE APPLICABLE STATEMENT OF WORK UNDER WHICH THE CLAIM ACCRUED;

IN EACH CASE OF THE PRECEDING SUBSECTIONS (i) OR (ii), REGARDLESS OF THE FORM IN WHICH ANY LEGAL OR EQUITABLE ACTION MAY BE BROUGHT. FOR THE AVOIDANCE OF DOUBT: (i) ANY AMOUNTS PAID BY THE USCC ENTITIES TO SETTLE A CLAIM OR TO SATISFY A JUDGEMENT RESULTING FROM A CLAIM BY THE CONSULTANT ENTITIES IN CONNECTION WITH A GIVEN STATEMENT OF WORK UNDER THIS AGREEMENT SHALL REDUCE THE LIABILITY LIMIT APPLICABLE TO SUCH STATEMENT OF WORK WITH RESPECT TO ANY DAMAGES FOR WHICH THE USCC ENTITIES MAY BE LIABLE TO THE CONSULTANT ENTITIES AT ANYTIME DURING THE [\*\*\*]-MONTH PERIOD COMMENCING ON THE DATE THAT THE USCC ENTITIES PAID SUCH AMOUNTS; AND (ii) ANY AMOUNTS PAID BY THE CONSULTANT ENTITIES TO SETTLE A CLAIM OR TO SATISFY A JUDGEMENT RESULTING FROM A CLAIM BY THE USCC ENTITIES IN CONNECTION WITH A GIVEN STATEMENT OF WORK UNDER THIS AGREEMENT SHALL REDUCE THE LIABILITY LIMIT APPLICABLE TO SUCH STATEMENT OF WORK WITH RESPECT TO ANY DAMAGES FOR WHICH THE CONSULTANT ENTITIES MAY BE LIABLE TO THE USCC ENTITIES AT ANYTIME DURING THE [\*\*\*]-MONTH PERIOD COMMENCING ON THE DATE THAT THE CONSULTANT ENTITIES PAID SUCH AMOUNTS.

(b) IF, DURING THE FIRST CONTRACT YEAR OF THIS AGREEMENT, A CLAIM ACCRUES UNDER SECTION 9.1 OF THE ORIGINAL MSA, SUCH THAT THE [\*\*\*] MONTH PERIOD FOR THE PURPOSES OF SECTION 9.1 OF THE ORIGINAL MSA COVERS A PERIOD OF MONTHS UNDER A SOW UNDER THE ORIGINAL MSA AND A PERIOD OF MONTHS UNDER A SOW UNDER THIS AGREEMENT THAT REPLACED THE SOW UNDER THE ORIGINAL MSA, THE AMOUNT OF FEES PAID IN BOTH PERIODS SHALL BE USED TO DETERMINE THE LIMIT OF LIABILITY UNDER SECTION 9.1 OF THE ORIGINAL MSA. THIS SECTION 9.1(b) SHALL BE DEEMED TO AMEND AND SUPERSEDE SUCH SECTION 9.1 IN THE ORIGINAL MSA SOLELY IN THE CIRCUMSTANCE SET FORTH IN THIS SECTION 9.1(b).

9.2 **No Consequential Damages.** EXCEPT IN CONNECTION WITH SECTIONS 4 AND 8 OF THIS AGREEMENT AND SECTION 13(a) AND SECTION 13(b) OF EXHIBIT G OF THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY, ITS AFFILIATES, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, BE LIABLE TO THE OTHER PARTY UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR EXEMPLARY, PUNITIVE, INDIRECT, SPECIAL, LOST PROFITS, CONSEQUENTIAL OR SIMILAR DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES REGARDLESS OF WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9.3 Specific Limitations of Liability for Data Security Incidents Other Than with Respect to DXP or another Hosted Solution. The following specific limitations of liability with respect to data privacy and security shall apply to all Data Security Incidents other than those to which Section 9.4 or Section 9.5 of this Agreement, as applicable, applies:

- (a) IN NO EVENT SHALL THE CONSULTANT ENTITIES BE LIABLE TO THE USCC ENTITIES (INCLUDING, FOR PURPOSES OF THIS SECTION 9.3(a), ANY OTHER PERSON OR ENTITY CLAIMING BY, THROUGH OR ON BEHALF OF ANY OF THE USCC ENTITIES UNDER THIS AGREEMENT BUT EXCLUDING ANY LIABILITY FOR CLAIMS BROUGHT DIRECTLY AGAINST THE CONSULTANT ENTITIES ARISING OUT OF THE CONSULTANT ENTITIES' OBLIGATIONS INDEPENDENT OF THE USCC ENTITIES' OBLIGATIONS) FOR ANY REASON, WHETHER IN CONTRACT, IN TORT, OR OTHERWISE, FOR ANY DAMAGES ARISING OUT OF OR BASED UPON A DATA SECURITY INCIDENT INVOLVING PII OR ANY OF THE CONSULTANT ENTITIES' OBLIGATIONS UNDER EXHIBIT G OF THIS AGREEMENT APPLICABLE TO CATEGORY A OR CATEGORY C FOR SERVICES RELATED TO TOPS, INVOLVING PII (WHETHER SUCH CLAIM IS BROUGHT UNDER SECTION 13(a) OF EXHIBIT G OR ANY OTHER SECTION OF THIS AGREEMENT) EXCEEDING IN THE AGGREGATE THE AMOUNTS SET FORTH IN ONE OF THE FOLLOWING SUBSECTIONS (i) OR (ii), AS APPLICABLE:
- (i) DURING THE FIRST CONTRACT YEAR OF THIS AGREEMENT, [\*\*\*] PERCENT ([\*\*\*]%) OF THE FEES PAID BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE CLAIM ACCRUED (INCLUDING UNDER ANY AND ALL STATEMENTS OF WORK UNDER THIS AGREEMENT AND THE ORIGINAL MSA, OR
- (ii) DURING THE SECOND CONTRACT YEAR OF THIS AGREEMENT AND EACH SUBSEQUENT CONTRACT YEAR OF THIS AGREEMENT, [\*\*\*] PERCENT ([\*\*\*]%) OF THE FEES PAID BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE CLAIM ACCRUED (INCLUDING UNDER ANY AND ALL STATEMENTS OF WORK UNDER THIS AGREEMENT);

IN EACH CASE OF THE PRECEDING SUBSECTIONS (i) OR (ii), REGARDLESS OF THE FORM IN WHICH ANY LEGAL OR EQUITABLE ACTION MAY BE BROUGHT. FOR THE AVOIDANCE OF DOUBT, ANY DAMAGES PAID BY THE CONSULTANT ENTITIES TO THE USCC ENTITIES (INCLUDING, FOR PURPOSES OF THIS SECTION 9.3(a), ANY OTHER PERSON OR ENTITY CLAIMING BY, THROUGH OR ON BEHALF OF ANY OF THE USCC ENTITIES UNDER THIS AGREEMENT BUT EXCLUDING ANY LIABILITY FOR CLAIMS BROUGHT DIRECTLY AGAINST THE CONSULTANT ENTITIES ARISING OUT OF THE CONSULTANT ENTITIES' OBLIGATIONS INDEPENDENT OF THE USCC ENTITIES' OBLIGATIONS) (THE "SECTION 9.3(a) PAID AMOUNTS") SHALL REDUCE THE LIABILITY LIMIT UNDER THIS SECTION 9.3(a) WITH RESPECT TO ANY AMOUNTS FOR WHICH THE CONSULTANT ENTITIES MAY BE LIABLE FOR DAMAGES ARISING OUT OF OR BASED UPON A DATA SECURITY INCIDENT INVOLVING PII OR ANY OF THE CONSULTANT ENTITIES' OBLIGATIONS UNDER EXHIBIT G OF THIS AGREEMENT INVOLVING PII (WHETHER SUCH CLAIM IS BROUGHT UNDER SECTION 13(a) OF EXHIBIT G OR ANY OTHER SECTION OF THIS AGREEMENT) DURING THE [\*\*\*]-MONTH PERIOD COMMENCING ON THE DATE THAT THE CONSULTANT ENTITIES PAID THE SECTION 9.3(a) PAID AMOUNTS.

- (b) SOLELY WITH RESPECT TO THE CONSULTANT ENTITIES' LIABILITY TO THE USCC ENTITIES PURSUANT TO SECTION 13(b) OF EXHIBIT G OF THIS AGREEMENT, IN NO EVENT SHALL THE CONSULTANT ENTITIES BE LIABLE TO THE USCC ENTITIES FOR ANY DAMAGES ARISING OUT OF OR BASED UPON CONSULTANT'S OBLIGATIONS UNDER SECTION 13(b) OF EXHIBIT G EXCEEDING IN THE AGGREGATE AMOUNTS SET FORTH IN ONE OF THE FOLLOWING SUBSECTIONS (i) OR (ii), AS APPLICABLE:
- (i) DURING THE FIRST CONTRACT YEAR OF THIS AGREEMENT, [\*\*\*] PERCENT ([\*\*\*]%) OF THE FEES PAID BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE RELATED CLAIM ACCRUED (INCLUDING UNDER ANY AND ALL STATEMENTS OF WORK UNDER THIS AGREEMENT AND THE ORIGINAL MSA), OR
- (ii) DURING THE SECOND CONTRACT YEAR OF THIS AGREEMENT AND EACH SUBSEQUENT CONTRACT YEAR, [\*\*\*] PERCENT ([\*\*\*]%) OF THE FEES PAID BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE RELATED CLAIM ACCRUED (INCLUDING UNDER ANY AND ALL STATEMENTS OF WORK UNDER THIS AGREEMENT).

FOR THE AVOIDANCE OF DOUBT, ANY DAMAGES PAID BY THE CONSULTANT ENTITIES UNDER SECTION 13(b) OF EXHIBIT G (THE "SECTION 13(b) PAID AMOUNTS") SHALL REDUCE THE LIABILITY LIMIT UNDER THIS SECTION 9.3(b) WITH RESPECT TO ANY AMOUNTS FOR WHICH THE CONSULTANT ENTITIES MAY BE LIABLE UNDER SECTION 13(b) DURING THE [\*\*\*]-MONTH PERIOD COMMENCING ON THE DATE THAT THE CONSULTANT ENTITIES PAID THE SECTION 13(b) PAID AMOUNTS.



- (c) IF, DURING THE FIRST CONTRACT YEAR OF THIS AGREEMENT, A CLAIM ACCRUES WITH RESPECT TO TOPS OR SERVICES RELATED TO TOPS UNDER SECTION 9.3(a) OR SECTION 9.3(b) OF THE ORIGINAL MSA, SUCH THAT THE [\*\*\*] MONTH PERIOD FOR THE PURPOSES OF SECTION 9.3 OF THE ORIGINAL MSA COVERS A PERIOD OF MONTHS UNDER THE ORIGINAL MSA AND A PERIOD OF MONTHS UNDER THIS AGREEMENT, THE AMOUNT OF FEES PAID IN BOTH PERIODS UNDER ANY AND ALL STATEMENTS OF WORK UNDER THE ORIGINAL MSA AND THIS AGREEMENT SHALL BE USED TO DETERMINE THE LIMIT OF LIABILITY UNDER SECTION 9.3(a) OR 9.3(b) OF THE ORIGINAL MSA, AS APPLICABLE. THIS SECTION 9.3(c) SHALL BE DEEMED TO AMEND AND SUPERSEDE SUCH SECTIONS 9.3(a) AND 9.3(b) IN THE ORIGINAL MSA SOLELY IN THE CIRCUMSTANCE SET FORTH IN THIS SECTION 9.3(c).

9.4 Specific Limitations of Liability for Data Security Incidents with Respect to DXP. The following specific limitations of liability with respect to data privacy and security shall apply to Data Security Incidents in connection with Category [\*\*\*] and Category [\*\*\*] Services related to DXP, as those categories are defined in Section 15(d)(i)(E) of Exhibit G of this Agreement:

- (a) IN NO EVENT SHALL THE CONSULTANT ENTITIES BE LIABLE TO THE USCC ENTITIES (INCLUDING, FOR PURPOSES OF THIS SECTION 9.4(a), ANY OTHER PERSON OR ENTITY CLAIMING BY, THROUGH OR ON BEHALF OF ANY OF THE USCC ENTITIES INVOLVING CATEGORY B OR CATEGORY C SERVICES RELATED TO DXP BUT EXCLUDING ANY LIABILITY FOR CLAIMS BROUGHT DIRECTLY AGAINST THE CONSULTANT ENTITIES ARISING OUT OF THE CONSULTANT ENTITIES' OBLIGATIONS INDEPENDENT OF THE USCC ENTITIES' OBLIGATIONS) FOR ANY REASON, WHETHER IN CONTRACT, IN TORT, OR OTHERWISE, FOR ANY DAMAGES ARISING OUT OF OR BASED UPON A DATA SECURITY INCIDENT INVOLVING PII OR ANY OF THE CONSULTANT ENTITIES' OBLIGATIONS UNDER EXHIBIT G OF THIS AGREEMENT INVOLVING CATEGORY [\*\*\*] OR CATEGORY [\*\*\*] SERVICES RELATED TO DXP INVOLVING PII (WHETHER SUCH CLAIM IS BROUGHT UNDER SECTION 13(a) OF EXHIBIT G OR ANY OTHER SECTION OF THIS AGREEMENT) EXCEEDING IN THE AGGREGATE THE APPLICABLE SECTION 9.4(a) DATA BREACH CAP, REGARDLESS OF THE FORM IN WHICH ANY LEGAL OR EQUITABLE ACTION MAY BE BROUGHT.

AS USED HEREIN, THE "APPLICABLE SECTION 9.4(a) DATA BREACH CAP" MEANS:

1. IF A DATA SECURITY INCIDENT INVOLVES PII WHERE, (X) AT THE TIME OF THE DATA SECURITY INCIDENT, SUCH PII **WAS ENCRYPTED** IN ACCORDANCE WITH THE APPLICABLE ENCRYPTION STANDARDS SET FORTH IN SECTION 15(d) OF EXHIBIT G OF THIS AGREEMENT AND (Y) AN ENCRYPTION KEY FORENSIC ANALYSIS DETERMINES THAT THE ENCRYPTION KEY FOR SUCH PII **HAS NOT BEEN COMPROMISED** AND CONFIRMS THAT IT CAN NO LONGER BE COMPROMISED, THE GREATER OF:
  - i. [\*\*\*] DOLLARS (\$[\*\*\*]), OR
  - ii. [\*\*\*] PERCENT ([\*\*\*]%) OF THE TOTAL MONTHLY DXP HOSTING AND OPERATIONS SERVICES FEES (AS DEFINED IN MSSOW1) PAID OR PAYABLE BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES UNDER SECTION 13 OF MSSOW1 DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE CLAIM ACCRUED.
2. IF A DATA SECURITY INCIDENT INVOLVES PII WHERE, (X) AT THE TIME OF THE DATA SECURITY INCIDENT, SUCH PII WAS NOT ENCRYPTED IN ACCORDANCE WITH THE APPLICABLE ENCRYPTION STANDARD SET FORTH IN SECTION 15(d) OF EXHIBIT G OF THIS AGREEMENT OR (Y) SUCH PII WAS ENCRYPTED AND AN ENCRYPTION KEY FORENSIC ANALYSIS DETERMINES THAT THE ENCRYPTION KEY FOR SUCH PII HAS BEEN COMPROMISED, THE GREATER OF:
  - i. [\*\*\*] DOLLARS (\$[\*\*\*]), OR
  - ii. [\*\*\*] PERCENT ([\*\*\*]%) OF THE TOTAL FEES PAID OR PAYABLE BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES WITH RESPECT TO ALL SERVICES RELATED TO DXP UNDER THE DEV SOW, MSSOW1, AND MSSOW2, AND ALL OTHER STATEMENTS OF WORK INVOLVING DXP, IF ANY, DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE CLAIM ACCRUED.

AS USED IN THIS SECTION 9.4(a) AND THE FOLLOWING SECTION 9.4(b), AN "ENCRYPTION KEY FORENSIC ANALYSIS" MEANS A FORENSIC ANALYSIS FOR THE LIMITED PURPOSE OF DETERMINING WHETHER OR NOT THE ENCRYPTION KEY FOR THE APPLICABLE PII HAS BEEN COMPROMISED AND, IF IT HAS NOT BEEN COMPROMISED, WHETHER SUCH KEY CAN NO LONGER BE COMPROMISED (E.G., THE KEY HAS BEEN DESTROYED OR REPLACED). SUCH FORENSIC ANALYSIS SHALL BE COMPLETED BY CROWDSTRIKE (OR ITS SUCCESSOR) OR ANOTHER OUTSIDE PROFESSIONAL SELECTED BY USCC WITH CONSULTANT'S CONSENT, WHICH CONSENT WILL NOT BE UNREASONABLY WITHHELD OR DELAYED, AND THE PARTIES WILL SHARE EQUALLY THE FEES FOR SUCH FORENSIC ANALYSIS.



FOR THE AVOIDANCE OF DOUBT, ANY DAMAGES PAID BY THE CONSULTANT ENTITIES TO THE USCC ENTITIES (INCLUDING, FOR PURPOSES OF THIS SECTION 9.4(a), ANY OTHER PERSON OR ENTITY CLAIMING BY, THROUGH OR ON BEHALF OF ANY OF THE USCC ENTITIES) WITH RESPECT TO ALL SERVICES RELATED TO THE DXP UNDER THE DEV SOW, MSSOW1, AND MSSOW2, AND ALL OTHER STATEMENTS OF WORK INVOLVING THE DXP, IF ANY, BUT EXCLUDING ANY LIABILITY FOR CLAIMS BROUGHT DIRECTLY AGAINST THE CONSULTANT ENTITIES ARISING OUT OF THE CONSULTANT ENTITIES' OBLIGATIONS INDEPENDENT OF THE USCC ENTITIES) (THE "SECTION 9.4(a) PAID AMOUNTS") SHALL REDUCE THE LIABILITY LIMIT UNDER THIS SECTION 9.4(a) WITH RESPECT TO ANY AMOUNTS FOR WHICH THE CONSULTANT ENTITIES MAY BE LIABLE FOR DAMAGES ARISING OUT OF OR BASED UPON SUCH DATA SECURITY INCIDENT INVOLVING PII OR THE CONSULTANT ENTITIES' OBLIGATIONS UNDER EXHIBIT G OF THIS AGREEMENT INVOLVING PII (WHETHER SUCH CLAIM IS BROUGHT UNDER SECTION 13(a) OF EXHIBIT G OR ANY OTHER SECTION OF THIS AGREEMENT) DURING THE [\*\*\*]-MONTH PERIOD COMMENCING ON THE DATE THAT THE CONSULTANT ENTITIES PAID THE SECTION 9.4(a) PAID AMOUNTS.

- (b) SOLELY WITH RESPECT TO THE CONSULTANT ENTITIES' LIABILITY TO THE USCC ENTITIES PURSUANT TO SECTION 13(b) OF EXHIBIT G OF THIS AGREEMENT, IN NO EVENT SHALL THE CONSULTANT ENTITIES BE LIABLE TO THE USCC ENTITIES FOR ANY DAMAGES ARISING OUT OF OR BASED UPON CONSULTANT'S OBLIGATIONS UNDER SECTION 13(b) OF EXHIBIT G EXCEEDING IN THE AGGREGATE THE APPLICABLE SECTION 9.4(b) DATA BREACH CAP, REGARDLESS OF THE FORM IN WHICH ANY LEGAL OR EQUITABLE ACTION MAY BE BROUGHT.

AS USED HEREIN, THE "APPLICABLE SECTION 9.4(b) DATA BREACH CAP" MEANS:

1. IF A DATA SECURITY INCIDENT INVOLVES PII WHERE, (X) AT THE TIME OF THE DATA SECURITY INCIDENT, SUCH PII **WAS ENCRYPTED** IN ACCORDANCE WITH THE APPLICABLE ENCRYPTION STANDARD SET FORTH IN SECTION 15(d) OF EXHIBIT G OF THIS AGREEMENT AND (Y) AN ENCRYPTION KEY FORENSIC ANALYSIS DETERMINES THAT THE ENCRYPTION KEY FOR SUCH PII **HAS NOT BEEN COMPROMISED** AND CONFIRMS THAT IT CAN NO LONGER BE COMPROMISED, THE GREATER OF:
  - i. [\*\*\*] DOLLARS (\$[\*\*\*]), OR
  - ii. [\*\*\*] PERCENT ([\*\*\*]%) OF THE TOTAL MONTHLY WE HOSTING AND OPERATIONS SERVICES FEES (AS DEFINED IN SECTION 13 OF MSSOW1) PAID OR PAYABLE BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES UNDER SECTION 13 OF MSSOW1, DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE CLAIM ACCRUED.
2. IF A DATA SECURITY INCIDENT INVOLVES PII WHERE, (X) AT THE TIME OF THE DATA SECURITY INCIDENT, SUCH PII **WAS NOT ENCRYPTED** IN ACCORDANCE WITH THE APPLICABLE ENCRYPTION STANDARD SET FORTH IN SECTION 15(d) OF EXHIBIT G OF THIS AGREEMENT OR (Y) SUCH PII **WAS ENCRYPTED** AND AN ENCRYPTION KEY FORENSIC ANALYSIS DETERMINES THAT THE ENCRYPTION KEY FOR SUCH PII **HAS BEEN COMPROMISED**, THE AMOUNTS SET FORTH IN ONE OF THE FOLLOWING SUBSECTIONS (i) OR (ii), AS APPLICABLE:
  - i. DURING THE FIRST CONTRACT YEAR OF THIS AGREEMENT, [\*\*\*] PERCENT ([\*\*\*]%) OF THE FEES PAID BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE CLAIM ACCRUED (INCLUDING UNDER ANY AND ALL STATEMENTS OF WORK) UNDER THE ORIGINAL MSA AND THIS AGREEMENT, OR
  - ii. DURING THE SECOND CONTRACT YEAR OF THIS AGREEMENT AND EACH SUBSEQUENT CONTRACT YEAR OF THIS AGREEMENT, [\*\*\*] PERCENT ([\*\*\*]%) OF THE FEES PAID BY THE USCC ENTITIES TO THE CONSULTANT ENTITIES DURING THE [\*\*\*] MONTHS PRECEDING THE DATE UPON WHICH THE CLAIM ACCRUED (INCLUDING UNDER ANY AND ALL STATEMENTS OF WORK) UNDER THIS AGREEMENT.

FOR THE AVOIDANCE OF DOUBT, ANY DAMAGES PAID BY THE CONSULTANT ENTITIES UNDER SECTION 13(b) OF EXHIBIT G OF THIS AGREEMENT (THE "SECTION 13(b) PAID AMOUNTS") SHALL REDUCE THE LIMIT OF LIABILITY UNDER THIS SECTION 9.4(b) WITH RESPECT TO ANY AMOUNTS FOR WHICH THE CONSULTANT ENTITIES MAY BE LIABLE UNDER SECTION 13(b) OF EXHIBIT G DURING THE [\*\*\*] MONTH PERIOD COMMENCING ON THE DATE THAT THE CONSULTANT ENTITIES PAID THE SECTION 13(b) PAID AMOUNTS.



(c) IF DURING THE FIRST CONTRACT YEAR OF THIS AGREEMENT, A CLAIM ACCRUES WITH RESPECT DXP OR FOR SERVICES RELATED TO DXP UNDER SECTION 9.3(b)(2) OF THE ORIGINAL MSA (AS AMENDED FOR THE PURPOSES OF THE DXP PURSUANT TO THE WE SOW, THE ORIGINAL MSSOW1, AS AMENDED PURSUANT TO THE SIXTH AMENDMENT THERETO, AND MSSOW2, AS AMENDED PURSUANT TO THE FIRST AMENDMENT THERETO) SUCH THAT THE [\*\*\*] MONTH PERIOD FOR THE PURPOSES OF SUCH SECTION 9.3(b)(2) COVERS A PERIOD OF MONTHS UNDER THE ORIGINAL MSA AND A PERIOD OF MONTHS UNDER THIS AGREEMENT, THE AMOUNT OF FEES PAID IN BOTH PERIODS UNDER ANY AND ALL STATEMENTS OF WORK UNDER THE ORIGINAL MSA AND THIS AGREEMENT SHALL BE USED TO DETERMINE THE LIMIT OF LIABILITY UNDER SUCH SECTION 9.3(b)(2) OF THE ORIGINAL MSA. THIS SECTION 9.4(c) SHALL BE DEEMED TO AMEND AND SUPERSEDE SUCH SECTION 9.3(b)(2) IN THE ORIGINAL MSA SOLELY IN THE CIRCUMSTANCE SET FORTH IN THIS SECTION 9.4(c).

9.5 Specific Limitations of Liability with Respect to Data Security Incidents Applicable to Hosted Solutions other than DXP. The Services with respect to a Hosted Solution other than DXP that may be provided by Consultant Entities to USCC Entities in the future pursuant to one or more Statements of Work that may be entered into by the parties may include, without limitation, development services, managed services or testing services of the type or scope provided by Consultant for DXP under the Dev SOW, MSSOW1 or MSSOW2. The parties will negotiate in good faith the limitations of liability with respect to such Services based upon the framework set forth in Section 9.4, provided the specific dollar amounts, fee percentage amounts and fees to which those percentage amounts apply may vary depending on the nature and amount of data that may be Processed by Consultant under the applicable SOW, the risks under applicable law associated with a Data Security Incident involving such data, and other factors applicable to those Services.

## 10. DATA PRIVACY AND SECURITY.

Exhibit G to this Agreement sets forth detailed terms and conditions related to the parties' rights and obligations with respect to data privacy and security under this Agreement and, for the avoidance of doubt, all SOWs under this Agreement.

## 11. GENERAL.

11.1 Assignment. Neither party shall have the right to assign or transfer its rights or obligations pursuant to this Agreement without the prior written consent of the other party, except that either party may assign or transfer this Agreement: (a) to a successor as a result of a merger, consolidation, acquisition, reorganization or sale of all or substantially all of such party's assets; or (b) to an Affiliate. No such assignment or transfer shall have the effect of increasing the obligations of either party under this Agreement. The terms and conditions of this Agreement will inure to the benefit of, and shall be binding upon, each party's successors and permitted assigns. In addition, Consultant's Affiliates will be entitled to enter into Statements of Work hereunder to provide Services to USCC, in which event references in this Agreement to Consultant will be deemed to refer to Consultant and the applicable Consultant's Affiliate, jointly and severally. For avoidance of doubt, such joint and several liability does not and shall not be interpreted as doubling Consultant's obligations and potential liability hereunder (e.g., the limitation of liability specified in Section 9.1 shall be interpreted as applying to Consultant and Consultant's Affiliate as if they were one entity).

11.2 Relationship. The relationship between the parties to this Agreement is and shall be that of independent contractors. It is expressly agreed that nothing in this Agreement shall be construed to create or imply a partnership, joint venture, agency relationship or contract of employment. Neither party shall have the authority to make any statement, representation nor commitment of any kind, or to take any action that shall be binding on the other party except as authorized in writing by the party to be bound. Personnel supplied by Consultant hereunder are not USCC's employees or agents, and Consultant assumes full responsibility for their acts. Consultant shall be solely responsible for the payment of compensation to Consultant's employees assigned to perform the Services, and such employees shall be informed that they are not entitled to the provision of any USCC employee benefits. USCC shall not be responsible for payment of worker's compensation, disability benefits, or unemployment insurance or for withholding or paying employment related taxes for any Consultant employee, but such responsibility shall be solely that of Consultant. If any federal, state or local government agency, any court or any other applicable entity determines that the personnel provided by Consultant, or any permitted subcontractor or assignee of Consultant hereunder, are employees of USCC for any purpose, Consultant shall indemnify and hold USCC harmless from all liabilities, costs and expenses (including, without limitation, attorneys' fees) associated with such determination. Notwithstanding any other provision of this Agreement, any permitted subcontractor or assignee of Consultant shall provide to USCC the assurances and indemnities required to be provided to USCC by Consultant pursuant to this Section.

- 11.3 Consultant Affiliates and Subcontractors. Except for use of Consultant's Affiliates and the Approved Subcontractors identified in Exhibit K, Consultant may not use third party subcontractors to perform the Services or Process USCC Confidential Information without USCC's prior written consent. If Consultant uses an Affiliate or an Approved Subcontractor, or if USCC consents to Consultant's use of third party subcontractors: (a) Consultant shall remain responsible for (i) the performance of the Services, (ii) all of Consultant's obligations hereunder, and (iii) all liabilities incurred by an Affiliate, and Approved Subcontractor or a third party subcontractor pursuant to such performance or Processing; (b) Consultant shall not disclose USCC Confidential Information to an Approved Subcontractor or any third party subcontractor unless (i) such disclosure or group of disclosures was previously consented to in writing by USCC, which consent shall be deemed to be granted with USCC's approval of such third party subcontractor (ii) such disclosure is necessary in order for Consultant to carry out its obligations or exercise its rights under and in accordance with this Agreement, and (iii) such third party is bound by the same or equally strict provisions and obligations as set forth in this Agreement. Consultant shall notify USCC of the identity of any authorized subcontractor personnel that will be performing the Services at a USCC facility and that are not employees of Consultant's Affiliates (e.g., Amdocs companies).
- 11.4 Force Majeure. The obligations hereunder of each party shall be suspended while and to the extent that such party is prevented from complying herewith in whole or in part by any event beyond the reasonable control of such, which for purposes of this Agreement shall include, without limitation, acts of God, earthquakes, unavoidable accidents, laws, rules, regulations or orders of government authorities, acts of war (declared or not), terrorism, hostilities, blockades, civil disturbances, embargoes, strikes or any other similar event or cause. If any event described in the preceding sentence should result in the suspension of either party's performance of its obligations hereunder, such party shall give written notice of such suspension to the other party, specifying in reasonable detail the nature of the event causing such suspension. USCC shall not be required to make any payments to Consultant while Consultant's performance is suspended due to a force majeure. Either party may terminate any applicable Statement of Work immediately upon notice to the other party if such other party's performance under such Statement of Work has been suspended due to a force majeure for a period of 30 days or longer, and if such notice is given while the force majeure is continuing.
- 11.5 Entire Agreement; Binding Effect; Amendment; Order of Precedence. This Agreement (together with the Exhibits, Schedules and SOW(s) hereto) constitutes the entire agreement between Consultant and USCC regarding the subject matter hereof. All prior or contemporaneous agreements, proposals, understandings and communications between Consultant and USCC regarding the subject matter hereof, whether oral or written, are superseded by and merged into this Agreement. Neither this Agreement nor any SOW hereto may be modified or amended except by a written instrument executed by both Consultant and USCC. In the event of any inconsistency between the terms of this Agreement and any Statements of Work issued under this Agreement, the terms and conditions of the Statement of Work shall govern and control.
- 11.6 Severability. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remaining provisions of this Agreement shall be enforceable to the maximum extent possible.
- 11.7 Notices. All notices, consents and other communications hereunder shall be provided in writing and shall be delivered personally, by registered or certified airmail letter (return receipt requested), by courier or international overnight delivery service, to the parties at the addresses below set forth (or such other address as may have been furnished by or on behalf of such party by like notice). Communications sent by registered or certified airmail letter shall be deemed effectively served upon receipt. Communications sent by courier shall be deemed effectively served upon receipt. For clarification, courtesy copies of any notice, consent or communication may be sent via email but any such email shall not constitute compliance with this Section.

<p><u>USCC</u></p> <p><b>USCC Services, LLC</b>  <b>Attention:</b> Kevin Lowell, Sr. VP Information Technology  8410 West Bryn Mawr  Chicago, IL 60631  <b>E-mail:</b> Kevin.Lowell@uscellular.com</p> <p>with copies to:</p> <p><b>USCC Services, LLC</b>  <b>Attention:</b> Legal and Regulatory Affairs  8410 West Bryn Mawr  Chicago, IL 60631  <b>E-mail:</b> legaldept@uscellular.com</p> <p>and</p> <p><b>Sidley Austin LLP</b>  One South Dearborn Street  Chicago, IL 60603  <b>Attention:</b> Stephen P. Fitzell, Esq.  <b>E-mail:</b> <a href="mailto:sfitzell@sidley.com">sfitzell@sidley.com</a></p>	<p><u>Consultant</u></p> <p><b>Amdocs</b>  <b>Attention:</b> Amir Kaiser - General Manager, Amdocs  Global Business North America  First Floor, Block S  East Point Business Park, Dublin 3, Ireland  <b>E-mail:</b> Amir.Kaiser@amdocs.com</p> <p>with copies to:</p> <p><b>Amdocs</b>  <b>Attention:</b> Doron Gefen - Customer Business Executive)  1390 Timberlake Manor Parkway  Chesterfield, MO 63017-6041  <b>E-mail:</b> Doron.Gefen@amdocs.com</p> <p>and</p> <p><b>Amdocs</b>  Deputy General Counsel  Harborside Financial Center, Plaza #5  Suite 2700, Jersey City, NJ 07311  <b>E-mail:</b> nacontractsadminis@amdocs.com</p>
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When Consultant is providing notice to USCC of a Data Security Incident (whether actual or reasonably suspected) as required in this Agreement, Consultant shall provide such notice as soon as reasonably possible to the Incident Management Hotline at (877) 877-9768 with written notification sent to the following address in addition to the other USCC addresses set forth above in this Section:

USCC Services, LLC  
8410 West Bryn Mawr Ave.  
Suite 700  
Chicago, IL 60631  
**Attention:** Director of Privacy  
**E-mail:** [DataPrivacy&Protection@uscellular.com](mailto:DataPrivacy&Protection@uscellular.com)  
**With a copy to:** [Barbara.Kern@uscellular.com](mailto:Barbara.Kern@uscellular.com)

- 11.8 Waiver. No waiver by either party of a breach of any term, provision or condition of this Agreement by the other party shall constitute a waiver of any succeeding breach of the same or any other provision hereof. No such waiver shall be valid unless executed in writing by the party making the waiver.
- 11.9 Electronic Documents. USCC may convert this Agreement to electronic format and retain this Agreement solely in an electronic format. USCC may provide this Agreement in electronic form or may provide a reproduction of this Agreement from its electronic copy in the event of any dispute regarding the rights and obligations of the parties under this Agreement. Any such document in electronic format or any document reproduced from an electronic format shall not be denied legal effect, validity, or enforceability and shall meet any requirement to provide an original or hard copy.
- 11.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one instrument.
- 11.11 Headings. The section and subsection headings used in this Agreement are intended for reference purposes only and shall not affect the interpretation or construction of any provision of this Agreement.
- 11.12 Construction. Each party acknowledges that this Agreement was drafted jointly by the parties, and it shall be construed neither against nor in favor of either party. The term "including" or "include", as used in this Agreement, shall mean "including, but not limited to".
- 11.13 Third-Party Beneficiaries. Nothing contained in this Agreement is intended to confer nor shall confer upon any person (other than the parties hereto and their permitted assigns) any rights, benefits or remedies of any kind or character whatsoever, and no such person shall be deemed a third-party beneficiary under or by reason of this Agreement.

11.14 Accrued Rights. The termination or expiration of this Agreement shall not affect or prejudice either party's accrued rights hereunder.

11.15 Governing Law, Venue, Language and Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of law. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement. The governing language for this Agreement shall be English, and no concurrent or subsequent translation of this Agreement into any language shall modify any term of this Agreement. VENUE FOR ANY LEGAL ACTION (OTHER THAN ARBITRATION) ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE EXCLUSIVELY THE STATE OR FEDERAL COURTS LOCATED IN NEW YORK, NEW YORK. THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF SUCH COURTS. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

11.16 Solicitation of Employees.

- (a) During the one-year period following a Consultant employee's provision of any Services hereunder, USCC shall not knowingly hire or otherwise employ such Consultant employee.
- (b) During the one-year period following a USCC employee's participation in connection with this Agreement including the receipt of any Services or Deliverables, Consultant shall not knowingly hire or otherwise employ such USCC employee.
- (c) For purposes of this Section, independent contractors of a party are considered employees of such party.
- (d) Notwithstanding the foregoing, each party may hire any personnel of Consultant who has responded to publicity for a position that has been publicized through local or national newspapers, Internet postings, radio or television advertising, job fairs, notices to colleges or technical schools, or placement professionals.

11.17 Dispute Resolution.

- (a) The parties will use their best efforts to resolve any controversy or claim arising out of or relating to this Agreement through good faith negotiations in accordance with the following escalation procedures and time limits.
  - i. If the parties' Project Managers are unable to resolve any such controversy or claim within ten days after written notice thereof, then the parties' Agreement Managers shall have ten days to attempt to resolve such controversy or claim.
  - ii. If the parties' Agreement Managers are unable to resolve any such controversy or claim within ten days, then USCC's Vice President, Information Technology Delivery, and Consultant's Division President shall have twenty days to attempt to resolve such controversy or claim.

The parties shall not make any claims for remedies based on an alleged breach of a party's obligations, assert any right to terminate, provide notice of termination, or commence any other dispute resolution process, without first endeavoring to resolve the matter through the foregoing escalation procedure.

- (b) Subject to Section 11.17(c), any dispute arising from this Agreement shall be submitted to arbitration in New York, New York, conducted in accordance with the commercial arbitration rules of the American Arbitration Association by three arbitrators with at least ten years of experience in technology law, to be chosen in accordance with said rules. The arbitrators, applying New York law, without reference to its rules regarding choice of law, shall have the authority to grant any remedy that a court hearing the same case would have the authority to grant, provided, however, the arbitrators will have no authority to award damages excluded by this Agreement, damages in excess of the limitations contained in this Agreement, or injunctive relief. The award or decision rendered by the arbitrators will be final and binding on the parties and any judgment may be entered thereon in any court having jurisdiction. The cost of the arbitration is to be shared equally by the parties, although each party shall be responsible for its own attorneys' fees and expenses.
- (c) The parties acknowledge that Sections 2.6, 4 and 10 are essential for the protection of the parties and that any breach or threatened breach of such sections may cause immediate and irreparable damage to the nonbreaching party, for which monetary relief would be inadequate or impossible to ascertain. Accordingly, notwithstanding Sections 11.17(a) and 11.17(b), the parties agree that upon the existence of any breach or threatened breach thereof, the nonbreaching party shall be entitled to seek injunctive relief restraining the breaching party from committing such breach or threatened breach. In addition, the nonbreaching party shall be entitled to any other remedies that may be available to it, at law or in equity. Nothing in this Agreement will prevent either party from resorting to judicial proceedings if interim or provisional relief from a court is necessary either to prevent material prejudice to one party or to third parties.

11.18 Press Releases. Neither party shall issue any press release concerning this Agreement without the other's consent. Neither party may use the name, trade name, trademark, logo, acronym or other designation of the other in connection with any press release, advertising, marketing materials, publicity materials or otherwise without the prior written consent of the other party. Notwithstanding the foregoing, Consultant may disclose the identity of USCC as a customer of Consultant, provided that nothing in such disclosure shall imply any approval or endorsement by USCC of any of Consultant's products or services or the performance of such services by Consultant, its Affiliates, or its subcontractors.

12. **PURCHASE ORDERS**

From time to time, USCC may elect to issue a Purchase Order (a "PO") for Services or Deliverables to be provided by Consultant. Any such PO shall include a PO number and the other elements outlined in Exhibit I of this Agreement and shall be delivered electronically to Consultant's responsible Commercial Director or Client Business Executive. If the value of any such PO is greater than \$250,000, it shall be supported by either a SOW entered into under this Agreement or by other written agreement executed by both parties (otherwise it shall not be deemed a valid PO even if accepted by Consultant). Consultant may choose to accept or reject the PO by providing written notice to USCC within ten days following issuance, which notice may be provided via email by Consultant's responsible Commercial Director or Client Business Executive to the PO requestor. If a PO is not accepted by Consultant in writing within such ten day period, it will be deemed rejected.

Any such PO, including the Services and Deliverables thereunder, shall be governed by the terms of this Agreement. Any pre-printed terms on a PO or other terms in a Purchase Order that conflict with or purport to override the terms of this Agreement, the applicable supporting SOW or other applicable supporting written agreement, shall be of no force or effect.

Consultant will use the PO number on all related correspondence and in connection with all related deliveries.

*Remainder of page left blank intentionally*

IN WITNESS WHEREOF the parties hereto, by their duly authorized representatives, have executed this Agreement as of the date first set forth above.

**USCC SERVICES, LLC**

By: /s/ Catherine Shackelford  
Name: Catherine Shackelford  
Title: VP Supply Chain

**AMDOCS TETHYS LIMITED**

By: /s/ Dushyant Ruchwani  
Name: Dushyant Ruchwani  
Title: Director

The below is a list that briefly describes the omitted exhibits from the Master Services Agreement. These exhibits have been redacted in their entirety and omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. All capitalized terms in this index shall have the same meaning ascribed to them as in the Master Services Agreement and/or their respective exhibit.

#### Index of Exhibits

Exhibit A	Statement of Work - Form of agreement detailing the scope, term, deliverables, objectives, etc. for the services to be provided by Amdocs under the Master Services Agreement.
Exhibit B	USCC Supplier Code of Business - Contains guidelines which govern the conduct of Amdocs and its personnel performing services on USCC's premises.
Exhibit C1	Nondisclosure and Confidentiality Agreement Between Amdocs and USCC's Consultants - Agreement in which USCC's consultants agree to hold strictly confidential Amdocs' Proprietary Information (as defined in the Agreement).
Exhibit C2	Mutual Nondisclosure and Confidentiality Agreement Between Amdocs and USCC's Consultants - Agreement in which both parties agree to hold strictly confidential Amdocs' Proprietary Information and the Consultant's Proprietary Information (as defined in the Agreement).
Exhibit D	Staff Support Services - Agreement detailing terms for one method for Amdocs' personnel to provide certain services pursuant to a Work Authorization or a Statement of Work.
Exhibit E	Expense Reimbursement Terms - Provisions for USCC's reimbursement of Amdocs' reasonable travel and living expenses.
Exhibit F	Consultant Competitors - Contains a list third parties considered to be competitors of Amdocs.
Exhibit G	Data Privacy and Security - Contains the data privacy and security terms Amdocs is expected to adhere to while performing services.
Exhibit H	Deliverables Categories - Contains a table which describes how all tangible Deliverables under a Statement of Work will be categorized.
Exhibit I	Purchase Order Elements - Contains a list of what each purchase order will include.
Exhibit J	USCC Confidentiality, Privacy and Data Security Practices for Vendor Personnel - USCC's confidentiality and data privacy policy to be followed by Amdocs.
Exhibit K	Approved Subcontractors - Contains a table listing all of the pre-approved subcontractors for each type of service performed under a Statement of Work.



CERTAIN IDENTIFIED INFORMATION WITH “[\*\*\*]” HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED

**2019 MASTER STATEMENT OF WORK  
FOR MANAGED SERVICES (“MSOWMS”)**

between

**USCC Services, LLC (“USCC”)**

And

**Amdocs Tethys Limited**

Effective as of October 1, 2019

## 1. Introduction

This 2019 Master Statement of Work for Managed Services ("MSOWMS"), when supplemented by one or more Managed Services Statements of Work (each, an "MSSOW" or "Managed Services Statement of Work"), is a Statement of Work as defined in and pursuant to the 2019 Master Service Agreement (the "Agreement" or "Master Service Agreement") effective as of October 1, 2019 between USCC Services, LLC ("USCC"), a Delaware limited liability company, having its principal offices at 8410 West Bryn Mawr Avenue, Suite 700, Chicago, Illinois 60631 and Amdocs Tethys Limited ("Amdocs", "Consultant" or "Provider"), an Irish corporation, having its principal offices at First Floor, Block S, East Point Business Park, Dublin 3, Ireland. This MSOWMS is effective as of October 1, 2019 (the "MSOWMS Effective Date") and is subject to and incorporates by reference the provisions of the Agreement. Each combination of this MSOWMS and a Managed Services Statement of Work shall be an "MS Bundle."

### WITNESSETH:

**WHEREAS**, United States Cellular Corporation ("U.S. Cellular"), an Affiliate of USCC, and Amdocs Software Systems Limited, an Affiliate of Consultant, were the initial parties to that certain Master Service Agreement, dated as of August 17, 2010, as amended (the "Original MSA"); and

**WHEREAS**, USCC and Amdocs Software Systems Limited, were the initial parties to that Master Statement of Work for Managed Services, dated as of October 1, 2014 (the "Original MSOWMS Effective Date"), as amended (the "Original MSOWMS"); and

**WHEREAS**, with reference to the Original MSA, USCC is the successor in interest to U.S. Cellular, and with reference to each of the Original MSA and the Original MSOWMS Consultant is the successor in interest to Amdocs Software Systems Limited; and

**WHEREAS**, the parties have agreed to terminate the Original MSA and by virtue of such termination the original MSSOWMS will automatically terminate on October 1, 2019; and

**WHEREAS**, the parties desire to continue the relationship embodied in the Original MSOWMS beyond such date while making certain modifications to the terms and conditions under which the parties will continue such relationship pursuant to this MSOWMS.

### **EFFECTIVE DATE AND EFFECT OF THIS MSOWMS.**

Simultaneously with the automatic termination of the Original MSOWMS, this MSOWMS shall be effective at 12:00:01 a.m. Central Time on the MSOWMS Effective Date. The parties agree that (i) the terms and conditions of the Original MSOWMS govern the rights and obligations of the parties arising under the Original MSOWMS prior to the MSOWMS Effective Date, and (ii) the terms and conditions of this MSOWMS will govern the rights and obligations of the parties arising under this MSOWMS on or after the MSOWMS Effective Date.

1.1 The following Appendices and Schedules, and any Exhibits, Annexes or other attachments or documents referenced therein, are hereby incorporated into this MSOWMS:

- (a) Appendices.
  - (i) Appendix A -- Definitions
  - (ii) Appendix B -- USCC Competitors
  - (iii) Appendix C -- USCC Policies
  - (iv) Appendix D -- RESERVED
  - (v) Appendix E -- RESERVED
  - (vi) Appendix F -- Change Control



(vii) Appendix G -- Form of Acknowledgement of Nondisclosure Obligations

(b) Schedules.

(i) Schedule A -- Transition Services

(ii) Schedule B -- Performance Requirements (SLAs and KPIs)

(iii) Schedule C -- Charges and Invoicing

(iv) Schedule D -- Governance

(v) Schedule E -- Disaster Recovery and Business Continuity

(vi) Schedule F -- Service Locations

1.2 Construction.

- (a) Except as provided below, capitalized terms used herein or in an MSSOW without definition shall have the meanings ascribed to them in Appendix A.
- (b) Any unqualified reference to "day" or "days" shall mean "calendar day" or "calendar days," respectively.
- (c) Where capitalized terms or acronyms are used herein or in an MSSOW but not otherwise defined in the Agreement or MS Bundle, the parties may apply a definition for such term or acronym used in the industry or internally by one or both of the parties.
- (d) Capitalized terms describing a function, business unit, operational area, process, procedure, or position of a party that is used herein or in an MSSOW but not otherwise defined in the Agreement or MS Bundle shall refer to such function, business unit, operational area, process, procedure, or position of the party to which the term applies.

1.3 USCC desires that Provider perform, and Provider is willing to perform, the Services for USCC in accordance with the terms and conditions of each MS Bundle.

2. **Provider's Services**

2.1 Services. Provider shall provide personnel and expertise and perform professional, technical and project management Services to fulfill all of the responsibilities and obligations described in each MS Bundle. Although the parties will endeavor in each Managed Services Statement of Work to describe in detail the specific Services to be performed by Provider, the parties acknowledge that any such description will have inherent limitations such that some items may not be specifically identified. Accordingly, Provider acknowledges that the specific enumeration of certain of Provider's duties or obligations is not an implied limitation on, or alteration of, other duties or obligations imposed on Provider elsewhere in this MSOWMS. The Services shall include the following:

- (a) The activities, services, functions and responsibilities described in each MS Bundle.
- (b) Any related activities, functions or responsibilities that are not specifically included as part of the Services to be performed by Provider in an MS Bundle that are an inherent, necessary or customary part of the Services in an MS Bundle or are reasonably required for the proper performance or provision of the Services in an MS Bundle in accordance with the MS Bundle, and such activities, functions or responsibilities are not designated in such MS Bundle as the responsibility of USCC or any of its Third-Party Contractors. In determining if a related activity, function or responsibility is an inherent, necessary or customary part of a Service or is reasonably required for proper performance or provision of such Service, reference may be made to any of the activities, functions or responsibilities included in the managed services performed by Amdocs for any of its other customers along with the following: (i) the industry standard definitions (if any) of the activities, functions or responsibilities inherent in services equivalent to the Services otherwise set forth in the applicable MS Bundle as of the Commencement Date of such MS Bundle; and/or (ii) the activities, functions or responsibilities included in the managed services performed by other service providers for other telecommunications and/or wireless services providers that have outsourced the support, operations and/or management of their TOPS and/or digital systems, as applicable, and such managed services share similar attributes with the Services (taking into account USCC's unique needs, requirements or limitations as well as any differences in the nature, quality and type of services and the respective services' environments).



- 2.2 Required Resources. Except as otherwise expressly provided in this MSOWMS or in any MS Bundle, Provider shall be responsible for providing the facilities, personnel, Equipment, software, technical knowledge, expertise and other resources necessary for Provider to perform the Services.
- 2.3 Transition. Provider shall, in accordance with the transition plan developed by the parties and attached to the applicable MSSOW (the "Transition Plan"), accomplish the timely, orderly transition from the manner in which USCC is then receiving the kinds of services that are encompassed within the Services to the provision of the Services by Provider (the "Transition Services").
- (a) Quality. To the extent under the control and responsibility of Provider, Provider shall perform the Transition Services in a manner that will have no reasonably foreseeable material adverse effect upon the quality or continuity of the services that are encompassed within the Services.
- (b) Right to Suspend. At any time during the transition of the services that are encompassed within the Services to the provision of the Services by Provider, if USCC determines [\*\*\*] that USCC or the quality or continuity of the services that are encompassed within the Services (or of the Services) has been materially adversely affected in any way by the Transition Services, or that any such material adverse effect seems reasonably likely to occur, then USCC may direct Provider to cease the Transition Services immediately, and such cessation shall continue until Provider has: (i) analyzed the cause of such material adverse effect; (ii) developed a reasonable plan for resuming such Transition Services in a manner that will eliminate or avoid such material adverse effect (and any other negative or adverse consequences of the Transition Services); and (iii) received USCC's written consent to recommence the Transition Services. If Provider is primarily responsible for such actual or likely material adverse effect, then nothing in this Section (including USCC's exercise of its rights pursuant to this Section) shall in any way reduce any obligation of Provider to meet any schedule, target, completion schedule, or other commitment specified in the applicable MS Bundle including the applicable Transition Plan. If Provider is not primarily responsible for such actual or likely material adverse effect, then the parties shall agree upon a revised transition schedule that will give Provider a reasonable extension of the transition completion date; provided that Provider shall use commercially reasonable efforts to mitigate the impact on the transition completion date of such suspension of the Transition Services.
- (c) Failure to Meet Transition Milestones. If Provider fails to complete any Transition Milestone by the time specified in the Transition Plan, USCC shall be entitled to hold back a portion of the Fee as may be specified in the applicable MSSOW until such Transition Milestone is completed.
- 2.4 Technology Evolution.
- (a) Best Practices. Provider acknowledges that its current technologies and processes shall continue to evolve and change over time and, at a minimum, shall remain consistent with the best practices of leading providers of services that are the same as or substantially similar to the Services.
- (b) Technology Evolution Proposals. In addition to the specific technology evolutions that may be specified in each MSSOW, Provider shall propose, to the extent known to Provider, but without an affirmative obligation to identify, the implementation of improvements, upgrades, additions, modifications, replacements, or enhancements to the standards, policies, practices, processes, procedures, methods, controls, scripts, product information, technologies, architectures, standards, Equipment, software, Systems, tools, products, transport systems, interfaces and personnel skills associated with the performance of the Services that are likely to: (i) improve the efficiency and effectiveness of the Services (including cost savings); (ii) improve the efficiency and effectiveness of the processes, services and functions performed by or for USCC; (iii) result in cost savings or revenue increases to USCC in areas of its business outside the Services; (iv) enhance the ability of USCC to conduct its business and serve its customers; and/or (v) achieve the objectives of USCC faster and/or more efficiently than the then-current strategies.
- 2.5 Satisfaction Surveys. [\*\*\*] during the term of each MS Bundle:
- (a) Provider shall prepare and submit to USCC for USCC's approval a draft customer satisfaction survey. As part of USCC's approval of each such survey, USCC will specify (i) a set of individuals within USCC or its Affiliates affected by the Services to receive such survey, and (ii) the reasonable procedures with which Provider will comply in conducting such survey. In addition, Provider shall cooperate and assist USCC with any satisfaction survey it conducts apart from Provider.
- (b) If the results of any satisfaction survey conducted hereunder indicate that the level of satisfaction with Provider's performance is less than satisfactory, Provider shall promptly: (i) conduct a root cause analysis to determine the cause of such dissatisfaction; (ii) develop an action plan to address and improve the level of satisfaction; (iii) present such plan to USCC for its review, comment and approval; and (iv) take action in accordance with the approved plan and as necessary to improve the level of satisfaction.



2.6 Managed Service Deliverables. Provider shall provide and deliver to USCC each Deliverable described in the applicable Managed Services Statement of Work (i) on or before the due date(s) therefor set forth in the applicable Managed Services Statement of Work, and (ii) in compliance with the requirements for each such Deliverable under the applicable MS Bundle. Each such Deliverable is subject to USCC's Acceptance pursuant to Section 2.7 of the Agreement to the extent set forth in the applicable MSSOW. Each Deliverable provided or due to be provided under an MS Bundle shall be a Deliverable as defined in the Agreement.

2.7 Service Levels and Performance Standards.

- (a) General. Provider shall perform the Services in a manner that meets or exceeds the Service Levels set forth in the applicable MSSOW.
- (b) Measurement Systems. Provider shall, [\*\*\*], create, maintain and operate the systems and monitoring procedures and devices that are required pursuant to the applicable MSSOW. For the avoidance of doubt, [\*\*\*].
- (c) Documentation Standards. With respect to the USCC Systems that Provider is responsible for providing under any MS Bundle, Provider shall ensure that all documentation related to such USCC Systems shall comply, at a minimum, with the regulatory requirements specified in the applicable MS Bundle, [\*\*\*] and USCC policies specified in Appendix C (in that order of precedence) ("Documentation Standards").

2.8 Certain Transactions.

- (a) Support. Provider acknowledges that USCC may need support and assistance from Provider in connection with certain business reorganizations, divestitures, spin-offs, sales of subscriber markets or similar business transactions (collectively "Transactions"). Specifically, USCC may require the assistance and cooperation of Provider to move USCC's subscribers to the billing platform of an acquiring entity in connection with Transactions. In order to provide USCC with this flexibility, Provider agrees that, upon USCC's request, Provider will provide to USCC cost estimates to perform transition planning and migration support to, or on behalf of, USCC or its Affiliates in connection with Transactions and to, or on behalf of, any successor (other than a Consultant Competitor) that assumes responsibility for the operation or management of any aspect of their respective businesses in connection with a Transaction. The cost of any additional resources needed to support a Transaction shall be subject to the execution of a Request (including any adjustments to the Fees in accordance therewith).
- (b) Divestitures and Sales. Provider acknowledges that, in connection with Transactions, USCC may be required to provide billing and customer care services to an acquiring entity by means of the Services from Provider. Notwithstanding any provision in this MSOWMS prohibiting the resale of Services or the assignment of this MSOWMS, Provider agrees to provide Services to USCC for the benefit of former subscribers of USCC then owned by an acquiring entity who is not a Consultant Competitor (an "Eligible Recipient"), for up to [\*\*\*] months following the closing of a Transaction, subject to the following: (i) Services will be rendered in accordance with this MSOWMS, (ii) USCC will remain financially obligated therefor, and (iii) any requested changes to the Services, including changes requested to accommodate the Eligible Recipient, shall be subject to the execution of a Request (including any adjustments to the Fees in accordance therewith and, if appropriate, adjustments to impacted SLAs). Without diminishing Provider's obligation under the preceding sentence, USCC may request Provider to provide the Services to the acquiring entity pursuant to a separate agreement entered into by Provider and such acquiring entity. If USCC requests Provider to continue providing the Services to such acquiring entity pursuant to the foregoing, Provider shall, at USCC's request, enter into good faith negotiations with such acquiring entity with respect to such a separate agreement. Following the execution of such separate agreement between Provider and the acquiring entity, USCC will have no obligation to pay any fees in relation to those Services provided to such acquiring entity under such separate agreement.

2.9 Non-exclusivity. Nothing herein will prevent USCC at any time during the Term or thereafter from providing for itself or obtaining from any third party the Services, the Deliverables, or the Systems, or any type of products or services in any way analogous, similar or comparable to the Services, the Deliverables, or the Systems, as applicable, or any other products or services. Nothing herein shall be deemed a grant by USCC to Provider of any exclusive privileges or rights. Except as may be expressly provided in this MSOWMS or other agreement entered into by the parties specifically referring to this MSOWMS, in no event will this MSOWMS be construed as a requirements contract or requiring any minimum amount be spent by USCC or any minimum volume of services be purchased by USCC.



2.10 Provider Cooperation. Provider shall cooperate with and work in good faith with USCC and USCC's Third-Party Contractors (subject to the terms of the Agreement related to Consultant Competitors), all in a reasonably timely fashion, to enable USCC's personnel and USCC's Third-Party Contractors to perform work assigned to them to the extent such work interfaces with the Services set forth in an applicable Managed Services Statement of Work. Subject to the foregoing, such cooperation may include:

- (a) providing access to the portions of those facilities being used to provide the Services, as is reasonably necessary and to the extent necessary for USCC's personnel or USCC's Third-Party Contractors (other than Consultant Competitors) to perform the work assigned to them, subject to Provider's Technical and Organizational Security Measures and reasonable prior coordination with Provider; and
- (b) providing reasonable electronic and physical access to the processes and associated Equipment, software and/or Systems deemed by USCC to be necessary and appropriate for USCC's personnel or USCC's Third-Party Contractors (other than Consultant Competitors) to perform the work assigned to them, subject to Provider's Technical and Organizational Security Measures.

If any of the foregoing creates a conflict, for example, with Provider's Technical and Organizational Security Measures, then the parties shall endeavor to resolve such conflict in accordance with Schedule D to this MSOWMS and the applicable MSSOW.

### 3. **Personnel**

3.1 Requirements. Provider shall staff its project team with qualified professionals including, without limitation: (a) those individuals in key roles identified as "Key Persons" in the applicable MS Bundle; and (b) those individuals named in the applicable MS Bundle who are subject matter experts in a certain area for such MS Bundle (each, a "SME"). Provider shall maintain the staffing levels necessary to perform Provider's obligations properly under the applicable MS Bundle.

- (a) Provider shall maintain reasonable continuity of all Key Persons performing Services. Provider must obtain USCC's written approval before appointing initially or replacing any Key Person hereunder.
- (b) Provider shall ensure that each Key Person is engaged in performing the Services throughout the performance of Provider's obligations under the applicable Managed Services Statement of Work and are present at the appropriate USCC site or Provider site, as required, other than due to absence for normal personal vacation (to be agreed upon in advance by the parties each acting reasonably) or in a personal emergency. If USCC identifies a reasonably urgent need for one or more Key Persons to perform the Services at a USCC site, USCC shall notify Provider in writing of such need, and Provider shall cause each such Key Person to perform the Services at the specified USCC site commencing as soon as reasonably practicable after Amdocs' receipt of such notice from USCC. If there is a reasonable non-urgent need for one or more Key Persons to perform the Services at a USCC site, then USCC shall notify Provider in writing of such non-urgent need and coordinate with Provider for each such Key Person to perform the Services at the specified USCC site commencing as soon as reasonably practicable considering the specific nature and time-sensitive aspects of such non-urgent need.
- (c) Provider shall provide incentives designed to encourage the Key Persons to continue as Key Persons hereunder for the necessary term.
- (d) Provider shall ensure that a portion of each Key Person's annual incentive compensation is based upon the extent to which Provider fulfills its responsibilities and obligations hereunder. USCC shall have a reasonable opportunity to provide feedback to the appropriate Provider executives with respect to the Key Persons, and Provider shall consider such feedback in establishing each Key Person's incentive compensation.
- (e) Consultant shall ensure that no Key Person is removed from his or her specified role in the performance of Provider's obligations under this Agreement or assigned to other duties before the end of the term of the relevant MS Bundle unless: (i) he or she ceases to be an employee of Provider, any relevant Subcontractor or (in either case) any of its affiliates; or (ii) USCC's written consent is first obtained (which may not be unreasonably withheld or delayed taking into account considerations of health, family, professional advancement/promotion or relocation requests).
- (f) Before removing or appointing any Key Person, Provider shall: (i) notify USCC of the proposed removal or appointment; (ii) in the case of an appointment, provide USCC with a curriculum vitae of the proposed Key Person; (iii) discuss the position with USCC and seek USCC's approval regarding the change; (iv) provide USCC with such information and explanation as USCC requests and Consultant is reasonably able to provide in relation to the proposed removal and/or appointment; and (v) in the case of an appointment, permit USCC, on request, to interview the proposed Key Person, and obtain USCC's prior written approval of the proposed Key Person.



(g) With regard to SMEs, during the first [\*\*\*] following the Commencement Date of the applicable MS Bundle, Provider shall provide reasonable advance notice (but not less than [\*\*\*] days, to the extent within Provider's control) to USCC of each appointment, replacement or removal [\*\*\*]. Provider shall provide to USCC such requested reasonable [\*\*\*]. To the extent reasonable, Provider shall take into consideration [\*\*\*], provided that any final determination with regard to [\*\*\*] will be in Provider's sole discretion.

3.2 WARN Act Commitment. Provider shall not cause any of the employees transitioned pursuant to an MSSOW to suffer "employment loss" as that term is construed under the Worker Adjustment and Retraining Notification Act ("WARN Act"), if such employment loss could create any liability for USCC or its Affiliates under the WARN Act, unless Provider delivers notices under the WARN Act in a manner and at a time such that USCC or its Affiliates bear no liability with respect thereto.

3.3 Acknowledgement of Nondisclosure Obligations. Provider will create an acknowledgement of nondisclosure obligations (substantially in the form attached to this MSOWMS as Appendix G) for each of the Managed Services Statements of Work, and as part of the on-boarding process for performance of the Services and as part of each such Key Person's exit interview with Provider following performance of the Services, each Key Person will sign and confirm such Key Person's obligations to protect USCC's Confidential Information. From time to time, USCC may request that Amdocs create a supplemental acknowledgement of confidentiality obligations for certain business situations that are especially sensitive to USCC's business, and before providing access to such sensitive information, Provider will cause each of the Provider Personnel (including any Key Persons) performing the Services who will likely have access to such sensitive information sign and confirm such person's obligations to protect USCC's Confidential Information.

#### 4. **Transfer of Resources**

##### 4.1 Software, Equipment and Third-Party Contracts.

###### (a) Financial Responsibility.

- (i) Provider shall be responsible for any third-party fees and expenses incurred on and after the Commencement Date (or, if later, the date on which Provider assumes responsibility for the Services in question in accordance with the Transition Plan) associated with personnel related matters, software, Equipment, Equipment Leases and Third-Party Contracts for which Provider is financially responsible under the applicable Managed Services Statement of Work.
- (ii) USCC shall be responsible for third-party fees and expenses incurred on and after the Commencement Date (or, if later, the date on which Provider assumes responsibility for the Services in question in accordance with the Transition Plan) associated with personnel related matters, software, Equipment, Equipment Leases and Third-Party Contracts for which USCC is financially responsible under the applicable Managed Services Statement of Work.
- (iii) Unless otherwise expressly provided, each party also shall be responsible for any third-party fees and expenses incurred on or after the Commencement Date (or, if later, the date on which Provider assumes responsibility for the Services in question in accordance with the Transition Plan) associated with new, substitute or replacement software, Equipment, Equipment Leases or Third-Party Contracts (including upgrades, enhancements, new versions or new releases of such software or Equipment) for which such party is financially responsible under the applicable Managed Services Statement of Work.
- (iv) With respect to Third-Party Software licenses, Equipment Leases and Third-Party Contracts that are transferred to Provider by USCC as may be specified in the applicable MSSOW, or for which Provider otherwise specifically assumes financial responsibility under this MSOWMS or an applicable Managed Services Statement of Work, Provider shall:
  - (A) pay all amounts becoming due under such licenses, leases or contracts, and all related expenses, for periods on or after the Commencement Date (or, if later, the date on which Provider assumes responsibility for the Services in question in accordance with the Transition Plan);
  - (B) rebate to USCC any such amounts prepaid by USCC prior thereto;

- (C) pay all modification, termination, cancellation, late payment, renewal or other fees, penalties, charges, interest or other expenses relating to periods on or after the Commencement Date (or, if later, the date on which Provider assumes responsibility for the Services in question in accordance with the Transition Plan) and prior to the end of the Term of the applicable Managed Services Statement of Work;
  - (D) pay all costs associated with the transfer of such licenses, leases and contracts to Provider, including all taxes associated with such transfer (and the parties shall cooperate in minimizing or eliminating any such costs); and
  - (E) be responsible for curing any defaults in Provider's performance under such licenses, leases and contracts on or after the Commencement Date (or, if later, the date on which Provider assumes responsibility for the Services in question in accordance with the Transition Plan).
- (v) Subject to Provider obtaining any Required Consents, on and as of the Commencement Date (or, if later, the date on which Provider assumes responsibility for the Services in question in accordance with the Transition Plan), USCC shall assign to Provider, and Provider shall assume and agree to perform all obligations related to, the Third-Party Software licenses, Equipment Leases and Third-Party Contracts for which Provider is financially responsible under this Section, provided, however, that such assignment shall not include any assignment or transfer of any intellectual property rights in Work Product developed under such Third-Party Software licenses, Equipment Leases and Third-Party Contracts prior to the date of such assignment and, as between the parties, USCC hereby expressly reserves and retains such intellectual property rights. USCC and Provider shall execute and deliver an assignment and assumption agreement with respect to such licenses, leases, and contracts, evidencing the assignment and assumption provided for herein.
- (b) Operational Responsibility. With respect to software, Equipment, Equipment Leases and Third-Party Contracts for which Provider is financially responsible under this Section 4, Provider shall be responsible for the specific schedules and exhibits attached to any Managed Services Statement of Work. Such responsibilities may include:
- (i) the evaluation, procurement, testing, installation, rollout, use, support, management, administration, operation and maintenance of such software, Equipment, Equipment Leases and Third-Party Contracts;
  - (ii) the evaluation, procurement, testing, installation, rollout, use, support, management, administration, operation and maintenance of new, substitute or replacement software, Equipment, Equipment Leases and Third-Party Contracts (including upgrades, enhancements, new versions or new releases of such software);
  - (iii) the performance, availability, reliability, compatibility and interoperability of such software, Equipment and Third-Party Contracts each in accordance with this MSOWMS or an applicable Managed Services Statement of Work (including the Service Levels);
  - (iv) the compliance with and performance of all operational, administrative and contractual obligations specified in the applicable licenses, leases and contracts;
  - (v) the administration and exercise, as appropriate, of all rights available under such licenses, leases and contracts; and
  - (vi) the payment of any fees, penalties, charges, interest or other expenses due and owing under or with respect to such licenses, leases and contracts that are incurred, caused by or result from Provider's failure to comply with or perform its obligations under this Section.

4.2 Required Consents. The following shall be applicable with respect to Required Consents that are specifically set forth in an applicable MSSOW:

- (a) Provider Responsibility. Provider shall undertake all administrative activities necessary to obtain all Required Consents. At Provider's request, USCC shall reasonably cooperate with Provider in obtaining the Required Consents including, without limitation, by providing access to the relevant USCC personnel and by executing appropriate USCC-approved written communications and other documents prepared or provided by Provider. Upon USCC's approval, Provider shall exercise for the benefit of USCC any rights Provider has to utilize or transfer license rights or other applicable rights under Provider's existing third-party licenses, leases or contracts, and the parties shall cooperate in minimizing or eliminating any costs associated therewith.

- (b) Financial Responsibility. Provider shall pay all transfer, relicensing or termination fees and expenses associated with obtaining any Required Consents or terminating any licenses or agreements as to which Provider is unable to obtain such Required Consents, provided that such fees and expenses have been identified and agreed upon prior to the effective date of the applicable Managed Services Statement of Work.
- (c) Contingent Arrangements.
  - (i) If, despite using all commercially reasonable efforts, Provider is unable to obtain a Required Consent with respect to USCC-licensed Third-Party Software, Provider shall, upon USCC's request: (A) replace the USCC license for such Third-Party Software with a Provider license; (B) replace such Third-Party Software with other software providing equivalent features and functionality; or (C) secure the right to manage the USCC-licensed Third-Party Software on behalf of USCC.
  - (ii) If, despite using all commercially reasonable efforts, Provider is unable to obtain a Required Consent with respect to any other USCC Third-Party Contract, then, unless and until such Required Consent is obtained, Provider shall manage such Third-Party Contract on USCC's behalf and perform all obligations and enforce all rights under such Third-Party Contract as if Provider were a party to the agreement in USCC's place.
  - (iii) If, despite using all commercially reasonable efforts, management of such Third-Party Contract is not legally or contractually possible or Provider is unable to obtain any other Required Consent, Provider shall use all commercially reasonable efforts to determine and adopt, subject to USCC's prior approval, such alternative approaches as are necessary and sufficient to provide the Services without such Required Consent.
  - (iv) If such alternative approaches are required for a period longer than [\*\*\*] days following the Commencement Date, the parties shall equitably adjust the terms and reduce the prices specified in the applicable Managed Services Statement of Work to reflect any Services not being provided by Provider and its Affiliates as a result thereof.
  - (v) Except as otherwise expressly provided herein, Provider's failure to obtain any Required Consent that has been identified by USCC to Provider and that Provider has agreed in the applicable Managed Services Statement of Work to obtain shall not relieve Provider of its obligations under the applicable MS Bundle, and Provider shall not be entitled to any additional compensation or reimbursement amounts in connection with obtaining or failing to obtain any Required Consent or implementing any alternative approach.

## 5. **USCC's Responsibilities**

- 5.1 Functions. USCC shall carry out the following activities (the "USCC Functions"), which may also be performed through USCC's Third-Party Contractors:
  - (a) Timely consideration and response to items submitted to USCC for approval;
  - (b) Participation in governance activities under the applicable MS Bundle;
  - (c) Management of USCC's Third-Party Contractors;
  - (d) Management of USCC Personnel; and
  - (e) Management of all components under USCC's financial responsibility according to the applicable MS Bundle.
- 5.2 Personnel. USCC shall designate its personnel to fill the roles identified in or pursuant to an applicable MS Bundle and shall assign such other personnel as it deems appropriate. USCC may, without the need for Provider's approval, replace any USCC personnel working in connection with any MS Bundle.

- 5.3 **Facilities.** The number of Provider Personnel performing the Services for USCC at USCC locations shall be subject to agreement of the parties. For the sole and exclusive purpose of such personnel providing the Services to USCC from USCC locations, USCC will make available to Provider, at no cost to Provider during the Term, reasonable space, furnishings, fixtures, telephones and office supplies ("Facilities") as specified in an applicable Managed Services Statement of Work or comparable facilities (collectively, with USCC locations receiving Services, the "USCC Facilities") for Provider Personnel performing the Services at USCC locations. USCC will not be responsible for providing any other Facilities. Moreover, USCC shall not be responsible for providing any mobile or portable computing or communications devices to Provider Personnel. Provider will comply with any policies or lease restrictions applicable to Provider's performance of the Services at the USCC Facilities. Provider's use of the USCC Facilities shall be subject to the following requirements:
- (a) **Relocation.** USCC may relocate the USCC Facilities. USCC will notify Provider of any relocation of the USCC Facilities that USCC is contemplating or has made a final decision to make so that Provider will have a commercially reasonable amount of time to prepare for and implement such a change or relocation.
  - (b) **No Warranty.** USCC shall make the USCC Facilities available to Provider on an "as is, where is" basis with no warranties whatsoever. USCC retains all of its right, title and interest in and to the USCC Facilities. Use of such USCC Facilities by Provider does not constitute a leasehold interest in favor of Provider or Provider's customers.
  - (c) **Damage.** Provider and its personnel shall (i) keep the USCC Facilities in good order; (ii) not commit or permit waste or damage to such USCC Facilities, subject to normal wear and tear; and (iii) not use the USCC Facilities for any unlawful purpose or act. Provider shall be responsible for any damage to the USCC Facilities resulting from the abuse, misuse, neglect or negligence of Provider or its personnel, or other failure to comply with Provider's obligations with respect to the USCC Facilities.
  - (d) **Improvements.** Provider shall not make any improvements or changes involving structural, mechanical, electrical or other alterations to the USCC Facilities without USCC's prior written approval, which USCC may withhold in its sole discretion. Any improvements to the USCC Facilities will be accomplished at Provider's expense and become the property of USCC.
  - (e) **Return.** When the USCC Facilities are no longer required for performance of the Services, Provider shall return such facilities to USCC in substantially the same condition as when Provider began use of such facilities, subject to reasonable wear and tear.
  - (f) **Provider Facilities.** Provider shall not perform any Services (or allow any Subcontractor to perform Services) from any location that is not a USCC Facility or an approved Provider Service Location.

## 6. Price and Payments

6.1 **Total Price.** Except as specifically provided in this Section 6.1, the total consideration payable to Provider under an applicable MS Bundle shall consist of the Fees, and no other fees or charges of any kind whatsoever shall be payable or reimbursable by USCC under an applicable MS Bundle with respect to the Deliverables or Provider's obligations to provide Services in connection with the Deliverables or provide any Services hereunder. For the avoidance of doubt, charges that are not specifically stated or made a part of the calculations in the applicable MS Bundle will not be billable by Provider and will not be paid by USCC. Examples of non-allowable charges include: (a) [\*\*\*].

### 6.2 Invoicing and Payment.

- (a) **Invoice.** Within [\*\*\*] Business Days after the beginning of each calendar month, Provider shall present USCC with an invoice for any Fees due and owing by USCC for the preceding month, and each such invoice shall contain the details set forth in the applicable MSSOW. Each invoice shall include the pricing calculations and related data utilized by Provider to establish the Fees as well as, if applicable under such MSSOW, sufficient information to validate the Service volumes and associated Fees contained in such invoice.
  - (i) Provider shall deliver to USCC electronically (if requested by USCC) in a form and format compatible with USCC's accounting systems the data underlying each invoice.
  - (ii) Provider shall render separate invoices for each USCC Affiliate obtaining Services hereunder.
  - (iii) Provider shall not bill USCC for any advance or concurrent charges or other amounts.

(b) Service Level Credits.

- (i) Provider shall include with each invoice a credit in an amount equal to the aggregate Service Level Credit applicable during the period that precedes the period of that invoice, if applicable. If the amount of any Service Level Credits exceeds the amount otherwise to be billed on the applicable invoice, Provider shall carry such credits forward on each subsequent invoice until fully credited to USCC, [\*\*\*].
- (ii) In the event of Amdocs' material breach of a MSSOW, USCC may (A) terminate such MSSOW pursuant to and in accordance with Section 11.2 of this MSOWMS, and/or (B) pursue all remedies at law or in equity that may be available to USCC (and are not otherwise excluded by this MSOWMS and the Agreement) arising out of or in connection with such material breach of such MSSOW; provided, that if USCC is awarded damages as a result of an action based upon Provider's failure or failures to meet or exceed the Service Level Targets or based upon Provider's actions or omissions that gave rise to a failure or failures to meet or exceed Service Level Targets, then [\*\*\*]. With respect to the offset to be applied pursuant to this Section 6.2(b)(ii), the parties have considered the foregoing arrangement and hereby acknowledge and agree that the foregoing reflects the economic and business arrangement agreed upon by the parties and is not intended to be construed as an optional liquidated damages provision.

(c) Payment. USCC shall pay invoices in accordance with Section 3.6 of the Agreement.

**7. Relationship Management and Dispute Resolution**

7.1 Governance. The parties shall manage their relationship under this MSOWMS using the governance model set forth in Schedule D and the applicable MSSOW. Provider shall provide all resources (including appropriate personnel) to participate in, and shall participate in, the governance activities required by or established pursuant to Schedule D and the applicable MSSOW.

7.2 Savings Clause

- (a) USCC's failure to perform any of the responsibilities set forth in applicable MS Bundle, except for USCC's obligations with respect to payments, Consultant confidentiality (Section 4 of the Agreement) and proprietary rights (Section 2.6 of the Agreement), will not be deemed to be grounds for termination by Consultant. Consultant shall provide USCC with reasonable notice of such nonperformance and, upon written request by USCC, shall use commercially reasonable efforts to perform notwithstanding USCC's failure to perform; provided, however, that with respect to USCC's failure to perform as aforesaid, USCC shall pay to Consultant all additional costs, expenses, fees, and payments incurred by Consultant in connection with such efforts beyond those efforts that would have been required had USCC performed appropriately.
- (b) A party shall be excused from performing its obligations under an MS Bundle and shall not be deemed to have committed a breach of or failed to meet any Service Level in an applicable MS Bundle to the extent that, and during the period that, the aggrieved party's performance is prevented by, or the event giving rise to a potential breach or Service Level failure is caused by, acts or omissions of the other party or a third party retained by the other party to perform work for the other party; provided, however, that the aggrieved party shall promptly notify the other party if it has reason to believe that the actions or omissions of the other party or such a third party may prevent the aggrieved party's performance or cause the aggrieved party to commit a breach or fail to meet a Service Level under an applicable MS Bundle; provided, further, that the failure by the aggrieved party to deliver such notice shall not affect the operation of this Section 7.2(b). In any case, the parties shall use all commercially reasonable efforts to minimize the impact of any such incident on the Services.
- (c) The non-aggrieved party shall reimburse the aggrieved party for any additional reasonable costs and expenses arising in connection with performing the efforts described in Section 7.2(b) to the extent that such efforts are in addition to the level of effort the aggrieved party would otherwise have had to expend.

7.3 Dispute Resolution. All disputes under this MSOWMS and any Managed Services Statement of Work shall be resolved in accordance with Section 11.17 of the Agreement.

**8. Proprietary Materials**

8.1 License to Amdocs of USCC-Licensed Third-Party Materials. Subject to Provider having obtained any Required Consents, USCC hereby grants to Provider (solely to the extent of USCC's underlying rights and solely for purposes of performing the Services or enjoying the use and benefits of any Deliverable created following the Commencement Date under a Third-Party Contract transferred to Provider under Section 4.1(a)(iv)) the same rights of access and use as USCC possesses under the

applicable software licenses with respect to USCC materials procured pursuant to Third-Party Contracts (“Third-Party Materials”).



- (a) USCC also shall grant such rights to Subcontractors designated by Provider if and to the extent necessary for Provider to provide the Services, and Provider shall pay all fees, costs and expenses (including taxes) associated with the granting of such rights to such Subcontractors.
- (b) Provider and its Subcontractors shall comply with the duties (including use restrictions and nondisclosure obligations) imposed on USCC by such licenses to the extent disclosed by USCC to Provider.
- (c) Each Subcontractor shall sign a written agreement to be bound by all of the terms contained herein applicable to such Third-Party Materials (such agreement shall be agreed upon by the parties and shall include the terms specified in this Section 8.1 as well as those pertaining to the ownership of such Materials and any derivative materials developed by the parties, the scope and term of the license, the restrictions on the use of such Materials, the obligations of confidentiality, etc.).
- (d) Except as otherwise requested or approved by USCC (or the relevant licensor), Provider and its Subcontractors shall cease all use of such Third-Party Materials at the end of the Term.
- (e) THE USCC-LICENSED THIRD-PARTY MATERIALS ARE PROVIDED BY USCC TO PROVIDER AND ITS SUBCONTRACTORS ON AN "AS-IS, WHERE-IS" BASIS. USCC EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, AS TO SUCH USCC-LICENSED THIRD-PARTY MATERIALS, OR THE CONDITION OR SUITABILITY OF SUCH MATERIALS FOR USE BY PROVIDER OR ITS SUBCONTRACTORS TO PROVIDE THE SERVICES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

## 8.2 Consultant Tools.

- (a) Applicability. The terms and conditions of this Section 8.2 shall govern USCC's use of the Consultant Tools set forth in an applicable MSSOW as well as any documentation, training materials, designs, discoveries, inventions, know-how, techniques, fixes, patches, work-arounds, upgrades, updates, customizations, modifications, enhancements or derivative works thereof provided by Amdocs (collectively, the "Ongoing Tools"). Amdocs shall notify USCC at least [\*\*\*] days before any addition, removal or modification of the Ongoing Tools which Amdocs may add, remove and/or modify from time to time during the term of the applicable MSSOW in Amdocs' sole discretion, provided that the [\*\*\*], and provided further that [\*\*\*]. For the avoidance of doubt, [\*\*\*], and the terms of this Section 8.2 shall not apply to them.
- (b) Ownership. USCC acknowledges that, as between Amdocs and USCC, all right, title and interest (including copyrights, patents, trade secrets and/or any other intellectual property rights) in and to the Ongoing Tools are and will remain solely the property of Amdocs. Amdocs does not grant USCC any title or ownership rights in the Ongoing Tools in whole or in part. USCC acknowledges that Amdocs believes (i) that the Ongoing Tools contain trade secrets of Amdocs and/or its licensors; and (ii) that such trade secrets include, without limitation: (A) the Ongoing Tools; (B) the specific design, structure and logic of individual programs; (C) their interactions with other portions of programs, both internal and external; and (D) the programming techniques employed therein. For the avoidance of doubt, in no event will any Ongoing Tool be deemed a Deliverable under the Agreement.
- (c) Grant of License.
  - (i) Amdocs grants USCC a limited, nonexclusive, nontransferable license to use the Ongoing Tools in a manner and for a term consistent with the provisions of this Section 8.2 and solely for (A) USCC's internal purposes (including, without limitation, performance of services similar to Services performed by Provider (e.g., infrastructure services)) related to the Services, TOPS, and/or DXP during the term of the applicable MSSOW; and (B) USCC's performance of services similar to Services performed by Provider after the termination or expiration of the term of such MSSOW but prior to termination or expiration of the term of such license. For the avoidance of doubt, USCC shall not use the Ongoing Tools for performing services for any third parties.

- (ii) Each Ongoing Tool is and shall be classified as either a “Product Tool” or a “Service Tool” in an attachment to an applicable MSSOW. USCC may use each Ongoing Tool [\*\*\*] days after the date on which Amdocs sends written notice to USCC notifying USCC of a possible or actual infringement or misappropriation of third-party rights with respect to the Ongoing Tool or components thereof or possible or actual damage to Amdocs due to USCC’s use of the Ongoing Tool (in which case Amdocs shall use commercially reasonable efforts (I) to obtain a license from the applicable third-party licensor, (II) to replace such Ongoing Tool with an equivalent tool of substantially similar functionality, (III) to provide the same tool to USCC as Provider Personnel use thereafter in place of such Ongoing Tool, or (IV) apply an applicable workaround. For the avoidance of doubt and notwithstanding anything to the contrary that may be contained in the Agreement (including, without limitation, Section 8.1(a) thereof), Provider shall have no liability or obligation to USCC with respect to infringement or misappropriation of third-party rights with respect to the Ongoing Tools or components thereof other than as set forth in this paragraph.
- (iii) The Ongoing Tools may not be sublicensed, resold, rented or distributed by USCC to any other party nor may USCC permit any third party (including USCC’s Third-Party Contractors) to use an Ongoing Tool, except as may be explicitly provided hereinafter.
- (iv) Product Tools are intended to effectuate the functionality of TOPS. The term of the license granted under Section 8.2(c)(i) with respect to each Product Tool will end (and USCC will cease all use of such Product Tool) upon the later of (A) the termination or expiration of the MSSOW under which such Product Tool has been provided to USCC; and (B) the termination or expiration of the Maintenance Order under the SLMA that encompasses Provider’s maintenance services for TOPS.
- (v) Notwithstanding Section 8.2(c)(iv), during the term of the license of each Product Tool, USCC may permit its Third-Party Contractors to utilize such Product Tool (A) solely for the benefit of USCC, (B) solely on USCC’s network, (C) in accordance with all the terms and restrictions of the license therefor provided to USCC hereunder, and (D) subject to all other applicable terms of the Agreement (including those regarding confidentiality). For the avoidance of doubt, in no event will USCC permit a Third-Party Contractor to install any Product Tools outside of USCC’s network or on hardware owned by a Consultant Competitor.
- (vi) Service Tools are intended to enhance the ability to provide services with respect to TOPS and/or DXP. The term of the license granted under Section 8.2(c)(i) with respect to each Service Tool will end (and USCC will cease all use of such Service Tool) upon the later of (A) the termination or expiration of the MSSOW under which such Service Tool has been provided to USCC; and (B) the end of the period ending upon the earlier of (I) six months after termination or expiration of such MSSOW; or (II) the termination or expiration of the Maintenance Orders under the SLMA that encompasses Provider’s maintenance services for TOPS. Notwithstanding the foregoing, with respect to a Service Tool that is used to enhance the ability to provide services solely with respect to DXP and which has been provided to USCC pursuant to MSSOW1, in the event that the DXP Hosting and Operations Services Term terminates or expires prior to the termination or expiration of MSSOW1, then the term of the license granted under Section 8.2(c)(i) with respect to each such Service Tool will end (and USCC will cease all use of such Service Tool) on the later of (x) six months after the termination or expiration of the DXP Hosting and Operations Services Term or (y) completion of the Termination Assistance Period with respect to the DXP Hosting and Operation Services; provided, however, that the license to any such Service Tool will not so end to the extent that access by USCC to such Service Tool is also used by USCC in connection with DXP Collaboration Activities pursuant to Exhibit S of the Dev SOW or is used by USCC pursuant to another unexpired or unexpired SOW or other agreement between the parties, in which case the license shall not terminate until six months after the termination or expiration of the Dev SOW or terminated or unexpired SOW or other agreement between the parties, as applicable.
- (vii) Notwithstanding Section 8.2(c)(vi), USCC may permit its Third-Party Contractors that are not Consultant Competitors to utilize such Service Tool (A) solely for the benefit of USCC, (B) solely on USCC’s network, (C) in accordance with all the terms and restrictions of the license therefor provided to USCC hereunder, and (D) subject to all other applicable terms of the Agreement (including those regarding confidentiality). For the avoidance of doubt, in no event will USCC permit a Third-Party Contractor to install any Service Tools outside of USCC’s network or on hardware owned by a Consultant Competitor.
- (viii) USCC may not use the Ongoing Tools for any purpose other than as specifically licensed herein. Unless the license to USCC for the use of the Ongoing Tools expressly includes provision by Amdocs to USCC of source code to the Ongoing Tools or any part thereof, USCC may not make any changes or modifications to the Ongoing Tools.

- (ix) During the term of the license herein, USCC may retain for back-up purposes the media, if any, on which the Ongoing Tools were provided. In addition, USCC may make one copy of the Ongoing Tools for back-up purposes in the event the media are damaged or destroyed. USCC shall not remove from such copies or otherwise alter Amdocs' or its licensors' respective copyright, trademark and/or other proprietary notices appearing in or on the Ongoing Tools as provided by Amdocs.
  - (x) At least [\*\*\*] days prior to any addition, removal or modification of any Ongoing Tool that is installed on the USCC network, Provider shall notify USCC of any such changes, and USCC shall cooperate with Provider in the installation, deinstallation, update or reinstallation of such Ongoing Tool on the USCC network, as necessary.
- (d) Quality; Support and Maintenance.
- (i) USCC acknowledges that the Ongoing Tools were developed for internal use by Provider Personnel, and as such, the Ongoing Tools (A) [\*\*\*].
  - (ii) Amdocs' sole obligations with respect to the quality of the Ongoing Tools that are provided to USCC for use by USCC [\*\*\*].
  - (iii) For the purpose of clarification, to the extent that USCC requires implementation services in connection with any update, upgrade or newer version of the Ongoing Tools, USCC and Amdocs shall enter into a Statement of Work under the Agreement with respect to such implementation services. For the purpose of additional clarification, any updates, upgrades or newer versions of the Ongoing Tools provided to USCC will be subject to the terms and conditions of this Section 8.2.
  - (iv) [\*\*\*], Amdocs has no obligation to correct any bugs, defects or errors in the Ongoing Tools or otherwise provide maintenance, technical support or updates to USCC for the Ongoing Tools. No support, maintenance or Service Level set forth in the Agreement or any MS Bundle shall apply to USCC's use of the Ongoing Tools pursuant to the license granted by Amdocs hereunder. Amdocs shall have no obligation whatsoever to deposit or maintain any of the Ongoing Tools' source code in any escrow arrangement.
- (e) Documentation.
- (i) In connection with the provision of the Ongoing Tools, Amdocs shall provide to USCC documentation with respect thereto as set forth in this Section 8.2(e). After the [\*\*\*] of the Commencement Date of the MSSOW under which Ongoing Tools are provided, within [\*\*\*] days after the written request of USCC, Provider shall provide to USCC the documentation described in Section 8.2(e)(ii) and 8.2(e)(iii) hereof with respect to all then Ongoing Tools (an "Inflight Documentation Request"), provided that an Inflight Document Request had not been made previously. Provided that either (A) an Inflight Documentation Request has not been made previously by USCC during the initial or renewal Term of the applicable MSSOW or (B) USCC agrees to pay Provider's Fees therefor, then (X) as part of Termination Assistance Services, Amdocs shall provide to USCC the applicable documentation described in Section 8.2(e)(ii) or 8.2(e)(iii) for the then Ongoing Tools within the timeframe provided therefor in the applicable Termination Assistance Services document and (B) in connection with the removal of Product Tools described in Section 8.2(a)(ii) and the retention thereof by USCC, Amdocs shall provide to USCC the documentation described in Section 8.2(e)(ii) no later than [\*\*\*] days after such removal and retention. In addition, after an Inflight Documentation Request has been made under an applicable MSSOW, when updates, upgrades and newer versions of the Product Tools are provided to USCC under Section 8.2(d)(ii)(B) after the termination or expiration of the MSSOW under which such Ongoing Tools have been provided to USCC, Amdocs shall provide to USCC the documentation described in Section 8.2(e)(ii) no later than [\*\*\*] days after the provision of such updates, upgrades and newer versions.

- (ii) For each Product Tool, Provider will provide to USCC a user guide document that will include the following sections:

Section Name	Section Description
Tool Name	Name of the tool
Description	What does the tool do, purpose and uses
Input variable	What does the tool require?
Output variables	What does the tool produce?
Options	Describe different options possible in the tool
Errors	Error handling, message and action expected
Additional information	Warnings or any limitations

- (iii) For each Service Tool, Provider will provide to USCC a specifications document that will include the following sections:

Section Name	Section Description
Tool Name	Name of the tool
Description	What does the tool do, purpose and uses
Users	List roles that leverage the tool
Process flows	End to end process facilitated by the tool
Input variable	What does the tool require?
Output variables	What does the tool produce?
Errors	Error handling, message and action expected
Reporting output	Sample reports or import/export specifications
Additional information	Warnings or any limitations
Requirements	List of all activities or functions a that tool performance
Solution details	How does the tool work , what database updates or files or configurations change etc.
Impacted processes	Subsystems that may be impacted
Impacted interfaces	Describe dependencies on interfaces or 3 <sup>rd</sup> parties and integration methods used; Describe existing integrations/touch points to other services/tools
Architecture diagrams	Pictorial representation of the backend
Data Model	Data model where applicable
Operational concepts	What procedures does it impact or needs to be modified?
Impacts on Infra	Describe hardware, software, performance, storage and database capacity requirements
Test guidelines	Functional and performance testing guidelines

- (f) USCC's Responsibility and Indemnification. USCC is responsible for ensuring that USCC and any and all permitted users and permitted USCC Third-Party Contractors using and/or accessing the Ongoing Tools through USCC use the Ongoing Tools in accordance with this Section 8.2. USCC shall indemnify, defend, and hold Amdocs harmless from any and all claims, demands, and/or liability arising out of USCC's and/or any user's or USCC Third-Party Contractor's access to or use of the Ongoing Tools. USCC shall: (i) promptly notify Amdocs of any material non-conformities with the provisions of this Section 8.2 in accordance with established reporting procedures; and (ii) undertake remedial corrective actions as reasonably instructed by Amdocs.

- (g) DISCLAIMER. THE ONGOING TOOLS ARE PROVIDED "AS IS." TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, USCC ACKNOWLEDGES THAT USCC'S USE (AND THE USE BY PERMITTED USCC THIRD-PARTY CONTRACTORS) OF THE ONGOING TOOLS IS SOLELY AT USCC'S RISK. AMDOCS HEREBY DISCLAIMS ALL CONDITIONS AND WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING ANY AND ALL IMPLIED CONDITIONS OR WARRANTIES OF MERCHANTABILITY, TITLE, NONINFRINGEMENT, FITNESS FOR A PARTICULAR PURPOSE OR THAT DEFECTS IN THE ONGOING TOOLS WILL BE CORRECTED, ALL WITH RESPECT TO THE ONGOING TOOLS AND/OR REGARDING THE USE OR THE RESULTS OF SUCH USE. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY ANY PERSON OR ENTITY SHALL DEROGATE FROM THE ABOVE OR CREATE OR ADD ANY OTHER WARRANTY OR REPRESENTATION. ANY WARRANTY SET FORTH IN THE AGREEMENT, ANY MS BUNDLE SUBJECT TO THE AGREEMENT, AND/OR ANY AMENDMENT, EXHIBIT, ANNEX, OR ADDENDUM TO ANY OF THEM SHALL NOT APPLY WITH RESPECT TO THE ONGOING TOOLS.
- (h) Confidentiality. The Ongoing Tools, including their existence and features and related information, are Amdocs Confidential Information. Such Ongoing Tools, and all other related documentation and information, are subject to the confidentiality provisions of the Agreement; provided, however, that USCC may provide the Product Tools, the related documentation and information, as well as the specifications documents for Service Tools (but, for purpose of clarification, not the Service Tools or any other related documentation or information) to Consultant Competitors solely in connection with the permitted uses of the Product Tools or Service Tools, as applicable, but always subject to the provisions of Section 8.2(c). For the purpose of clarification, after termination of the applicable MSSOW and prior to termination of the license hereunder of the applicable Ongoing Tool, the documentation and information related to the Product Tools as well as the specifications documents for Service Tools may be provided to Consultant Competitors in order to permit them to build and/or supply a similar tool to USCC.
- (i) No Export. USCC shall not export any of the Ongoing Tools, in whole or in part, outside of the United States of America in any manner or by any means without complying with all applicable export control laws and regulations of both the United States of America and the applicable country or territory.

## 9. Remedies

9.1 Certain Acknowledged Damages. Notwithstanding anything to the contrary that may be set forth in Section 9.2 of the Agreement, Amdocs shall be liable to USCC for the following damages to the extent arising out of or based upon a USCC Termination for Cause of this MSOWMS or any Managed Services Statement of Work:

- (a) Costs and expenses of recreating or reloading any lost, stolen or damaged USCC Data.
- (b) Costs and expenses of implementing a work-around in respect of a failure to provide the Services or any part thereof.
- (c) Costs and expenses of replacing lost, stolen or damaged Equipment, software, and other materials to the extent such loss, theft or damage arises out of or is based upon the negligence or willful misconduct of Provider Personnel.
- (d) Cover damages, including the costs and expenses incurred to procure the Services or corrected Services from an alternate source, that exceed Provider's charges under this MSOWMS or an applicable Managed Services Statement of Work for the replaced Services.
- (e) Costs and expenses incurred to procure substitute services (and for temporary increases in headcount for customer care, defect management and resolution, or resources for code revisions or script writing services), including straight time, overtime and related expenses, overhead allocations for employees, wages and salaries of additional employees, travel expenses, telecommunication charges and similar charges.
- (f) Damages of a USCC Affiliate which would be direct damages if they had instead been suffered by USCC (including being so considered under this Section).
- (g) Amounts of any credits issued, fees or charges reversed and similar write-offs of all or a portion of customers' balances due to billing or operational errors including, without limitation, errors in the customers' bills and/or late delivery of such bills.

- (h) Costs and expenses incurred by USCC for (i) printing, presorting and postage related to duplicate or erroneous bills; (ii) incremental and/or duplicate advertising and promotional costs related to errors or delays in the EPC or delays in other product launches; (iii) training to enhance associates' skillsets to enable the proper handling of workarounds and other solutions that are necessary because of Defects; and (iv) correcting duplicate customers associated with a single Temporary Mobile Subscriber Identity or "TMSI".

9.2 Specific Limitations of Liability.

- (a) PROVIDER'S LIABILITY TO USCC PURSUANT TO SECTIONS 9.1(e), 9.1(g) AND 9.1(h) OF THIS MSOWMS SHALL BE LIMITED TO 50% OF THE AMOUNT OF USCC'S DAMAGES IN CONNECTION THEREWITH.
- (b) WITH RESPECT TO PROVIDER'S LIABILITY TO USCC PURSUANT TO SECTIONS 9.1(e), 9.1(g) AND 9.1(h) AND SUBJECT TO SECTION 9.2(a), IN NO EVENT SHALL PROVIDER BE LIABLE TO USCC FOR ANY REASON, WHETHER IN CONTRACT OR IN TORT, FOR ANY SUCH DAMAGES ARISING OUT OF OR BASED UPON PROVIDER'S OBLIGATIONS UNDER SECTIONS 9.1(e), 9.1(g) AND 9.1(h) EXCEEDING IN THE AGGREGATE 60% OF THE FEES PAID BY USCC TO PROVIDER UNDER THE APPLICABLE MANAGED SERVICES STATEMENT OF WORK DURING THE TWELVE MONTHS PRECEDING THE DATE UPON WHICH THE RELATED CLAIM ACCRUED, REGARDLESS OF THE FORM IN WHICH ANY LEGAL OR EQUITABLE ACTION MAY BE BROUGHT. FOR THE AVOIDANCE OF DOUBT, ANY DAMAGES PAID BY PROVIDER UNDER SECTION 9.1 IN CONNECTION WITH A GIVEN MANAGED SERVICES STATEMENT OF WORK SHALL, IN AN AMOUNT EQUAL TO SUCH PAID DAMAGES (a) REDUCE THE LIABILITY LIMIT APPLICABLE TO SUCH MANAGED SERVICES STATEMENT OF WORK WITH RESPECT TO ANY DAMAGES FOR WHICH PROVIDER MAY BE LIABLE UNDER SECTION 9.1 DURING THE TWELVE-MONTH PERIOD COMMENCING ON THE DATE THAT PROVIDER PAID SUCH DAMAGES, AND (b) REDUCE THE LIABILITY LIMIT SET FORTH IN SECTION 9.1 OF THE AGREEMENT APPLICABLE TO SUCH MANAGED SERVICES STATEMENT OF WORK WITH RESPECT TO ANY DAMAGES FOR WHICH PROVIDER MAY BE LIABLE UNDER THE AGREEMENT DURING THE TWELVE-MONTH PERIOD COMMENCING ON THE DATE THAT PROVIDER PAID SUCH DAMAGES.

10. **Risk of Loss**

Provider is responsible for the risk of loss of, or damage to, any property owned or leased by Provider, unless such loss or damage was caused by the negligence or willful misconduct of USCC.

11. **Term and Termination**

11.1. Term. The term of this MSOWMS (the "Term") shall commence on the MSOWMS Effective Date and shall end simultaneously with the end of the term of the Agreement; provided, however, that upon written notice to Provider at least 30 calendar days prior to the date of termination set forth in such written notice, USCC may terminate (in whole) this MSOWMS, provided that there are no Managed Services Statements of Work remaining in effect after such date of termination.

11.2. USCC Termination.

- (a) For Cause. USCC may terminate this MSOWMS or any one or more Managed Services Statements of Work hereunder (in whole only) by written notice to Provider upon the occurrence of any of the following events (any such termination, a "USCC Termination for Cause"):
  - (i) The occurrence of any of the conditions that are specified in Schedule B to this MSOWMS as qualifying as a cause for termination under this Section.
  - (ii) If Provider fails to complete the Transition Services by the time specified in the Transition Plan, if applicable, to the extent within Provider's control, and Provider then fails to cure by completing the Transition Services during the [\*\*\*]-day period commencing upon Provider's receipt of written notice from USCC that Provider has not completed the Transition Services by the time specified in the Transition Plan, provided that USCC has not delivered to Provider an Assumption Directive (as defined in Schedule A to this MSOWMS) in accordance with the terms and conditions of the applicable MSSOW (other than the terms and conditions related to the Transition Services), which Assumption Directive may be subject to a Post-Assumption Plan (as defined in Schedule A to this MSOWMS).
  - (iii) Any right to terminate for cause pursuant to Section 5.2(a) of the Agreement.



- (b) Without Cause. USCC may terminate an MS Bundle for convenience only if provided therefor, and subject to the terms and conditions set forth in the applicable MSSOW.

11.3. Provider Termination. In addition to the rights granted to Provider under the Agreement, Provider may terminate this MSOWMS or any one or more Managed Services Statements of Work hereunder if USCC has failed to pay either (a) an amount that is equal to or greater than [\*\*\*] months of invoices hereunder or the applicable MSSOW, as applicable (regardless of whether any of such amount is the subject of a dispute), or (b) an amount that is equal to or greater than [\*\*\*] months of invoices hereunder or the applicable MSSOW, as applicable, where such unpaid amount is not the subject of a good faith dispute.

11.4. Effects of Termination.

- (a) Remedies. Subject to Section 9.2, in the event of a USCC Termination for Cause, Provider shall be liable to USCC for any actual direct damages resulting from the occurrence giving rise to termination, subject to any limitations thereon provided for in the Agreement. Termination shall not constitute a party's exclusive remedy for any default, and neither party shall be deemed to have waived any of its rights accruing hereunder prior to such default.
- (b) Transition. In the event of any expiration or termination, Provider shall cooperate reasonably in the orderly wind-down of the Services and/or transition to another provider, such cooperation to include reasonable continuity of Provider Personnel during the transition with those providing Services hereunder.
- (c) Survival. The obligations and rights of the parties pursuant to: (i) Section 1.3 (Construction); (ii) Section 3.3 (Acknowledgement of Nondisclosure Obligations); (iii) Section 6 (Price and Payments) as to amounts due on the date of termination or with respect to Services provided following termination in connection with termination assistance; (iv) Section 7.2 (Savings Clause), (v) Section 7.3 (Dispute Resolution); (vi) Section 8 (Proprietary Materials); (vii) Sections 9.2 (Specific Limitations of Liability); (viii) Section 10 (Risk of Loss); (ix) Section 11.4 (Effects of Termination); (x) Section 11.5 (Termination Assistance) and all other provisions of the MS Bundle applicable to Services provided in connection with termination assistance; (xi) Section 12.1 (Legal Compliance) solely to the extent necessary for Termination Assistance Services being provided by Provider; (xii) Section 13 (Miscellaneous); (xiii) Appendix A (Definitions), as defined terms are used in the provisions that survive termination; (xiv) Appendix C (USCC Policies) solely to the extent necessary for Termination Assistance Services being provided by Provider; (xv) Appendix G (Form of Acknowledgement of Nondisclosure Obligations); (xvi) Section 2 of Schedule D (Governance); and (xvii) and any other provision that should naturally extend beyond expiration or termination, shall survive any expiration or termination of this MSOWMS or an applicable Managed Services Statement of Work. Termination of less than all of the Managed Services Statements of Work shall not affect the parties' obligations under any non-terminated Managed Services Statement of Work then in effect and as to such then-existing Managed Services Statements of Work, this MSOWMS and the Agreement shall be deemed to continue in full force and effect until the Services under such Managed Services Statement of Work are completed.

11.5. Termination Assistance.

- (a) General Obligations. In connection with any expiration or termination of the Term, or with termination of Provider's performance of any Services then being provided hereunder, Provider shall take all reasonably necessary and appropriate actions to assist USCC to accomplish a transition from Provider to USCC, or to any Third-Party Contractor designated by USCC, of the Services being terminated or expiring, without material interruption or material adverse impact on the Services or Service Levels, in accordance with an applicable Managed Services Statement of Work, (all such actions collectively, "Termination Assistance Services"). All Termination Assistance Services provided by Provider shall, other than as provided in an applicable Managed Services Statement of Work, be deemed Services and the ongoing Services (but not necessarily the Termination Assistance Services) shall be at [\*\*\*] (other than the applicable Fees for the Services) to USCC beyond what USCC would have paid for the Services.
- (b) Termination Assistance Process. The Termination Assistance Services process shall begin on [\*\*\*] (the "Termination Assistance Commencement Date") and, unless the parties subsequently agree in writing to renew the Term, Provider shall continue to provide Termination Assistance Services until the Termination Assistance Services have been completed in accordance with this Section 11.5 and the applicable MSSOW but in no event for longer than [\*\*\*] consecutive months (the "Termination Assistance Period").



- (c) Preparation for Termination Assistance. As the end of the Term approaches or upon commencement of Termination Assistance Services, Provider shall make available to USCC such documentation and other information regarding the performance of the Services as specified in the applicable Managed Services Statement of Work. Provider shall:
- (i) Procure and deliver to USCC, upon USCC's request and at USCC's cost, such third party authorizations and consents to permit the timely conveyance or assignment to USCC (or its designee), during Termination Assistance Services, of all Third-Party Contracts licenses, and agreements between Provider and any third parties who provide goods or services used by Provider in the provision of Services only for USCC and for no other Provider customers;
  - (ii) Cooperate with USCC to obtain such third-party authorizations and consents to permit the conveyance or assignment to USCC (or its designee) of all other Third-Party Contracts, licenses, and agreements between Provider and any third parties who provide goods or services used by Provider in the provision of Services; and
  - (iii) Provided that in each case, in the event that such third party authorizations or consents have not been obtained and cannot be obtained in conjunction with Termination Assistance Services, Provider shall: (A) promptly notify USCC of which third party authorizations or consents it is unable to obtain, (B) advise USCC regarding alternative sources of goods, services or software comparable to those being provided under each such agreement identified in Section 11.5(c)(i) (to the extent such sources are identified by USCC or known to Provider), and (C) to the extent USCC and Provider agree to do so, proceed to procure and implement such alternatives on behalf of USCC; provided that USCC shall have the option at all times to enter into the applicable licenses or other contracts in its own name.

## 12. **Provider Compliance Matters**

- 12.1 Legal Compliance. Provider shall obtain all licenses, permits and certifications required of Provider as a service provider by law or regulation for Provider to perform the Services and shall pay all fees, taxes and related costs associated therewith. USCC shall obtain all licenses, permits and certifications required of USCC by law or regulation to receive the Services and shall pay all fees, taxes and related costs associated therewith. USCC shall be responsible for and shall pay or reimburse any costs, damages, liability, fines or other charges (including any applicable attorneys' fees) arising from any noncompliance.
- 12.2 Service Locations. The Services shall be provided to USCC solely from (a) the USCC Service Locations, (b) Provider Service Locations, and (c) any other location for which Provider has received USCC's written consent. In addition, Provider shall not store USCC Data at or through any locations other than the specified Provider Service Locations or knowingly transmit USCC Data through a country other than the countries in which the Service Locations are located unless otherwise mutually agreed by the parties in writing. Provider and Provider's Agents may not provide or market services to a third party or to itself from an USCC Service Location without USCC's consent. Unless otherwise expressly stated in this MSOWMS or an applicable Managed Services Statement of Work, all connectivity between Provider's Service Locations and USCC's Service Locations and all related charges shall be Provider's responsibility.
- 12.3 New Service Locations. If Provider requests USCC's approval to provide Services from a location other than a location described in Section 12.2, Provider shall provide to USCC a written relocation proposal that sets forth a description of the proposed new location, the reasons for the proposed relocation, how the relocation will be beneficial to USCC in terms of performance and other relevant measures, as well as any other information requested by USCC. USCC may reasonably approve or reject any proposal submitted by Provider pursuant to this Section 12.3. Any incremental costs incurred by USCC as a result of relocation to, or use of, any location other than the locations described in Section 12.2 shall be paid by Provider or reimbursed by Provider to USCC.

## 13. **Miscellaneous**

- 13.1 Order of Precedence. In case of conflicts, the order of precedence of the documents constituting the agreement between the parties with respect to Services provided under this MSOWMS shall be as follows, with each listed document superseding the later listed document:
- (a) Each Managed Services Statement of Work
  - (b) This MSOWMS
  - (c) The Agreement

- 13.2 Currency; Language. All amounts stated herein and all Fees determined hereunder are in United States Dollars, unless otherwise required by Applicable Law or expressly stated. This MSOWMS and all proceedings hereunder shall be conducted in the English language; any translation of this MSOWMS or any Managed Services Statement of Work into another language shall be for convenience only but shall not modify the meaning hereof in English.
- 13.3 Additional Warranties. All Services under this MSOWMS shall be subject to the warranties under Section 7 of the Agreement. In addition to the warranties set forth in Section 7 of the Agreement, the following warranties shall apply:
- (a) No Financial Interest. Each party represents and warrants to the other that neither it nor any of its Affiliates has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would materially conflict with its performance of its duties and responsibilities under this MSOWMS or otherwise create an appearance of impropriety with respect to the award, performance or receipt of the Services.
  - (b) No Abuse of Authority for Financial Gain. Each party represents and warrants to the other that neither it nor any of its Affiliates has used or shall use the authority provided or to be provided under this MSOWMS to obtain undisclosed financial gain for itself outside of this Agreement.
  - (c) No Use of Information for Financial Gain. Each party represents and warrants to the other that neither it nor any of its Affiliates has used or shall use any Confidential Information of the other party to obtain undisclosed financial gain for itself or any such Affiliate outside of this Agreement.
  - (d) No Influence. Each party represents and warrants to the other that neither it nor any of its Affiliates, nor any employee of either, has accepted or shall accept anything of value in violation of its own internal business code of conduct or other internal policies intended to prevent bribery, and that neither it nor any of its Affiliates, nor any employee of either, shall attempt to influence any employee of the other party by the direct or indirect offer of anything of value in violation of the business code of conduct or other internal policies of the recipient party intended to prevent bribery.
- 13.4 Risk Management. [\*\*\*]. As new risks are identified by Consultant, the parties shall work together to develop strategies and plans to deal with such risks. Key activities include the following: (a) Consultant will identify risks; (b) Consultant will determine likely impact and probability for each risk; (c) Consultant will prioritize risks; (d) Consultant will work with USCC to quantify risks; (e) Consultant will work with USCC to define mitigation strategies for each risk; (f) Consultant will review mitigation strategies with key stakeholders; (g) Consultant and USCC will execute mitigation strategies approved by USCC; (h) Consultant will review risks with USCC at least once each month (generally as part of status meetings); and (i) USCC and Consultant will move a risk to the issue management process if such risk materializes. For the avoidance of doubt, Consultant's obligations under this Section 13.4 shall not apply to any Termination Assistance Services that are then being provided.

**IN WITNESS WHEREOF**, the parties have executed this MSOWMS as of the MSOWMS Effective Date by their duly authorized representatives in one or more counterparts, each of which shall constitute an original.

**USCC SERVICES, LLC**

By: /s/ Catherine Shackleford  
Name: Catherine Shackleford  
Title: VP Supply Chain

**AMDOCS TETHYS LIMITED**

By: /s/ Dushyant Ruchwani  
Name: Dushyant Ruchwani  
Title: Director

**APPENDIX A**  
**Definitions**

**1. Introduction**

The following capitalized terms in this Appendix A shall have the meanings indicated when used in the MSOWMS, its Appendices, Schedules, Exhibits, Annexes and Attachments (collectively “MSOWMS Documents”) or an MSSOW, its Appendices, Schedules, Exhibits, Annexes and Attachments (collectively “MSSOW Documents”). Any capitalized term that is not defined in the MSOWMS Documents, including pursuant to Sections 1.2(c) and 1.2(d) of the MSOWMS, or in the MSSOW Documents, shall have the meaning assigned to it in the Agreement to the extent it is defined in the Agreement. If there is a conflict between a term defined in this Appendix A and a capitalized term defined in or pursuant to the MSOWMS Documents (other than this Appendix A), the MSSOW Documents or the Agreement, the following order of precedence shall apply:

- (i) the applicable MSSOW Documents; then
- (ii) the MSOWMS Documents (other than this Appendix A); then
- (iii) this Appendix A; then
- (iv) the Agreement.

**2. Definitions**

- 2.1 “Acceptance” means that a Deliverable meets the Acceptance Criteria and acceptance of such Deliverable has occurred. Notwithstanding anything to the contrary, use of any Deliverable or Service in a production environment shall be deemed an Acceptance of such Deliverable or Service.
- 2.2 “Acceptance Criteria” means, with respect to a Deliverable, the criteria for determining whether such Deliverable meets the applicable Specifications.
- 2.3 “Acceptance Test Procedures” means the test procedures and standards set forth in the applicable Statement of Work or such other standards as are agreed upon in writing, to determine whether a Deliverable meets the Acceptance Criteria.
- 2.4 “Adobe Target Standard” or “Adobe Target” means an Adobe tool included in the Web Evolution Solution to be used by USCC in its marketing efforts, including A/B testing and content personalization. For clarification, Consultant’s responsibilities under this SOW do not include training or services related to USCC’s use of the content personalization capabilities enabled by Adobe Target Standard.
- 2.5 “AEM” or “Adobe Experience Manager” means the Adobe software components that include CMS, Author, Publisher, and Dispatcher applications and tools provided by Consultant as part of the Web Evolution Solution for USCC’s use to build and maintain content for the Web Evolution Solution.
- 2.6 “Accounts Receivable” or “A/R” means the function that handles payments owed by and received from USCC’s customers and provides related operational support.
- 2.7 “AMC” means Amdocs Monitoring & Control.
- 2.8 “Applicable Laws” means, as to any Person, all United States or foreign laws (including, but not limited to, any environmental laws), treaties, ordinances, judgments, decrees, injunctions, writs, orders and stipulations of any court, arbitrator or governmental agency or authority and statutes, rules, regulations, orders and interpretations thereof of any federal, state, provincial, county, municipal, regional, environmental or other governmental entity, instrumentality, agency, authority, court or other body (i) applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject or (ii) having jurisdiction over all or any part of any Service provided or the Services to be performed pursuant to the terms of the MSOWMS to the extent applicable to Provider as the provider of Services.
- 2.9 “Approved Pass-Through Charges” has the meaning set forth in Schedule C.
- 2.10 “Approved Subcontractors” means the entities listed in Exhibit K of the Agreement.

2.11 "Assumption Directive" has the meaning set forth in Section 5.4 of Schedule A to the MSOWMS.

- 2.12 “At-Risk Amount” has the meaning set forth in Schedule B.
- 2.13 “Billing Analysis” means the function that supports Revenue Assurance and billing management teams in conducting timely and accurate issue analytics.
- 2.14 “Billing Operations” means the function that supports and manages production of timely and accurate bills for USCC’s customers in multiple formats.
- 2.15 “BPT” means Business Parameter Tables.
- 2.16 “Business Day” means any weekday other than a day designated as a holiday under the applicable USCC holiday schedule.
- 2.17 “Change Analysis” has the meaning set forth in Appendix F.
- 2.18 “Change Control Procedures” has the meaning set forth in Appendix F.
- 2.19 “Change Order” has the meaning set forth in Appendix F.
- 2.20 “Change in Control” of a Person means any change (resulting from a single transaction or series of related transactions) in the legal, beneficial, or equitable ownership, direct or indirect, such that control of that Person is no longer with the same Person or Persons as on the Effective Date, or the transfer of all or any substantial portion of that Person’s business and assets.
- 2.21 “Commencement Date” means start date that Services for any Managed Services Statement of Work begin.
- 2.22 “Confidential Information” has the meaning set forth in Section 1.2 of the Agreement.
- 2.23 “Configuration” means the capability achieved through configuration of parameters or functionality based on capabilities inherent in the existing code.
- 2.24 “Contract Year” means one of the consecutive 12-month periods during the Term of a relevant Managed Services Statement of Work, starting on the Commencement Date of such Managed Services Statement of Work or on any of the anniversaries of such Managed Services Statement of Work.
- 2.25 “Customization” means the capability achieved by performing changes to existing code (e.g., via Java, C++) (including adding new code) using standard product toolkits.
- 2.26 “Core Product” means (a) the object code form of Amdocs’ proprietary generic software products and modules that are licensed by Amdocs to USCC pursuant to and as specifically listed in License Orders; (b) the software products from third parties for which Amdocs obtained the license for and/or on behalf of USCC including, without limitation, MicroTelecom proprietary software products licensed by Amdocs to USCC in accordance with the Amended and Restated License Order No. 1 effective as of October 1, 2019; and (c) any modifications to the foregoing made by Amdocs pursuant to the Maintenance Orders.
- 2.27 “Daily Maintenance Window” means the time period commencing at 1:00 am U.S. Central time and ending at 5:00 am U.S. Central time.
- 2.28 “Data Security Incident” has the meaning set forth in Section 1.6 of the Agreement.
- 2.29 “Data Source” has the meaning set forth in Schedule B.
- 2.30 “Defect” has the meaning set forth in Section 4.4 of MSSOW1.
- 2.31 “Defect Management” means the function that triages, tracks and manages defects, and oversees defect management.
- 2.32 “Deliverable” has the meaning set forth in the Agreement.
- 2.33 “Displaced Personnel Activities” has the meaning set forth in Section 2.1(b) of the MSOWMS.
- 2.34 “Dispute” has the meaning set forth in Schedule D.
- 2.35 “Documentation Standards” has the meaning set forth in Section 2.7(c) of the MSOWMS.



- 2.36 “Early Termination Fees” has the meaning set forth in Schedule C.
- 2.37 “Emergency Change” has the meaning set forth in Appendix F.
- 2.38 “EPC” means Enterprise Product Catalog.
- 2.39 “Escalations” means the function that handles escalations and manages appropriate resolutions of escalated incidents.
- 2.40 “Equipment” means the computer, telecommunications equipment, and Facility-related hardware, equipment, and peripherals (including without limitation cables, wiring, conduit, fixtures, etc.) (a) owned or leased by USCC or Provider or (b) used by either USCC or Provider in conjunction with the Services.
- 2.41 “Equipment Leases” means all leasing arrangements whereby USCC or its Affiliates leases Equipment as of the Commencement Date, which will be used by Provider to perform the Services after the Commencement Date.
- 2.42 “Exit Criteria” has the meaning set forth Section 3.3 of Schedule A to the MSOWMS.
- 2.43 “Expiring Services” means Services that Provider ceases to provide in connection with any expiration or termination of a Managed Services Statement of Work.
- 2.44 “Expiring Services Termination Date” means the date on which Provider ceases to perform the Expiring Services.
- 2.45 “Facilities” has the meaning specified in Section 5.3 of MSOWMS.
- 2.46 “Fees” means collectively the Service Fees and Approved Pass-Through Charges as more fully specified in Schedule C.
- 2.47 “Formula” has the meaning set forth in Schedule B.
- 2.48 “Freeze Requirements” means the requirements that may not be changed unless written permission for any requested change is obtained from USCC.
- 2.49 “FTE” means Full Time Equivalent.
- 2.50 “General Support Services” has the meaning set forth in an applicable Managed Services Statement of Work.
- 2.51 “Hot Fix” means source code and/or data/configuration change(s) in TOPS and/or DP applied to an environment.
- 2.52 “Industry Standard” has the meaning set forth in Section 4 of Exhibit G to the Agreement.
- 2.53 “Inflight Documentation Request” has the meaning set forth in Section 8.2(e)(i) of the MSOWMS.
- 2.54 “Internal Purposes” means all internal purposes including testing, development, and processing on multiple workstations and at multiple sites. Internal Purposes of USCC also includes the provisions of data processing services to current and future USCC Affiliates.
- 2.55 “Issue Management” means the function that tracks and manages production issues with oversight of the issue management process.
- 2.56 “Key Performance Indicator” or “KPI” has the meaning set forth in Schedule B.
- 2.57 “Key Persons” has the meaning set forth in Section 3.1 of the MSOWMS.
- 2.58 “Level 1 Dispute” has the meaning set forth in Schedule D.
- 2.59 “Level 2 Dispute” has the meaning set forth in Schedule D.
- 2.60 “Level 3 Dispute” has the meaning set forth in Schedule D.
- 2.61 “Level 4 Dispute” has the meaning set forth in Schedule D.
- 2.62 “License Orders” are the License Orders entered into between Provider and USCC under and pursuant to the terms of the SLMA, as such License Orders may be amended from time to time.



2.63 "Maintenance Orders" means the Maintenance Orders entered into between Provider and USCC under and pursuant to the terms of the SLMA, as such Maintenance Orders may be amended from time to time.

- 2.64 “Managed Services” means those Services provided by Provider under the terms of the MSOWMS or any Managed Services Statement of Work entered into by the parties pursuant to the terms of the MSOWMS. For the avoidance of doubt, all Managed Services shall be Services under the terms of the Agreement. For further avoidance of doubt, any reference to “Services” in the MSOWMS or any Managed Services Statement of Work shall be a reference to “Managed Services” and not to other Services that may be provided by Provider pursuant to any Statement of Work under the Agreement other than the MSOWMS or a Managed Services Statement of Work under the MSOWMS.
- 2.65 “Managed Services Statement of Work” or “MSSOW” has the meaning set forth in Section 1.1 of the MSOWMS.
- 2.66 “Mass Order” means two or more orders submitted together to execute generally similar requests.
- 2.67 “Master Statement of Work for Managed Services” or “MSOWMS” means the document to which this Appendix A is attached, including all attachments, Appendices, Exhibits, and Schedules thereto.
- 2.68 “Measurement Period” has the meaning set forth in Schedule B.
- 2.69 “MSOWMS Effective Date” has the meaning specified in the introduction to the MSOWMS.
- 2.70 “MSSOW1” means that certain 2019 Managed Services Statement of Work No. 1 dated as of October 1, 2019 (as may be amended from time to time) between USCC and Consultant and entered into pursuant to and under the terms of the MSOWMS.
- 2.71 “Non-Satisfied Exit Criteria” has the meaning set forth in Section 5.2 of Schedule A to the MSOWMS.
- 2.72 “Non-Satisfied Notice” has the meaning set forth in Section 5.2 of Schedule A to the MSOWMS.
- 2.73 “Notice of Non-Receipt” has the meaning set forth in Section 5.3 of Schedule A to the MSOWMS.
- 2.74 “Ongoing Tools” has the meaning set forth in Section 8.2(a) of the MSOWMS.
- 2.75 “Order Management System” or “OMS” means, as the context requires: (a) the module of Amdocs Customer Management previously known as “Amdocs Ordering” that is licensed by Amdocs to USCC in accordance with the License Orders (as may be modified by Amdocs pursuant to the Maintenance Orders); (b) the interconnected grouping of manual and electronic processes within TOPS that utilize and/or are built around such module; and/or (c) the functional area (including personnel resources) that manages the service order lifecycle and helps fulfill complex and bundled orders by ensuring that the proper sequence of related interdependent tasks is successfully completed.
- 2.76 “Pass-Through Charges” has the meaning set forth in Section 1.4 of Schedule C.
- 2.77 “Pending Exit Criteria” has the meaning set forth in Section 5.4 of Schedule A to the MSOWMS.
- 2.78 “Performance Requirements” has the meaning set forth in Schedule B.
- 2.79 “Person” means any natural person, corporation, limited liability company, limited liability partnership, general partnership, limited partnership, trust, association, governmental organization or agency, or other legal person or legally constituted entity of any kind.
- 2.80 “Post-Assumption Plan” has the meaning set forth in Section 5.4 of Schedule A to the MSOWMS.
- 2.81 “Product Tools” are those Ongoing Tools identified as “Product Tools” in an attachment to an MSSOW.
- 2.82 “Production Environment” means the hardware, middleware and operating system software that is utilized in order to make commercial use of TOPS and/or DXP in connection with the provision of services, billing for such services and customer care and relationship management for USCC’s customers.
- 2.83 “Proposal” has the meaning set forth in Appendix F.
- 2.84 “Provider Disaster Recovery Plan” or “P/DRP” has the meaning set forth in Schedule E.
- 2.85 “Provider Personnel” means employees, representatives, contractors, Subcontractors, and agents of Provider and its Subcontractors.

2.86 "Provider Service Locations" are those Service Locations of Provider identified as "Provider Service Locations" in Schedule F of the MSOWMS or an attachment to an MSSOW.

- 2.87 “Remedy” means the BMC software incident management tool implemented and used by USCC to create, log, route and escalate support tickets.
- 2.88 “Remedy Ticket” means an incident ticket within Remedy.
- 2.89 “Resource Unit” means the unit of Services which is attributable to a specified Resource Unit Rate. For example, if a Resource Unit Rate exists and is defined as being charged “per FTE hour” the Resource Unit applicable to such Resource Unit Rate will be one (1) FTE hour.
- 2.90 “Resource Unit Rate” means the Service Fees chargeable by Provider to USCC for one Resource Unit.
- 2.91 “Request” has the meaning set forth in Appendix F.
- 2.92 “Required Consents” means the consents (if any) required to be obtained: (i) to assign or transfer to Provider USCC licensed Third-Party Software, Third-Party Contracts or Equipment Leases (including related warranties); (ii) to grant Provider the right to use and/or access the USCC licensed Third-Party Software in connection with providing the Services; (iii) to grant USCC and its Affiliates the right to use and/or access the software owned by Provider, Third-Party Software and Equipment acquired, operated, supported, used, or required to be used by Provider in connection with providing the Services; (iv) to assign or transfer to USCC, its Affiliates or their designee(s) any Covered Work Product, (v) to assign or transfer to USCC, its Affiliates or their designee(s) Provider owned software, Third-Party Software, Third-Party Contracts, Equipment Leases or other rights following the Term to the extent provided in the MSOWMS; and (vi) all other consents required from third parties in connection with Provider’s provision of the Services or performance of its obligations hereunder.
- 2.93 “Revenue Assurance” means the function that is responsible for issues related to billing and revenue collection.
- 2.94 “RTO” means Recovery Time Objective.
- 2.95 “RVR” means Revenue Variance Report.
- 2.96 “Satisfied Notice” has the meaning set forth in Section 5.2 of Schedule A to the MSOWMS.
- 2.97 “Service Fees” has the meaning set forth in Schedule C.
- 2.98 “Service Level” or “SLA” means the specific performance metrics measuring the quality, efficiency or other metric regarding Provider’s performance of the Services, as set forth in Schedule B to the MSOWMS.
- 2.99 “Service Level Components” has the meaning set forth in Schedule B.
- 2.100 “Service Level Credit” has the meaning set forth in Schedule B.
- 2.101 “Service Level Default” has the meaning set forth in Schedule B.
- 2.102 “Service Level Measurement” has the meaning set forth in Schedule B.
- 2.103 “Service Level Target” has the meaning set forth in Schedule B.
- 2.104 “Service Location” shall mean an approved location from which Provider may provide Services as identified in a Schedule to the MSOWMS or in an applicable MSSOW.
- 2.105 “Service Tools” are those Ongoing Tools identified as “Service Tools” in an attachment to an MSSOW.
- 2.106 “Services” means all the services to be provided by Provider hereunder.
- 2.107 “SLMA” or “Software License and Maintenance Agreement” means the August 17, 2010 Software License and Maintenance Agreement by and between USCC Services, LLC (successor-in-interest to United States Cellular Corporation) and Amdocs Tethys Limited (successor-in-interest to Amdocs Software Systems Limited).
- 2.108 “SME Change” has the meaning set forth in Section 3.1(g) of the MSOWMS.
- 2.109 “Subcontractor” means each Affiliate of Provider and each third party with which Provider or another subcontractor of Provider (of any tier) has entered into a contract to perform for Provider in connection with Provider’s delivery of Services under the MSOWMS or any Managed Services Statement of Work.



- 2.110 “System” means an interconnected grouping of manual or electronic processes, including Equipment, software and associated attachments, features, accessories, peripherals and cabling, and all additions, modifications, substitutions, upgrades or enhancements to such System, to the extent a Party has financial or operational responsibility for such System or System components hereunder. System shall include all Systems in use or required to be used as of the Commencement Date, all additions, modifications, substitutions, upgrades or enhancements to such Systems and all Systems installed or developed by or for USCC, its Affiliates or Provider following the Commencement Date.
- 2.111 “Suite” means the Amdocs proprietary software products and modules that are licensed by Amdocs to USCC in accordance with License Order No. 1, License Order No. 2, License Order No. 3, and any subsequent License Order as defined in and pursuant to the SLMA) between USCC and Consultant (collectively the “USCC License Orders”), together with the MicroTelecom proprietary software products licensed by Amdocs to USCC in accordance with the USCC License Orders all as amended from time to time. For clarification, the Suite does not include Consultant’s Bridgewater affiliate’s AAA (authentication, authorization, and accounting) products or the Service Control Platform (SCP/ NBU).
- 2.112 “Termination Assistance Commencement Date” has the meaning set forth in Section 11.5(b) of the MSOWMS.
- 2.113 “Termination Assistance Period” has the meaning set forth in Section 11.5(b) of the MSOWMS.
- 2.114 “Termination Assistance Services” has the meaning set forth in Section 11.5(a) of the MSOWMS.
- 2.115 “Third-Party Contractor” means a third party engaged on an outsourcing or similar basis to provide services to the engaging party.
- 2.116 “Third-Party Contracts” means all agreements between third parties and USCC that are relevant to the Services.
- 2.117 “Third-Party Materials” has the meaning specified in Section 8.1 of the MSOWMS.
- 2.118 “Third-Party Software” means all computer software licensed by either USCC or Provider in connection with the Services and Deliverables from parties not affiliated with USCC or Provider.
- 2.119 “TOPS” means (a) the Suite, excluding any Software licensed under the License Order that is a component of the Digital Platform (including the Software licensed under Sections 2.1(b), 2.1(c) and Section 2.1(d) of the Amended And Restated License Order No. 2); (b) Configurations to the Suite; (c) Customizations to the Suite, and (d) interfaces to and from the aforementioned components, including, but not limited to, integrations with USCC’s legacy systems and third-party providers (such as USCC’s print vendor, payment processors, commissions, collections and financial systems), in each case of (b), (c) and (d) giving effect to the exclusion in (a), in accordance with interface design documents agreed upon by the parties.
- 2.120 “Transition Fees” has the meaning set forth in Schedule C.
- 2.121 “Transition Milestone” means any activity or Deliverable required to be completed pursuant to the Transition Plan for which a date or time for completion is specified.
- 2.122 “Transition Plan” has the meaning set forth in Schedule A to the MSOWMS.
- 2.123 “Transition Services” has the meaning set forth in Section 2.3 of the MSOWMS.
- 2.124 “Transitioned Employees” means USCC employees whose roles with USCC are eliminated as a result of USCC entering into the MSOWMS or a Managed Services Statement of Work thereunder and who are hired by or transitioned to Provider pursuant to the terms of an applicable MSSOW.
- 2.125 “Usage Acquisition” means the function of acquiring, formatting and rating/rerating usage records.
- 2.126 “USCC Competitor” means those Persons listed on Appendix B.
- 2.127 “USCC Data” shall mean, in or on any media or form of any kind: (a) all data or summarized data related to USCC, and all data indexing such data, including data that is in USCC’s databases or otherwise in USCC’s possession on the Commencement Date or at any time from such date through the last day of the Term; and (b) all other USCC records, data, files, input materials, processed data, reports and forms that may be received, computed, developed, used, or stored by Provider, or by any of Provider’s Subcontractors, for USCC in the performance of the Services.
- 2.128 “USCC Facilities” has the meaning specified in Section 5.3 of MSOWMS.
- 2.129 “USCC Functions” has the meaning specified in Section 5.1 of MSOWMS.



- 2.130 "USCC Personnel" means employees, representatives, subcontractors, and agents of USCC and its subcontractors.
- 2.131 "USCC Service Locations" are those Service Locations of USCC identified as "USCC Service Locations" in Schedule F of the MSOWMS or an attachment to an MSSOW.
- 2.132 "USCC Termination for Cause" has the meaning set forth in Section 11.2(a) of the MSOWMS.
- 2.133 "WARN Act" has the meaning set forth in Section 3.2 of the MSOWMS.
- 2.134 "Weighting Factor" has the meaning set forth in Schedule B.
- 2.135 "Web Evolution Solution", "WE Solution", "Digital Experience Platform", or "DXP" means the solution consisting of software (and documentation) developed, configured, implemented, and integrated as applicable under the WE SOW, as well as additional Configurations, Customizations, interfaces, AEM, Adobe Target and other third-party software and integrations made thereto from time to time under this SOW or other written agreement signed by the parties.
- 2.136 "WE Project SOW" or "WE SOW" means that certain Web Evolution Project Statement of Work, dated June 18, 2018, as supplemented or amended, with respect to which Amdocs developed and deployed the Web Evolution Solution.
- 2.137 "WE Supplement", means that certain Supplemental Statement of Work for the Web Evolution Solution (Number CW2519484) entered into between the parties and dated as of January 15, 2019.
- 2.138 "Work Product" means tangible and intangible work product, ideas, concepts, know-how and information and the writings in which any of the same are fixed (including, without limitation, all reports, computer software systems, routines, data models, technical data, processes, designs, code and documentation and systems, concepts and business information) and all proprietary rights (including, without limitation, rights under patent, copyright, trade secret and other similar laws) therein.



**APPENDIX B**  
**USCC Competitors**

For purposes of the MSOWMS, "USCC Competitors" are the following companies (including their operating affiliates, successors and assigns):

1. AT&T Mobility LLC
2. Cellco Partnership (Verizon Wireless)
3. Sprint Communications, Inc.
4. T-Mobile International AG

On an annual basis, USCC may submit to Amdocs in writing updates to the foregoing list which shall be deemed to be incorporated herein upon Amdocs' written approval, which will not be unreasonably withheld.

The below is a list that briefly describes the omitted appendixes and schedules from the 2019 Master Statement of Work for Managed Services. These appendixes and schedules have been redacted in their entirety and omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. All capitalized terms in this index shall have the same meaning ascribed to them as in the 2019 Master Statement of Work for Managed Services and/or their respective appendixes and schedules.

### Index of Appendixes and Schedules

Appendix C	USCC Policies - Summarizes various formal policies of USCC including, without limitation, information security, access control, change management, system security, production support, regulatory compliance and onboarding requirements.
Appendix D	Reserved
Appendix E	Reserved
Appendix F	Change Control - Contains the procedures for considering and approving changes to an MS Bundle requested by either USCC or Amdocs.
Appendix G	Form of Acknowledgement of Nondisclosure Obligations - Form agreement acknowledging signatory's responsibility to keep certain USCC information confidential.
Schedule A	Transition Services - Contains the procedures and processes for Amdocs' delivery of Transition Services.
Schedule B	Performance Requirements (SLAs and KPIs) - Describes provisions with respect to Amdocs' performance against the Service Levels and Key Performance Indicators set forth in a Managed Services Statement of Work.
Schedule C	Charges and Invoicing - Describes the methodologies that will be used to calculate the charges set forth in each Managed Services Statement of Work and measure and track the Services described in each Managed Services Statement of Work in order to calculate accurate Fees that comprise the fixed and variable charges.
Attachment C-1 to Schedule C	Form of Provider's Invoices - Form of invoice to be issued by Amdocs.
Schedule D	Governance - Contains operational governance processes and procedures for the parties to jointly manage and monitor operational results.
Schedule E	Disaster Recovery and Business Continuity - Outlines the Services Amdocs will perform with respect to the USCC Disaster Recovery Plan and Amdocs' responsibilities for developing and implementing plans to respond to Amdocs Disastrous Incidents.
Schedule F	Service Locations - Specifies the addresses of USCC's and Amdocs' offices where Provider will perform Services.

CERTAIN IDENTIFIED INFORMATION WITH “[\*\*\*]” HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED

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**2019 MANAGED SERVICES STATEMENT OF WORK  
NO. 1 (“MSSOW”)**

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between

**USCC Services, LLC (“USCC”)**

and

**Amdocs Tethys Limited**

Effective as of October 1, 2019

## 2019 Managed Services Statement of Work

(CW2546107)

### No. 1

This 2019 Managed Services Statement of Work No. 1 (this "MSSOW") is made and entered into as of the date of last signature of the parties, to be effective as of October 1, 2019, and is entered into pursuant to and under the terms of that certain 2019 Master Statement of Work for Managed Services ("MSOWMS") between USCC Services, LLC ("USCC") and Amdocs Tethys Limited ("Amdocs," "Consultant" or "Provider"). All terms and conditions of the MSOWMS shall apply to this MSSOW, provided that in the event of a conflict between the terms of the MSOWMS and this MSSOW, this MSSOW shall control except with respect to Section 2.1(b) of the MSOWMS.

#### WITNESSETH:

**WHEREAS**, USCC and Amdocs Software Systems Limited, an Affiliate of Consultant, were the initial parties to that certain Managed Services Statement of Work No. 1, dated as of October 01, 2014 (the "Original MSSOW1 Effective Date"), as amended (collectively, the "Original MSSOW1"); and

**WHEREAS**, Consultant is the successor in interest under the Original MSSOW1 to Amdocs Software Systems Limited; and

**WHEREAS**, a portion of the Services provided by Consultant under the Original MSSOW1 includes the Services identified in Section 2 below with respect to TOPS hosted in USCC's environments; and

**WHEREAS**, another portion of the Services provided by Consultant under the Original MSSOW1 includes WE Hosting and Operations Services (as defined in Section 13 below) that commenced on July 1, 2019; and

**WHEREAS**, the parties hereto desire to terminate the Original MSSOW1 on October 1, 2019 but continue the relationship embodied in the Original MSSOW1 beyond such date while making certain modifications to the terms and conditions under which the parties will continue their relationship pursuant to this MSSOW.

#### **EFFECTIVE DATE AND EFFECT OF THIS MSSOW.**

The Original MSSOW1 shall terminate and simultaneously this MSSOW shall be effective as of October 1, 2019 at 12:00:01 a.m. Central Time (the "Effective Date"). The parties agree that (i) the terms and conditions of the Original MSSOW1 govern the rights and obligations of the parties arising under the Original MSSOW1 prior to the Effective Date and (ii) the terms and conditions of this MSSOW will govern the rights and obligations of the parties arising under this MSSOW on or after the Effective Date. The Term/Termination provisions with respect to the WE Hosting and Operations Services under this MSSOW are set forth in Section 13 below, and the Term/Termination provisions with respect to other Services under this MSSOW are set forth in Section 3 below.

#### **1. Services**

- 1.1 Provider shall perform the tasks and activities as described herein inclusive of Appendices and attachments to this MSSOW (all collectively referred herein as the "Services").
- 1.2 The Services with respect to TOPS hosted in USCC's environments are set forth in Sections 2 through 12 and the following Appendices:

- Appendix 1 - USCC and Amdocs Responsibilities for Non-Production Environments
- Appendix 2 - Non-Production Environments
- Appendix 3 - Examples of Capacity Planning Reports
- Appendix 4 - Infrastructure Environment Tasks
- Appendix 5 - Operational Processes
- Appendix 6 - Scope of Nightly Sanity Testing
- Appendix 7 - Change Impact Analysis Requirements
- Appendix 8 - Monitoring
- Appendix 9 - Tools (Including Self-Service Tools)
- Appendix 10 - Service Fees
- Appendix 10.1 - Financial Responsibility Matrix
- Appendix 10.2 - Termination Fees
- Appendix 10.3 - Envelope Parameters



- Appendix 11 - Governance
- Appendix 12 - Disaster Recovery and Business Continuity
- Appendix 13 - Service Languages/Locations
- Appendix 14 - Termination Assistance
- Appendix 15 - Deliverables
- Appendix 16 - Repurchase of Services After Termination For Cause
- Appendix 17 - Other Obligations
- Appendix 18 - Performance Requirements (SLAs and KPIs), as applicable

1.3 The DXP Hosting and Operations Services are set forth in Section 13 of this MSSOW and the Appendices listed immediately below and additionally include those provisions (and the related Appendices) that are referred to in Section 13.18:

- Appendix 18 - Performance Requirements (SLAs and KPIs), as applicable
- Appendix 19 - DXP Hosting and Operations Services, Definitions and Roles and Responsibilities
- Appendix 20 - System and Network Architecture
- Appendix 21 - DXP Hosting and Operation Services - Envelope Parameters
- Appendix 22 - Oracle Licenses
- Appendix 23 - Adobe Terms

## 2. Scope of Services for TOPS

2.1 The Services to be provided hereunder with respect to TOPS consist of the following four major functional areas (each a "Service Tower"):

2.1.1 Tier 2 Front-End and Back-End (as described in Section 6 of this MSSOW)

2.1.2 Tier 3/Tier 4 Support (as described in Section 7 of this MSSOW)

2.1.3 Billing Operations (as described in Section 8 of this MSSOW)

2.1.4 Infrastructure Support (as described in Section 9 of this MSSOW)

2.2 In addition, as part of the Services, Provider shall assign a Customer Operations Manager (the "COM") to oversee the Service Towers and to be USCC's main focal point for any questions and/or issues related to the Service Towers. The COM's role is further described in Section 10 of this MSSOW.

2.3 In performing the Services, Provider shall comply with all of USCC's Policies (as specified in Appendix C to the MSOWMS).

2.4 Provider Personnel shall be available on a [\*\*\*] per day basis as required to perform the Services in adherence with the SLAs and KPIs identified in Schedule B to the MSOWMS. Provider shall monitor Provider's performance relative to the SLAs and KPIs and provide to USCC reports indicating Provider's performance against the SLAs and KPIs (including exception details) as described in Schedule B to the MSOWMS.

2.5 Twice each calendar year, Provider will export into USCC's SharePoint, or other system reasonably designated by USCC, the USCC-specific data from Provider's knowledge base for each of the Service Towers.

2.6 In connection with the performance of the Services hereunder, Provider will cooperate with USCC Third-Party Contractors whose systems or applications interface with TOPS with respect to such interfaces. Provider communications with USCC Third-Party Contractors will follow USCC-provided procedures, processes and guidelines including escalation requirements. Provider will communicate directly with such third parties, except for those specific third parties identified by USCC as ones with whom USCC retains the communication interface for some period of time. USCC expects to phase in certain third-party communication interfaces with Provider over time to minimize transition risk. At any time and from time to time, USCC may modify the status of the communication interface with any third party. Until such time as USCC may transition each communications interface to Provider, Provider will communicate with USCC with respect to such third parties with whom USCC has retained the communication interface. In all cases (regardless of whether Provider communicates directly with such third parties or USCC requires Provider to communicate indirectly with such third parties through USCC as set forth herein), Provider will work with such third parties in accordance with USCC-specified procedures, processes and guidelines to timely and cooperatively investigate and resolve any inbound or outbound file transfer or other interoperability Issues, Incidents or Problems. Provider will escalate to USCC any issues related to cooperation or communication between Provider and any USCC Third-Party Contractor, but in no event will Provider be responsible for the performance of any USCC Third-Party Contractor.



- 2.7 Provider will deliver the Deliverables identified in Appendix 15 to this MSSOW. With respect to Deliverables identified as “Reports” in such Appendix:
- a. The number, name, frequency and nature of such Deliverables can be reduced, modified, increased and/or substituted at any time upon the parties’ written agreement at a USCC senior manager level or above and at a Consultant manager level or above.
  - b. For each Deliverable that is added to such Appendix after the Effective Date, Amdocs shall submit to USCC a template for such Deliverable, and USCC shall have [\*\*\*] days after receipt of such template to Accept such template or to provide to Amdocs revisions to such template, and Amdocs shall revise such template accordingly until Accepted by USCC acting reasonably. For the avoidance of doubt, Amdocs shall be obligated to deliver each such Deliverable only after its respective template is Accepted by USCC.
  - c. Recurring versions of such Deliverables for which the applicable template has been Accepted or deemed Accepted under clause (b) in this Section shall not be subject to Acceptance by USCC; provided that if USCC identifies any errors or other Issues or problems with such Deliverables, the correction of such errors or other Issues shall be subject to the Incident Management process set forth in Appendix C to the MSOWMS.
  - d. Except as otherwise provided in this MSSOW, the parties shall comply with the disaster recovery plan referenced in Appendix 12.

### 3. Term/Termination.

- 3.1 The term of this MSSOW shall begin on the Effective Date and shall end on September 30, 2024, unless terminated earlier in accordance with its terms (the “Initial Term”). If not earlier terminated, this MSSOW shall be automatically renewed for up to six (6) annual renewal periods of one year each (each, a “Renewal Term”) unless on or before April 1, 2024, or April 1 of the then current Renewal Term, USCC notifies Consultant in writing of USCC’s intent not to so renew this MSSOW, in which case this MSSOW will expire at the end of the Initial Term or then-current Renewal Term, as applicable. Except to the extent set forth in this MSSOW, the terms and conditions during each such Renewal Term shall be the same as those applicable in the Initial Term or the immediately preceding Renewal Term, as applicable. The Initial term and all Renewal Terms are collectively referred to herein as the “Term”.
- 3.2 The parties’ rights to terminate this MSSOW prior to the Expiration Date include those set forth in Section 11 of the MSOWMS. With respect to Section 11.2(b) of the MSOWMS, USCC shall have the right to terminate for convenience the MS Bundle of which this MSSOW is a part effective on or after September 30, 2022, by (a) providing written notice to Provider at least 90 days prior to the effective date of such termination specified in such written notice; and (b) paying to Provider the termination fee therefor set forth in Appendix 10.2 to this MSSOW which fee shall be billed by Provider to USCC on the effective date of termination. For purpose of clarification, USCC shall not have the right to terminate this MSSOW or the MS Bundle of which it forms a part for convenience effective prior to September 30, 2022.

### 4. Definitions

As used in this MSSOW, the following capitalized terms shall have the meanings indicated. Definitions for additional capitalized terms used with respect to DXP are set forth in Appendix 19 of this MSSOW.

- 4.1 “Configuration” means the capability achieved through configuration of parameters or functionality based on capabilities inherent in the existing code.
- 4.2 “Contract Year” means one of the consecutive 12-month periods during the Term (as defined in Section 3.1), starting on the Effective Date or on any anniversary thereof.
- 4.3 “Customization” means the capability achieved by performing changes to existing code (e.g., via Java, C++) (including adding new code) using standard product toolkits.
- 4.4 “Defect” means (A) with respect to the UDP Solution, a material deviation between the UDP Solution and the UDP Specifications; and (B) with respect to TOPS and/or DXP, a material deviation from the TOPS Specifications and/or DXP Specifications, as applicable.



- 4.4.1 For the purpose of this Section 4.4, "TOPS Specifications" mean:
- a) The applicable specifications with the respect to TOPS set forth in the following documentation: (i) Annex O to the Statement of Work dated August 17, 2010 and amended as of July 6, 2011 (the "R1 SOW"); (ii) High Level Design ("HLD") documents delivered under the R1 SOW; (iii) Interface Design Documents and final Impact Assessment documents associated with approved Projects and CRs in each case delivered by Amdocs and approved by USCC in connection with Statements of Work entered into at any time under the Agreement, including any amendments thereto, any PCRs thereunder and any Work Authorizations related thereto, including for the avoidance of doubt any such documents prepared under the Dev SOW including the Change Request Procedures set forth in Exhibit I to the Dev SOW, as those documents are defined in such Statements of Work;
  - b) Documentation of Defect fixes with respect to TOPS recorded in QC tickets associated with Defects (as defined in the Original MSSOW1) opened prior to the Effective Date; and
  - c) HLDs for Defect fix bundles delivered by Consultant (in an agreed-upon template) and approved by USCC as part of the Change Control Procedures as defined in Appendix F to the MSOWMS for Defects with respect to TOPS and opened after the Effective Date.
- 4.4.2 For the purpose of this Section 4.4, "DXP Specifications" mean:
- a) The applicable specifications with respect to the DXP referenced in the following documentation: (i) the WE SOW and the WE Supplement; (ii) Interface Design Documents and final Impact Assessment documents associated with approved Projects and CRs in each case delivered by Amdocs and approved by USCC in connection with Statements of Work entered into at any time under the Agreement, including any amendments thereto, any PCRs thereunder and any Work Authorizations related thereto, including for the avoidance of doubt any such documents prepared under the Dev SOW including the Change Request Procedures set forth in Exhibit I to the Dev SOW, as those documents are defined in such Statements of Work;
  - b) Documentation of WE Defect fixes (as defined in the WE SOW) with respect to the DXP recorded in QC tickets associated with WE Defects opened prior to the Effective Date; and
  - c) HLDs for WE Defect fix bundles delivered by Consultant (in an agreed-upon template) and approved by USCC as part of the Change Control Procedures as defined in Appendix F to the MSOWMS for Defects with respect to DXP and opened after the Effective Date.
- 4.4.3 For the purpose of this Section 4, "UDP Specifications" mean:
- a) UDP IA (as defined in Section 3.1.4 of Exhibit C to the Dev SOW); and
  - b) Documents associated with approved Projects and CRs in each case delivered by Amdocs and approved by USCC in connection with the Dev SOW.
- 4.4.4 In the event of a conflict between the different TOPS Specifications documents and/or DXP Specifications documents or between the different UDP Specifications documents, the applicable specifications contained in the document most recently created and agreed upon by the parties shall take precedence.
- 4.5 "Dev SOW" means that certain 2019 Development Statement of Work being entered into by the parties commensurate with this MSSOW.
- 4.6 "Dynamic Content" means (i) content that resides in DXP, other than Static Content, that is integrated with other data elements existing within DXP, or (ii) content that resides outside DXP that is integrated with DXP content.
- 4.7 "End-to-End" means (a) with respect to the Production Environment and TOPS training environment, all of the associated hardware, software, resources, services, processes and transactions; or (b) with respect to a process, all of the subprocesses and activities and the sequence required to accomplish the goals of the process from the initiation of the process through to completion of the process.
- 4.8 "Environment Owner" means the USCC personnel responsible for maintaining the relevant environment.
- 4.9 "Incident" means an unplanned interruption or failure of TOPS functionality (in whole or in part) or a degradation in the performance of TOPS or conditions that indicate that such unplanned interruption, failure or performance degradation is likely to occur.



- 4.10 "Incident Record" or "Incident Ticket" means a record containing the details of an Incident as such record is updated to document the actions taken as part of the End-to-End resolution process.
- 4.11 "Issue" means a concern raised by one or more USCC Personnel or Provider Personnel.
- 4.12 "MSSOW2" means that certain 2019 Managed Services Statement of Work No. 2 being entered into by the parties commensurate with this MSSOW.
- 4.13 "Off-Cycle Release" means a bundle of Scope Items that contains new functionality and/or enhancements to TOPS and/or DXP that are developed within one or more PIs (as defined in Section 1.42 of the Dev SOW) and (i) are candidates to be deployed outside of a Major Release, (ii) can be deployed within one or more Daily Maintenance Windows (as defined in Section 2.27 of Exhibit A of the MSOWMS), (iii) shall not have an impact on the Service Level Agreements set forth in Appendix 18 to this MSSOW, and (iv) will not include any of the following: (a) database structure changes, (b) large data update scripting, (c) a requirement for bill validation testing, (d) a requirement for revenue recognition testing, (e) a requirement for Performance Testing (as defined in MSSOW2), or (f) a requirement for full Regression Testing (as defined in MSSOW2).
- 4.14 "Problem" means the cause of one or more Incidents which may be uncovered through investigation, root cause identification, and other actions that occur as part of the Problem Management Process.
- 4.15 "Problem Record" means a record containing the details of a Problem as such record is updated to document the actions taken as part of the End-to-End resolution process.
- 4.16 "Release" means a bundle of Projects and/or CRs (all as defined in Section 2.1 of the Dev SOW) that are delivered and deployed to production as part of an updated comprehensive code build of TOPS and/or DXP. A Release will be designated by USCC as either a "Major Release" or an Off-Cycle Release.
- 4.17 "Ticket Management" means management of the overall lifecycle of an Incident Ticket including triaging, providing status updates, escalating (as needed), providing workarounds and tracking root cause resolutions.

## **5. Privacy, Data Security and Regulatory Process and Control Requirements**

- 5.1. Provider, while executing the Services, shall comply with the Sarbanes-Oxley Act of 2002 ("SOX"), ISO 27001:2013, as updated prior to the Effective Date, and the then-current version of PCI-DSS.
- 5.2. Provider shall comply with the operational processes listed in Appendix 5 to this MSSOW (each an "Operational Process") while performing the Services. The processes listed in Appendix 5 to this MSSOW include the SOX compliance controls for which Provider is responsible.
- 5.2.1. After the Effective Date, if USCC requires revisions or additions to any of the process mapping flows and controls related to SOX compliance contained in the Operational Processes in order to remain SOX compliant, then USCC shall notify Provider of such required revisions and/or additions (each such notice, a "Requirements Notice"), and the parties shall use all commercially reasonable efforts to complete such revisions and additions within [\*\*\*] days after Provider's receipt of the applicable Requirements Notice (or if not completed within such [\*\*\*]-day period, then as soon as possible thereafter). Subject to the foregoing, if Provider disputes whether such revisions and/or additions are necessary for USCC's SOX compliance, then within ten Business Days after Provider's receipt of the applicable Requirements Notice, Provider shall notify USCC that Provider is disputing whether such revisions and additions are necessary for USCC's SOX compliance, and such notice shall specify Provider's fees (using the manpower rates set forth in Schedule C of the MSOWMS) to complete such revisions and additions as well as Provider's intention to seek payment therefor from USCC. Such dispute shall be subject to the informal dispute resolution process set forth in Section 2 of Schedule D to the MSOWMS; provided, however, that solely for such purpose, the last sentence of Section 2.2(b)(iv) of Schedule D to the MSOWMS shall be deemed to be replaced with the following:

5.2.2. If, after any such resolution of a Level 4 Dispute by USCC's Vice President of Information Technology, Provider notifies USCC that the Dispute is not resolved to Provider's satisfaction, then within [\*\*\*] Business Days after such written notice, such Dispute shall be submitted to arbitration in accordance with the terms and conditions set forth in Section 11.17(b) of the Agreement, except that (A) such arbitration shall be conducted by the arbitrator agreed upon by the parties pursuant to Section 3.7 of Schedule D to the MSOWMS; (B) the arbitrator shall render a decision regarding the disposition of such Dispute within [\*\*\*] Business Days after such Dispute is submitted to arbitration, during which time the parties shall have the opportunity to present their positions to the arbitrator who shall take into consideration: (I) USCC's past compliance experience (whether unique to USCC or otherwise) as well as advice received by USCC from its independent and internal auditors and other relevant subject matter experts, and (II) solely to the extent that Provider can demonstrate that Provider presented the following to USCC in writing prior to USCC submitting such Dispute to arbitration: alternative methods to achieve compliance other than those contained in the Requirements Notice as well as advice received by Provider from Provider's independent and internal auditors and other relevant subject matter experts; and (C) the arbitrator shall also determine whether Provider failed to act reasonably in contesting such resolution by USCC's Vice President of Information Technology and whether USCC's Vice President of Information Technology acted reasonably in determining such resolution. If the arbitrator determines that either party failed to act reasonably in contesting or determining such resolution, as applicable, then the party determined to have acted unreasonably shall bear the entire cost of the arbitration including, without limitation, the other party's reasonable attorneys' fees and expenses.

5.2.3. For the avoidance of doubt, USCC shall only be required to pay Provider's fees to complete such revisions and additions upon a finding that such revisions and additions were not necessary for USCC's SOX compliance.

5.2.4. [RESERVED]

5.3. Provider will maintain a central repository containing all relevant process and control documentation set forth in Appendix 5 to this MSSOW applicable to Provider in providing the Services. Documents in such repository will serve as the "documents of record" for such processes and controls managed under this MSSOW. Such repository will be a segregated directory accessible only by USCC resources (including impacted business stakeholders) and Provider Personnel with a need to know in connection with the Services. Each party will identify and notify the other party of potential process or control changes in the interaction by Provider with USCC that, to its knowledge, may impact USCC's policies, controls, processes or procedures. Whenever USCC reasonably determines that such a process or control change in the interaction by Provider with USCC is required that may impact USCC's policies, control environment, controls, processes and procedures, USCC shall reasonably determine, in consultation with Provider, the required process or control changes, and within ten days after such determination, Provider shall make the necessary additions or edits to such documentation as reasonably directed by USCC to reflect such process and/or control changes and shall provide the most current versions of such documentation to USCC for review. Within [\*\*\*] days after USCC's receipt of each updated version of the relevant process and controls documentation, USCC will either provide written confirmation to Amdocs that the revised documentation is acceptable or provide to Amdocs in writing the revisions that are required to make such documentation reflect such agreed-upon process and/or control changes. Within [\*\*\*] days after Amdocs' receipt of such revisions, Amdocs shall process such revisions into the documentation and update the repository accordingly. Within [\*\*\*] days after the end of each calendar quarter, Provider shall confirm to USCC in writing that the documentation in the repository is current as of the end of the immediately preceding calendar quarter.

5.3.1. After each calendar quarter, Provider shall participate in SOX management testing conducted by USCC, provided that, if such participation requires more than [\*\*\*] hours of Provider Personnel time in any calendar quarter, Provider shall be entitled to charge USCC for the number of hours in excess of such [\*\*\*] hours at the manpower rates set forth in Section 2.2 of Schedule C to the MSOWMS.

5.3.2. At any time, if USCC is concerned that a process or control for SOX compliance set forth in Appendix 5 to this MSSOW is not in compliance, USCC will provide written notice to Provider that identifies the potential compliance issue and any facts that are available to USCC forming the basis for USCC's concern(s). Within [\*\*\*] days after receipt of such notice, Provider will respond to USCC in writing with any information that Provider may have that is relevant to such compliance issue(s). If, after reviewing Provider's response, USCC determines that the issue(s) has the potential to be significant and therefore merits further investigation, USCC may, upon written notice to Provider at least [\*\*\*] days prior to commencing an audit under this Section 5.3.2, through an independent auditor that is a registered public accounting firm nationally recognized in the United States and qualified to perform a SOX audit ("SOX Auditor"), subject to USCC and such SOX Auditor executing Provider's relevant standard confidentiality/nondisclosure agreements, and at USCC's expense, audit Provider's processes and/or controls related to such potential compliance issue(s). If any such audit reveals any significant issues (or [\*\*\*] or more insignificant issues that taken together become significant) related to such processes and/or controls, then Provider will remediate the non-compliance according to the written remediation recommendation and plan (including the timeline therefor) provided by the SOX Auditor. USCC may, through such auditor, at USCC's expense, perform additional audit procedures in USCC's reasonable discretion to ensure that Provider properly implemented all remediation plan activities.

5.4. **[RESERVED]**

5.5. Administrative Virtual Desktop Infrastructure (“Admin VDI”)

5.5.1. USCC shall procure and make available to Provider the license quantities (the “Initial Quantities”) of the Third-Party Software listed in Appendix 10 to this MSSOW for installation by USCC on (i) USCC’s Admin VDI or another USCC access tool that provides access to TOPS environments for use by Provider Personnel in connection with such Provider Personnel’s access to TOPS environments in performance of the Services in accordance with the MS Bundle, or (ii) a USCC-provided PC. With respect to the alternative USCC access tool referenced in the preceding sentence, if Consultant’s expenses or resource utilization increases as a result of the use of such alternative access tool, Consultant will be entitled to invoice USCC additional fees therefor. USCC shall be responsible for all fees and expenses associated with the Initial Quantities. The procurement of any additional license quantities of such Third Party Software for use by Provider as described in this Section 5.5 (the “Additional Quantities”) is subject to USCC’s approval, provided that USCC hereby approves the Pre-Approved Additional Quantities specified in Appendix 10 to this MSSOW. USCC shall be responsible for all fees and expenses associated with such Additional Quantities of Third-Party Software which are listed as under USCC’s financial responsibility in Table 4 of Appendix 10.1 to this MSSOW and will acquire the Additional Quantities specified under the USCC-required Additional Quantities immediately following the Effective Date. Provider shall be responsible for all fees and expenses associated with such Additional Quantities of Third-Party Software which are listed as under Provider’s financial responsibility in Table 4 of Appendix 10.1 to this MSSOW. Provider shall comply with the applicable licensor’s terms and conditions governing Provider’s use of all such Third-Party Software.

5.5.2. Such access shall require two factor authentication or other security methods designated by USCC, provided that if Consultant’s expenses or resource utilization increases as result of the use of such other access tool, Consultant will be entitled to invoice USCC additional fees therefor.

5.5.3. Except as set forth in Section 5.5.1, all software that Provider may desire to use at its discretion to access directly TOPS in connection with the performance by Provider of the Services in accordance with the MS Bundle is subject to USCC’s prior approval and installation by USCC on the Admin VDI. When seeking such approval from USCC for any such software, Provider shall provide to USCC a copy of the applicable licensor’s terms and conditions that govern installation by USCC on the Admin VDI and Provider’s use of such software. If USCC approves such software, it shall be added to Appendix 10 to this MSSOW. Provider shall pay all fees and expenses associated with such software to the licensor of such software prior to delivery of such software to USCC for installation on the Admin VDI. Provider and USCC shall comply with the applicable licensor’s terms and conditions that govern installation by USCC on the Admin VDI, and Provider shall comply with the applicable licensor’s terms and conditions that govern Provider’s use of such software. For the avoidance of doubt, USCC will not use such software under the licenses obtained by Provider pursuant to this Section; provided that if USCC is required to use such software together with Provider under licenses obtained by Provider pursuant to this Section, then USCC shall comply with the applicable licensor’s terms and conditions that govern USCC’s use of such software.

5.5.4. Each party shall be solely responsible for such party’s acts and omissions in connection with the software listed in Appendix 10 to this MSSOW and associated licenses and the Admin VDI.

5.6. For the avoidance of doubt, in the event that USCC discloses to or otherwise grants Consultant access to USCC Confidential Information in USCC’s Systems (including, without limitation, via virtual private network) in order to perform Services under this MSSOW, but USCC does not deliver such USCC Confidential Information to Consultant, then the requirements set forth in Section 1 of Exhibit G of the Agreement shall not apply to such USCC Confidential Information while in USCC’s Systems.

**6. Tier 2 Front-End and Back-End**

Provider is responsible for managing, performing and communicating activities related to the SLAs and KPIs that are associated with the Tier 2 Front-End and Back-End Service Tower. The detailed activities include the following:

6.1. Tier 2 Service Desk. Provider shall resolve Incidents arising out of or in connection with TOPS as identified in the tickets opened in USCC’s Remedy system. The activities include the following:

- a. Monitor incoming calls from USCC regarding urgent and escalated tickets that require immediate attention per the Ticket Escalation Flow referenced in Appendix 5 to this MSSOW.
- b. Monitor incoming tickets from USCC’s Remedy system in Provider’s “Unified Ticketing System” (“UTS”) for all applications Issues and escalated user-support Issues.
- c. Perform Ticket Management and provide resolution based on known solutions and knowledge base.



- d. Perform initial triage of tickets and route tickets to:
  - (i) Provider's Order to Activation team;
  - (ii) Provider's Tier 3 Support team for all applications-related Issues;
  - (iii) Provider's infrastructure team for all configuration-related Issues; and
  - (iv) USCC's originator of the ticket for any IT-, System-, Network- and Storage-related Issues that are under USCC's responsibility pursuant to Section 9.9.
- e. To the extent that the applicable mass scripts and recurring scripts have been previously approved by USCC through the "IS Change Management Process" as described in Section 3 of Appendix C of the MSOWMS, run known solutions with such mass scripts and recurring scripts. If a new script is required to resolve a ticket, Provider will seek USCC's approval to run such script via the IS Change Management Process.
- f. Enhance knowledge base for Tier 2 by working with Tier 3/Tier 4 Support teams.
- g. Provide USCC with knowledge base updates and known solutions for USCC's Tier 1 knowledge base to enable first-call resolution by USCC's Tier 1.
- h. Manage Incident- and operational status-related communications both internally and with USCC.
- i. Escalate Severity 1 Incidents and Severity 2 Incidents to USCC's Incident Management team.
- j. Create and manage root cause analysis ("RCA") and root cause resolution actions for Severity 1 Incidents and Severity 2 Incidents including (i) coordinating with all relevant Provider teams; and (ii) providing details (including ongoing status updates) to the USCC Problem Management team.
- k. Provide end-to-end management of all Problem Records.
- l. [RESERVED].
- m. Manage USCC customer-level escalations in coordination with USCC Tier 1 Support for rapid service restoration.
- n. Inform USCC about any third-party interface-related Issues (to the extent known to Provider) so that USCC can engage the relevant third party for resolution. If the third party is managed by Provider, Provider will inform USCC and also work with the third party to achieve resolution.
- o. Provide written communication to USCC's Incident Management team regarding system errors encountered by front-line users that are causing repeated fallout and/or multiple tickets, and such communication shall include guidance on the process that should be followed to avoid such errors.
- p. Perform Ticket Management including tickets originated by the following USCC group functions:
  - (i) IS Support Center. The IS Support Center supports the handling of Remedy tickets that do not qualify for handling by any of the other three teams described in this Section 6.1(p) and also handles escalations and Severity classification disputes.
  - (ii) Billing Business Support ("BBS"). The BBS supports the handling of Remedy tickets for business customers/calls regarding billing and/or finance related to TOPS.
  - (iii) Business Escalation Queue ("BEQ"). The BEQ supports handling of Remedy tickets for business customers/calls related to TOPS that do not involve billing and/or finance.
  - (iv) TOPS Escalation Queue ("TEQ"). The TEQ supports handling of Remedy tickets for customers/calls (other than business customers/calls) related to TOPS.
- q. Communication between Tier 2 Support and non IS ticket initiators will be only through the ticket interface unless authorized by USCC's IS department. Any communication outside of specific ticket interaction with business will be handled by USCC.

6.2. Production Management - Data Center Operations. Provider shall perform Production Management with Provider's internal escalations handled by a Shift Manager and situations requiring escalation to USCC management handled by a Production Manager.





- a. **Shift Manager.** The “Shift Manager” manages Provider’s resolution of failed processes and critical Incidents (Severity 1 Incidents, Severity 2 Incidents and other Issues that put Provider’s performance of the Services at risk of Full Service Level Default or Partial Service Level Default (as defined in Schedule B to the MSOWMS)), manages the issuance of alerts from Service Level Dashboard, and obtains updates from other Amdocs and/or USCC teams in cases of Issue evaluations and escalations. The Shift Manager is also responsible for managing the resolution of day-to-day production Incidents and escalating to the Production Manager in cases of critical Incidents as described above. The Shift Manager’s activities include the following:
- (i) Inform Provider Personnel and USCC Personnel that are designated by USCC (such USCC Personnel to include individuals working in the IS organization only) on the initiation and periodic status of Incidents, manage technical conference calls for such Incidents and record status of such Incidents in Provider’s notification system. For Incidents identified by Provider, the Shift Manager will initiate internal conference calls and inform USCC’s Incident Management team who will then initiate the USCC Incident Management process.
  - (ii) Keep USCC informed regarding production Incidents and provide reasonably frequent updates (based upon the type of Incident) via email until the Incident is resolved.
  - (iii) Participate and provide updates on ongoing Incident in the external conference calls initiated by USCC in accordance with the Incident Management process.
  - (iv) Monitor Service Level Dashboard for any alerting situations and take actions as necessary to ensure that USCC has visibility to any such situations that may put Provider’s performance of the Services at risk of Full Service Level Default or Partial Service Level Default.
  - (v) Manage and track changes into the Production Environment via USCC IS Change Management Process and Release Management processes and USCC tools.
  - (vi) Escalate to Production Manager any unresolved Severity 1 Incidents and Severity 2 Incidents.
  - (vii) At the end-of-shift turnover between shifts/sites, send to USCC Provider’s internal Incident summary.
  - (viii) Follow-up on enhanced monitoring of recurring Incidents and other mitigation activities on a day-to-day basis and keep USCC informed thereof.
  - (ix) Oversee all scheduling activities including nightly maintenance bounces and end-of-week and end-of-day activities.
  - (x) Communicate to USCC in a timely manner, either directly or through the Production Manager, any change or variance in plans which create risk or output delay.
  - (xi) Communicate to USCC any change or variance in operations that created Issues or did not follow defined procedures.
  - (xii) Maintain production run books, internal/external escalation contact details, and emergency procedures.
- b. **Production Manager.** The “Production Manager” is accountable for TOPS Production Operations and is responsible for managing all critical Incident escalations from the Shift Manager including Severity 1 Incidents and Severity 2 Incidents as well as any Issues that could put Provider’s performance of the Services at risk of Full Service Level Default or Partial Service Level Default and overall monitoring of the Services. The activities include the following:
- (i) Manage communications between internal Provider teams and with USCC IS teams regarding critical Incident escalations from the Shift Manager including Severity 1 Incidents and Severity 2 Incidents as well as any Issues that could put Provider’s performance of the Services at risk of Full Service Level Default or Partial Service Level Default.
  - (ii) Join conference calls initiated by Provider or USCC in order to address the resolution of an Incident so that Provider may provide its plan to restore TOPS functionality impacted by Incidents and to provide to USCC a description of the issue, impact, and actions being taken by Provider with respect to the Incident as well as requesting any information and/or action from USCC that Provider deems reasonably necessary. Provider will drive resolution of the issues identified on the conference call. If, however, an Issue is identified as outside of Provider’s scope, then USCC will drive resolution of such Issue, and Provider (A) will remain on the conference call until reasonably released by USCC, (B) will participate in technical resolution, and (C) will provide to USCC all relevant data upon which Provider reached that determination.



- (iii) Provide reasonably complete information to USCC on all production Incidents via direct contact with the USCC Incident Manager and via email to USCC IS leaders.
- (iv) Provide to USCC periodic updates (hourly, daily, weekly or as otherwise reasonably specified by USCC) until the Incident is resolved.
- (v) Engage the COM and other management team members for critical Incidents as per Provider's escalation guidelines.
- (vi) Follow up on and manage recurring production Incidents.
- (vii) Escalate and coordinate resolution of at-risk or missed SLAs and KPIs.
- (viii) Serve as one of the key participants in build and implementation activities for releases of TOPS.
- (ix) Manage end-of-shift turnover between shifts at Provider's sites.

6.3. Application Support. Provider is responsible for managing all tickets requiring additional investigation after the tickets have been vetted by Provider's Tier 2 Support group. This responsibility includes identifying and routing Defects for resolution by Tier 3/Tier 4 Support or Tier 5 Support. The activities include the following:

- a. Manage Tickets vetted by Tier 2 Support groups including Service Desk, Scheduling, Billing Operations and other groups. Examples include, without limitation, tickets related to the following:
  - (i) RIM/RIM LITE/Sales/CRM/MSCC/CIM and all other TOPS applications.
  - (ii) Billing/Batch Job failures.
  - (iii) Quantification Impacts/Billing QA/ A/R /GL/Usage.
  - (iv) Alerts from scheduling.
  - (v) Event Processing.
- b. Use commercially reasonable efforts to attempt to automate to avoid repetitive manual tasks.
- c. Update Provider knowledge base in order to permit Provider to improve the handling of future similar issues.
- d. Automate and manage transmit process for all Billing, Usage and End of Day / End of Month reports.
- e. Fix all error records or error events including, without limitation, usage processing, payment, accounts receivable and other volume transactions.
- f. Apply credits or charges via the appropriate credit and charge tools pursuant to USCC's instructions.
- g. Create and maintain USCC-approved data patch scripts and ensure that such scripts meet USCC-approved script standards.
- h. Participate in conference calls to provide application expertise for resolution of production Issues.
- i. Participate in preparation of Release implementation checklist and release readiness activities.
- j. Ensure that all applicable Provider teams are providing timely, complete and accurate data to USCC's Defect Management team and USCC's Test Management team as required.

6.4. Testing Support - Sanity Testing. Prior to the end of each Daily Maintenance Window, Provider shall perform sanity testing of TOPS to ensure that all changes that occurred during the Daily Maintenance Window period are successful. Such sanity testing will also be performed to verify service restoration after each CRM-, RIM-, RIM LITE-, MCSS- and MicroTelecom-related Severity 1 Incident and Severity 2 Incident have been resolved. Details of sanity testing activities for each of the TOPS applications are listed in Appendix 6 to this MSSOW.

- 6.5. Change Management. Provider shall manage and coordinate Provider's activities in connection with all changes to the Production Environment and review requests for change approvals with USCC. The activities include the following:
- a. Use USCC's Remedy system for all changes subject to USCC's IS Change Management Process including the requirement to obtain prior approval from the USCC Change Approval Board ("CAB") for any change made by Provider that could impact any USCC system or Provider's service delivery.
  - b. In connection with all communications related to USCC's IS Change Management Process, manage all such communications with Provider's organization and each third-party vendor that is a part of TOPS.
  - c. Create and maintain a change schedule of upcoming releases and changes as part of USCC's IS Change Management Process.
  - d. Monitor and report on the implementation of USCC-approved changes made by Provider.
  - e. Coordinate with USCC through USCC's IS Change Management Process all changes that require service interruption.
  - f. Conduct activities such as:
    - (i) Create and submit requests for changes including coordination of detailed implementation plans inclusive of steps that need to be executed by USCC.
    - (ii) Coordinate approval from USCC SMEs in advance of CAB meetings.
    - (iii) Categorize each change and provide a description of its impact as described in Appendix 7 to this MSSOW.
    - (iv) Schedule each change for deployment and verify the successful deployment of the change as part of the closure procedures that are part of USCC's IS Change Management Process.
    - (v) Communicate to USCC any variance from plan regarding timing, unsuccessful changes, incomplete or backed-out changes, and escalate to USCC according to USCC-defined processes.
    - (vi) Upon receiving each USCC-approved change request, coordinate the deployment of Enterprise Product Catalog ("EPC") changes into production.
    - (vii) Assess and communicate to USCC the potential impacts and risks (if any) associated with the changes USCC introduces when publishing a new version of EPC (such changes to be governed by the IS Change Management Process, and if reasonably practicable, USCC shall inform Provider of such planned changes at least two weeks in advance).
- 6.6. Order Management System Support ("OMS Support"). Provider shall manage all orders originating in TOPS including ensuring that orders are processed in a timely manner. The activities include the following:
- a. Escalate for resolution by Tier 3/Tier 4 Support, as appropriate, OMS Issues (including Stuck Orders causing delays/failures in processing of orders).
    - (i) Execute USCC-approved (such approval to be obtained via the USCCs IS Change Management Process) work-around scripts provided by OMS Support, Tier 3 Support/Tier 4 Support or implement other short-term options to resolve order Issues.
    - (ii) Apply automation to ensure quick recovery until a long-term solution is provided by Provider.
    - (iii) Open Problem Records for unique order failures and manage such Problems to root cause resolution.
    - (iv) Escalate Issues to Tier 3/Tier 4 Support.
    - (v) Identify and propose to USCC solutions to improve order flow to help avoid Stuck Orders.
    - (vi) Notify the Shift Management team about high-impact fallout Incidents.

(vii) Priority 1 Stuck Orders resolved will be reported on a daily and monthly basis, as follows:

Priority 1 Stuck Orders - Cleared in 20 minutes	Priority 1 Stuck Orders - Cleared in 40 minutes	Priority 1 Stuck Orders - Cleared in 60 minutes
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- b. Resolve Incidents by executing USCC-approved data patch scripts
- c. Perform routine analyses of the order trending/patterns. Details include the following:
  - (i) Recommendations for improvement;
  - (ii) Escalations of anomaly trends (e.g., spikes/drops in volumes when compared to previous similar timeframes); and
  - (iii) Reprocessing of order fallout and exceptions which will be handled as Issues according to their respective impact and priority.
- d. Support the planning and execution of Mass Order activities (“MOA”) including (i) creating the implementation plan to be approved through the IS Change Management Process, and (ii) providing daily reports to USCC IS Operations regarding results of the MOA.
- e. Maintain, manage, and share with USCC the USCC-specific Methods & Procedures (“M&P”) and USCC-specific data from Provider’s knowledge base.
- f. Resolve high-priority escalations and tickets from USCC to ensure timely turnaround on order failures.
- g. Provide ordering expertise to USCC for ad hoc requests and involve a Provider Business Analyst if needed.
- h. Monitor and manage order fallout in TOPS as well as in Third-Party Software (including SAP).
- i. Perform sample audits and analyses of trends and fluctuations.
- j. Resolve Stuck Orders.
- k. Manage and resolve Remedy tickets related to Incidents in order flows.
- l. Use commercially reasonable efforts to attempt to automate the resolution of recurring Stuck Orders.
- m. Support USCC as needed for USCC’s interactions with its customers for the collection of data and/or coordination of changes to resolve Stuck Orders.

## 7. Tier 3/Tier 4 Support

Provider’s Tier 3/Tier 4 Support team handles Incidents that are reported by Tier 2 and Defects that are escalated by Tier 2 including: (a) participating in Incident management process; (b) triaging defects (i.e., analyze and classify Defects and provide immediate fixes when possible); (c) providing fixes for Defects in the Production Environment and the TOPS training environment; and (d) participating in release deployment. The activities include the following:

- 7.1 Participate in Incident Management Process. Participate in conference calls when Severity 1 Incidents and/or Severity 2 Incidents are raised and follow USCC’s Incident Management process and Problem Management process in order to find resolution and minimize the impact on USCC’s business. The activities that may be required include, without limitation, reviewing log files and queues and making necessary decisions for restoring TOPS. If an Incident requires an immediate data or code fix, Provider will provide such data or code fix. If an Incident is not code- or data-related, then it will be routed to the appropriate Provider or USCC team.
- 7.2 Triaging Defects. When a Defect is escalated by Provider’s Tier 2 Support team to Provider’s Tier 3/Tier 4 Support team using Provider’s ticket tracking system, Provider’s Tier 3/Tier 4 Support team will analyze the Defect and do one of the following:
  - a. Provide a work-around if requested by the Tier 2 Support team;
  - b. If a code fix is required, assign the Defect to the appropriate Provider development team and establish a target due date and/or release for Defect resolution; or



- c. If an Incident is not reproducible or is not a Defect, return it to Provider's Tier 2 Support team.

If additional data is required by Provider in connection with a Defect, Provider will identify its specific needs and add them to the applicable ticket. If the issue is caused by user error, Provider will update the ticket with an explanation so that Provider's Tier 2 Support team can understand the issue and close the ticket.

### 7.3 Provide Fixes for Defects.

- a. When a code fix is required, Provider will provide the code fix, complete unit testing, send the fix to the appropriate testing team.
- b. After fixing the code, add to the Defect record in Quality Center an identification of the source of the issue (e.g., design gap or code error).
- c. If a Defect requires a fix to the Core Product, Provider's Tier 3/Tier 4 Support team will work with Provider's R&D team and will provide all details necessary to reproduce and fix the Defect. After Provider's R&D team fixes the Defect, Provider's Tier 3/Tier 4 Support team will integrate the Defect fix with other Defect fixes, if any, and will develop a deployment plan therefor.
- d. Providing impact, risk and feasibility assessment for Severity 1 Defects, Severity 2 Defects, escalated billing-related Defects and other prioritized business Defects.

### 7.4 Participate in Release Deployment. Provider's Tier 3/Tier 4 Support team will participate in Release planning and obtain the necessary knowledge from the appropriate Provider development team. Such activities will include:

- a. Providing subject matter expertise in quality review of Release design including reviewing the functional approach as well as any operational or performance risks.
- b. Providing production expertise including data model knowledge.
- c. Reviewing all upcoming Release changes and providing recommendations with respect thereto as such team deems appropriate.
- d. Supporting implementation planning.
- e. Supporting testing team's testing of Defect fixes.
- f. Coordinating development support during and immediately after deployment of each release.
- g. Supporting the COM and USCC's business and IS stakeholders in understanding expected changes due to releases and impacts of releases on operational processes or parameters (known as post-release predictions).

## 8. **Billing Operations**

Provider is responsible for managing, performing and communicating activities related to the SLAs and KPIs that are associated with the Billing Operations Service Tower. The detailed activities include the following:

### 8.1. Scheduling. Provider shall run batch jobs, billing jobs, ad hoc jobs, bounces, and reruns; perform alert handling, manage failed jobs, and provide escalations to Shift Manager for critical Issues and Provider's Application Support team for alerts and failures. This applies to all phases of all bill cycles (as well as consolidated billing) including final file delivery. The activities include the following:

- a. Run billing and batch jobs, TOPS-related jobs currently in both AMC Operational and Tivoli Work Scheduler.
- b. Execute EOD, EOW, EOM and nightly bounces.
- c. Monitor and manage timely resolution for the following:
  - (i) Long-running billing and batch jobs.
  - (ii) Usage Processing and related usage fallout (except as specified in Section 11 of this MSSOW).
  - (iii) Billing and EOD executions.

(iv) System alerts.



- d. Run CAB-approved ad-hoc scripts.
  - e. Manage the following or escalate to Provider's Application Support:
    - (i) Job failures.
    - (ii) Daemon down.
    - (iii) Online bounces.
    - (iv) Alerts.
    - (v) Usage processing.
    - (vi) Billing rejects.
  - f. Notify the Shift Manager of Issues impacting SLAs and/or user/customer experience.
  - g. Document solutions in knowledge base after discussing such solutions with other applicable Provider teams
  - h. Assign SMEs to participate on conference calls for resolution of any production Issues related to batch jobs and billing
  - i. Configure customer data for consolidated billing including MABEL and MobilSense.
- 8.2. BIMS Tool. Provider shall make the BIMS Tool available to Provider Personnel and to USCC Personnel in the Information Systems ("IS") organization and the Revenue Assurance ("RA") organization as follows:
- a. At any one time, the aggregate total number of Administrative Users and Account Users who are actively querying data will be limited to seven.
  - b. "Administrative User" means a user of the BIMS Tool who has rights to create and modify reports. USCC will be entitled to three Administrative Users.
  - c. "Account User" means a user of the BIMS Tool who has rights to view reports and data that exist in TOPS or that are created by the Administrative Users. USCC will be entitled to 40 Account Users.
- 8.3. QA Billing/Auditing. Provider shall audit sample bills, Usage/Traffic, and Cycle Management; generate Audit Reports for Accounts Receivable ("A/R")/General Ledger ("GL"), and Billing; and manage communications for billing and audit Issues. The activities include the following:
- a. Billing QA.
  - b. Billing and Accounts Receivable audits.
  - c. Trending of billing audits.
  - d. Management of bill validation as part of the release life cycle, including:
    - (i) Run billing during testing of releases - limited to two bill cycles (or up to three additional bill cycles if USCC reasonably determines such additional cycles are necessary).
    - (ii) Produce invoices and reports for USCC RA purposes.
    - (iii) Review and prioritize with USCC the provision of Defect fixes by Provider that arise from the bill validations.
    - (iv) Provide recommendations related to USCC's "go/no-go" decisions for Releases.
    - (v) Perform project planning in cooperation with USCC for bill validation activities and jointly execute such plans, provided that Amdocs shall retain overall responsibility for managing each such project.
  - e. Audits of usage and event records.
  - f. Audits of consolidator billing output.

g. Reruns/fixes/additional batch jobs.

- h. Communicate with USCC IS related to (i) Bill Cycle timing and coordination; (ii) USCC approvals; (iii) sharing of best practices; (iv) process improvements; (v) reject and corrective handling; (vi) Issues and options for Bill Cycle activities.

8.4. Cycle Management. Provider shall perform the Bill Cycle management activities including the following:

- a. Obtaining Bill Cycle approvals from USCC.
- b. Fulfilling information requests and marketing-related special requests.
- c. Monitoring production including monitoring of Bill Cycle performance, Bill Cycle QA, report delivery, End of Cycle (“EOC”), and electronic bill status.
- d. Performing analyses to predict (i) timing for successful/complete Bill Cycle runs, and (ii) timing to address/resolve rejected and held bills.
- e. Executing processes to confirm that billing balances post to customer accounts after each Bill Cycle.
- f. Performing Billing Audit Support including the handling of ad-hoc requests related to potential issues found during USCC’s billing audit, billing audit support and facilitation, and trending support.
- g. Reporting to USCC including reporting of (i) monthly team metrics, (ii) billing status, (iii) audit finds, and (iv) review of potential and/or actual impacts on billing caused by a TOPS code release.

8.5. Revenue Assurance (A/R, Usage and Billing). Provider shall perform the revenue assurance services including the following activities for all TOPS output related to A/R, usage and billing:

- a. Perform pre-cycle preparation including coordinating QA sample accounts, determining readiness based on Issues found in previous cycles, and creating billing cycle folders and tracking tools.
- b. Perform billing audits and invoice QA including financial trending and analyses and investigating exceptions.
- c. Perform billing approval and confirmation including obtaining confirmation of audit completion and cycle approvals from internal Provider teams and USCC teams and reporting and tracking approvals, confirmations, and fulfillment activities.
- d. Perform daily End-to-End usage balancing of system-wide, usage-related inputs and outputs.
- e. Perform In-Collect and Out-Collect processing.
- f. Coordinate and resolve file processing errors and fallout Issues.
- g. Coordinate end-user device-related activities including migrations and switch upgrades.

**9. Infrastructure Support**

Provider shall perform infrastructure services to support the Production Environment and the Non-Production Environments listed in Appendix 2 to this MSSOW including the following services: Environment Integration, Application Database Administration, Middleware Administration, Configuration Control, and Capacity Planning and Monitoring. Additional Provider responsibilities and accountabilities for Non-Production Environments are set forth in Appendix 1 to this MSSOW. For the third-party systems not operated by Provider as part of TOPS (e.g., UDP, ODS, IVR, MyAccount, SAP, and CyberSource), Provider shall be responsible for all infrastructure interface configurations to and from TOPS. The activities include, without limitation, the following:

9.1. Environment Integration.

- a. Maintain and provide Infrastructure support for existing USCC testing, development and training environments and build-out of new environments as set forth in Appendix 10.3 of this MSSOW to meet various business needs of USCC.
- b. Design environment architecture for any new components of TOPS and/or DXP by identifying the number of components/environments required based on USCC’s needs and business requirements and optimizing the hardware and software asset utilization.
- c. Provide ongoing maintenance of the environments by developing tools/utilities for scheduled reboot of the environments and apply changes/modifications using a tightly controlled method.



- d. Deploy new builds, releases, and software upgrades for implementing new CRs and enhancements using Configuration Control.
- e. Perform environment upgrade/build/bounce and data refresh for each environment in accordance with the testing requirements and timelines for each release.
- f. Administer daemons, operational batch jobs and software scheduling.
- g. Perform log file archiving and cleaning for all TOPS applications.
- h. Identify themes from each release and apply lessons learned to optimize and reduce the total number of Incidents through environment standardization, automation and repeatable processes/tasks in preparation and management of Non-Production Environments.
- i. Support and maintain Self-Service Tools. Provider will continue to be responsible for the deployment of builds, upgrades, and Hot Fixes, execution of bounces and data refreshes. After the Self-Service Tools are functioning, Provider will continue to be responsible for any activity the Self-Service Tools fails to perform or is not designed to perform.
- j. Administer Provider's infrastructure tools such as Build Push, Boot Manager, Hot Fix Tool, Tiger Tool, and the Self-Service Tools.
- k. Install, maintain and administer the batch job scheduling tool.
- l. Upon USCC's request, perform the infrastructure environment tasks listed in Appendix 4 to this MSSOW (in accordance with the applicable lead and implementation times set forth in Appendix 4 to this MSSOW).
- m. Integrate Non-Production Environments with external interfaces and downstream applications (such as Spectrum/Vertex, ESB/DXP, EBI, ODS, etc.) in accordance with project and/or release requirements.
- n. Support Testing and Development activities in the Non-Production Environments by investigating and troubleshooting environment Incidents, providing RCAs and identifying permanent remediation solutions to prevent recurring Issues.
- o. Perform infrastructure Sanity Testing after each environment upgrade and build push and support Provider's Testing team with any issues in Sanity Testing performed by such Testing team.
- p. Analyze the performance of the environments set forth in Appendix 8 to this MSSOW and make actionable recommendations to USCC's Infrastructure group for system performance Issues and to Provider Delivery organizations for application and environment performance Issues.
- q. Provide each automated tool identified in Appendix 9 to this MSSOW as a "Self-Service Tool" (collectively, the "Self-Service Tools"). Provider will provide training, knowledge transfer and documentation on how to use the Self-Service Tools including, without limitation, run books, user guides, tool logs location and how to interpret them, common Issues and resolutions, etc. Provider may introduce additional Self-Service Tools as appropriate.
- r. Perform all changes to the environment configurations in accordance with the Technical Release Notes, and track and document all manual changes to ensure they are included in the production cut-over.

## 9.2. Application Database Administration.

- a. Identify, tune, and resolve application queries causing application or database performance impacts. Maintain database statistics for optimal execution plans and transform application data access methods to improve efficiency.
- b. Support the obfuscation of PCI, PII, and CPNI data by identifying the applicable elements as defined by USCC (Table and Column combinations). Determine the appropriate method of obfuscation that is supported by the application.
- c. Monitor/trace the database transactions End-to-End in response to Incidents and identify the bottlenecks for the resources that can be fine-tuned.
- d. Maintain Application Database schema in all in-scope environments.
- e. Perform copy BAN requests (DB Extract).
- f. Provide application database support at every level of release (i.e., from code repository to environmental data).



- g. Review and approve development schema changes for consistency and stability.
  - h. Execute required steps of approved changes during Daily Maintenance Windows to deploy Hot Fixes and builds including reviewing and testing of all SQL scripts in a full-volume environment. Notify and coordinate with the USCC team for database replication.
  - i. Troubleshoot ongoing release/production support Issues from the Application DBA standpoint including participation in outage conference calls and the necessary RCA follow-up activities.
  - j. Support the restoration of the database instance through the application of archive logs after USCC restores the full instance from the back-up (including any incremental back-ups).
  - k. Support the database instance from an application perspective at source and target for the environments set forth in Appendix 8 to this MSSOW for the database replication technologies, provided that USCC will obtain a license to use the technology to replicate such instance.
  - l. Perform clean-up and capacity management of all temporary objects created in the Production Environment by Provider's application support teams.
  - m. Perform database set-up after physical database restore, clone, or creation (including database dblinks, reference data refresh, and configuration items).
  - n. Perform certification of appropriate Oracle database versions and patch sets.
  - o. Support opened cases with Oracle and any other applicable database vendors for production Incidents (to the extent that such Incidents relate to application database services).
- 9.3. Middleware. Provider will administer with respect to the tasks defined below the middleware technologies within the scope of TOPS. Provider is responsible for configuration of TOPS system certificates that are managed and supplied by USCC. For all other out-of-scope middleware technologies and systems, Provider is only responsible for configuration of TOPS system interfaces to those technologies and systems.
- a. Manage production and non-production middleware for in-scope environments.
  - b. Manage infrastructure for front-end web applications, web services, and interfaces between TOPS and ESB.
  - c. Tune middleware for optimal performance and throughput.
  - d. Implement continuous improvement and stability initiatives.
  - e. Monitor middleware layers in the Production Environment to proactively manage performance Issues and error conditions.
  - f. Implement security and functional patches, as agreed by the parties, in accordance with USCC's IS Change Management Process to keep instances stable and supportable by Oracle and any other applicable middleware software vendors.
  - g. Open and escalate cases with Oracle and any other applicable middleware software vendors for production incidents.
  - h. Manage middleware changes and Incident Records. USCC shall provide a work plan if there are any changes to be performed by USCC.
- 9.4. Infrastructure Management.
- a. Coordinate production and non-production infrastructure activities among Provider's TOPS support teams.
  - b. Serve as the infrastructure escalation point for production and non-production Incidents.
  - c. Provide infrastructure-related input and recommendations in accordance with the IS Change Management Process.
  - d. Provide infrastructure-related input and recommendations to non-production upgrade schedules.
  - e. Provide infrastructure-related input and recommendations for release and maintenance checklists and reviews.





- f. Perform production change management controls for Provider Infrastructure changes in accordance with USCC's IS Change Management Process.
- g. Serve as Manager-on-duty for production and non-production infrastructure Issues.
- h. Coordinate infrastructure release tasks and timelines with all Provider teams as well as USCC Release Management team for in-scope services.
- i. Coordinate Provider application deployments, lessons learned, and best practices.
- j. Manage and coordinate production deployment of Provider Infrastructure changes.
- k. Track production changes, best practices and lessons learned to enhance Provider's knowledge base and for continuous improvement.

#### 9.5. Configuration Control.

- a. Design, configure, synchronize, and build development environments for different versions and releases to implement USCC's CRs and enhancements.
- b. Perform maintenance, synchronization, and stabilization among different Third-Party Software (e.g., Oracle, Java, Syncsort, etc.) on different platforms.
- c. Ensure source code repository for TOPS is available to maintain different versions of source code and synchronize between the different versions to ensure any Hot Fixes deployed to production are not overwritten by new development.
- d. Manage versions and maintain inventory of Hot Fixes/builds throughout the release lifecycle for "n plus 2" releases.
- e. Manage infrastructure and software configurations and provide architectural information to USCC infrastructure team related to application models and processes to aid in impact analyses to be performed by USCC.
- f. To the extent applicable, ensure all environment configurations are consistent across the various types of environments (e.g., SIT, DEV, E2E and PTE).

#### 9.6. Capacity Planning.

- a. Monitor trending for TOPS applications and all other capabilities that are in scope for Provider.
- b. Develop and deliver to USCC infrastructure monthly performance data analysis for planning capacity based on business volumes for at least [\*\*\*] months into the future.
- c. Forecast and predict business volumes and machine performance and provide reports to USCC with respect thereto. Sample reports are shown in Appendix 3 to this MSSOW.
- d. Provide sizing and recommendations for special project initiatives and any new CRs that may impact capacity demand. (USCC is responsible for providing business forecasts and project details impacting capacity, and Provider will furnish the sizing and recommendations within [\*\*\*] weeks after receiving such forecast and details.).
- e. Install collection probes on all TOPS servers to gather capacity planning data. (USCC is responsible for providing required permissions/approvals.).

#### 9.7. Monitoring.

- a. Monitor the Production Environment to ensure application performance meets or exceeds the KPIs and SLAs.
- b. Set up proactive notification/alerting mechanisms for early detection of Issues to enable Provider teams to rapidly investigate and resolve situations before any impacts are experienced by USCC's business thereby preventing any downtime/outage situation.
- c. Collect production data for monitoring, reporting, capacity planning, and KPI and SLA measurement.
- d. Design, implement and configure the optimal monitoring strategy based on USCC TOPS application needs and business to encompass the End-to-End business transactions/flows.



- e. Create new monitoring plug-ins and extracts (other than those that require application development) to support on-going needs and new CRs and enhancements to satisfy TOPS business growth and needs.
- f. Implement data collection for different systems (HW servers, Database, Middleware Layer as utilized within the application), provided that USCC is responsible for installation of monitoring components requiring “root” access on USCC Servers.
- g. Use Provider’s monitoring system to gather TOPS server utilization and other architecture information for use by Provider in troubleshooting, operations, and capacity planning. (Monitoring and alerting for core architecture and physical database remains the responsibility of USCC.)
- h. Create and maintain dashboards and views for production monitoring and operations, and make all such dashboards and views available to USCC.
- i. Provide ongoing support for patches and upgrades for monitoring software and infrastructure.
- j. Provide advance notice and coordinate implementation of any increases to architecture capacity and related IT support for the Provider monitoring data gathering instances that must run on USCC’s system/network.
- k. Collaborate with USCC to provide network connectivity to allow data transfer of monitoring KPIs from data gathering instances to Provider’s central monitoring system.

9.8. General Infrastructure Support.

- a. Manage Provider Infrastructure tickets at production and non-production level.
- b. Subject to prior approval through the USCC IS Change Management Process, deploy infrastructure release components (including readiness and staging) to the Production Environment.
- c. Support performance Issue resolution related to TOPS.
- d. Provide High Availability (“HA”) design recommendations, each of which may require no more than 40 hours of effort, for TOPS infrastructure at USCC’s reasonable request.

9.9. Exclusions.

- a. Areas of Provider accountability do not include the following if the applicable hardware is located other than at a Provider facility: (a) IT infrastructure support services such as Unix/Linux OS and server administration, (b) Windows administration, (c) Network administration, (d) storage and back-up services, (e) vendor and asset management, (f) data center services, and (g) physical database administration.
- b. USCC’s responsibilities and accountabilities for the Non-Production Environments are set forth in Appendix 1 to this MSSOW.

**10. Customer Operations Manager**

The COM shall be responsible for managing and communicating activities related to the Service Towers listed under Section 1.2 of this MSSOW in accordance with the agreed-upon SLAs and KPIs. The detailed activities of the COM include the following:

- 10.1. Serve as the day-to-day interface for critical Issues in production systems.
- 10.2. Serve as an escalation point for any Issues within the scope of the Services.
- 10.3. Lead and drive (a) resolution of Issues; and (b) identification and impact assessment or quantification of Issues in accordance with the Service Level Targets (based upon the severity of each Issue).
- 10.4. Review production RCAs to identify critical production Issues.
- 10.5. Coordinate individual or packaged Hot Fixes and production immediate fixes with Tier 3/Tier 4 Support and testing teams in accordance with USCC’s IS Change Management Process before deploying such fixes into production.
- 10.6. Participate in daily management production calls including management CAB meetings.
- 10.7. Manage monthly partner meeting to review all SLAs and KPIs with USCC.



- 10.8. Participate in USCC daily production calls and share TOPS updates including action plans for missed SLAs and KPIs.
- 10.9. Provide timelines and steps to be executed by Provider as input to the overall release timeline for development and infrastructure upgrades.
- 10.10. Provide status of development and System Testing for a production immediate fix to USCC IS Operations.
- 10.11. Serve as escalation point for any disputes or major Issues.
- 10.12. Provide information on infrastructure and operational steps including any validation processes to create implementation for release deployment.
- 10.13. Provide predictive analyses as agreed upon, prior to any release to share insight on operational/process impacts and benefits.
- 10.14. Provide after action review after any release to compare planned and actual impacts as well as lessons learned.
- 10.15. Enforce access control policy for TOPS support as defined by USCC.
- 10.16. Coordinate Release post-deployment Warranty support and ensure Problem resolution.
- 10.17. Prioritize Problem Records according to USCC business needs, subject to approval by the USCC's Defect Management function.
- 10.18. Interface with USCC Engineering to investigate and resolve Turbo Charging/SCP Issues and in planning upgrade and release activities when needed.
- 10.19. Provide demand forecast for Releases and any special launches that are agreed upon, including the following indicators: (a) Ticket management, (b) Defect management, (c) Stuck Order fallout, (d) billing rejects and holds, and (e) any other agreed-upon indicators as and when needed.

**11. Out of Scope Activities**

The parties confirm that the following tasks and activities are outside the scope of the Services. For the avoidance of doubt, the following list is not comprehensive.

- 11.1. Updates of EPC and BPT data and table entries, excluding deployment activities.
- 11.2. Approvals of financial or customer impacting decisions.
- 11.3. Approvals of bill cycle or credits/adjustments.
- 11.4. Performance and approval of revenue assurance financial audit, excluding quality checks for usage, bill cycle and financial output.
- 11.5. Cost and relationship management with Imaging and Mail Center ("IMC"), actual printing and mailing of bills.
- 11.6. Cost and relationship management with Third-Party Contractors under USCC's financial responsibility.
- 11.7. Serving as a primary point of contact with USCC business partners.
- 11.8. Investigation and Resolution of root cause problems in USCC Systems (e.g., Network Elements fix) following initial triage by Provider.
- 11.9. Performing help desk activities (Tier 1).

**12. Additional Obligations**

The additional obligations described in Appendix 17 to this MSSOW shall apply, subject to the terms thereof.

### 13. DXP HOSTING AND OPERATIONS SERVICES

- 13.1 Amdocs shall perform the Services described or referenced in this Section 13 (the "DXP Hosting And Operations Services") until September 30, 2024 (the "DXP Hosting And Operations Services Initial Term"), notwithstanding anything to the contrary contained in Section 3 (Term/Termination) of this MSSOW. USCC shall have the right to renew the DXP Hosting And Operations Services for up to two (2) additional five (5) year periods (each a "DXP Hosting And Operations Services Renewal Term") by giving to Amdocs a written notice of renewal at least eighteen months (18) prior to the end of the DXP Hosting And Operations Services Initial Term or the then current DXP Hosting And Operations Services Renewal Term, as applicable.
- 13.2 The DXP Hosting And Operations Services Initial Term and all DXP Hosting And Operations Services Renewal Terms, if any, shall be hereinafter collectively referred to as the "DXP Hosting And Operations Services Term".
- 13.3 Consultant has entered into and shall continue to maintain during the DXP Hosting And Operations Services Term an agreement with Oracle Corporation for the licensing, maintenance and support of the software, as listed in Appendix 22, included in the Hosted DXP (the "Oracle Licenses").
- 13.4 With respect to AEM and Adobe Target, USCC shall have all the rights and shall comply with all the obligations of the Customer under Appendix 23 (such Appendix 23, the "Adobe Terms"), and Consultant shall have all the rights and shall comply with all the obligations of the Partner under the Adobe Terms. In the event of a conflict between the provisions of the Adobe Terms and those contained elsewhere in this MSSOW, the provisions of the Adobe Terms shall govern to the extent of such conflict but only as applicable to AEM and Adobe Target. For clarification, the absence of an express provision regarding a particular subject matter in the Adobe Terms shall not be deemed to create a conflict.
- 13.5 Each party shall indemnify, defend and hold the other party, its Affiliates and their respective officers, directors, agents and employees harmless from and against any and all losses, damages, liabilities or expenses (including reasonable attorneys' fees and expenses) arising out of or resulting from any and all claims brought by Adobe Systems Incorporated ("Adobe") or its third party partners (which, for clarity and solely for the purpose of this clause, exclude Consultant and its Affiliates and USCC and its Affiliates) arising or resulting from or alleging the indemnifying party's failure to comply with any of the terms or provisions of the Adobe Terms (which, in the case of Consultant as the indemnifying party, shall be deemed also to include Consultant's underlying agreement with Adobe regarding Adobe Target and AEM that supports the DXP). For purposes of this Section 13, the foregoing indemnity shall be deemed to be included as an indemnification provision under Section 8 of the Agreement.
- 13.6 The following license granted under the Sixth Amendment to the Original MSSOW1 (as modified to conform the Appendix reference) shall continue to be applicable under this MSSOW in accordance with all of the terms hereof:  
Consultant hereby grants to USCC a limited term, non-exclusive, non-transferrable, non-sublicenseable, royalty-free license during the DXP Hosting And Operations Services Term to, within the United States, access and use DXP solely for the purposes of the marketing, sale and delivery of USCC's wireless telecommunication products and services. In no event shall any shrink-wrap, click wrap, or other electronic agreement constitute a binding agreement hereunder, even if a user or authorized officer of USCC or any USCC Affiliate purports to have affirmatively accepted such terms. Use of DXP by USCC is conditioned upon USCC's compliance with the terms and provisions of the Adobe Terms attached to this MSSOW as Appendix 23, and for the avoidance of doubt USCC agrees to the application of such Adobe Terms to the extent applicable.
- 13.7 The following license granted under the Sixth Amendment to the Original MSSOW1 shall continue to be applicable under this MSSOW in accordance with all of the terms hereof:  
USCC hereby grants to Amdocs a limited term, non-exclusive, non-transferable, non-sublicenseable, royalty-free, worldwide license to reproduce, use, display, modify and create derivative works of the USCC Content for the sole purpose of providing the DXP Hosting And Operations Services. For purposes hereof: (i) the term "End Users" means USCC employees, USCC customers, and third parties authorized by USCC or a USCC Affiliate to use DXP, and (ii) the term "USCC Content" means the data, information and materials provided by USCC or End Users to DXP.

- 13.8 Notwithstanding Section 3 (Term/Termination) of this MSSOW, USCC may terminate DXP Hosting And Operations Services for its convenience (“Hosting Termination for Convenience”) at any time upon ninety (90) days’ written notice to Amdocs (the “Hosting Early Termination Notice”), subject to: (i) the payment by USCC to Amdocs of all outstanding invoices therefor billed through the effective date of termination, and (ii) the payment by USCC to Amdocs for all unbilled WE Hosting and Operation Services performed, and out-of-pocket expenses incurred, through the effective date of termination. For clarification, such payments shall be in addition to any termination fee that may be applicable under Section 3.2 of this MSSOW. In the event of a Hosting Termination for Convenience, USCC agrees that it shall, as of the effective date of termination, either (a) in a separate agreement entered into directly with Adobe, license AEM and Adobe Target directly from Adobe from the effective date of termination through either (x) the end of the then current term of Consultants’ agreement with Adobe, or (y) the end of the then current DXP Hosting And Operations Services Term, whichever period is shorter, with terms and conditions the same as or similar to the Adobe Terms and in a manner consistent with Adobe’s then current direct commercial licensing terms available to similarly situated customers, at a rate no greater than \$[\*\*\*] per month, payable quarterly in advance (the “Remaining Adobe License Fees”), or (b) reimburse Amdocs the Remaining Adobe License Fees as an out-of-pocket expense incurred by Amdocs under clause (ii) of the first sentence of this paragraph. In connection therewith, if requested by USCC, Consultant will provide to USCC a copy of Consultant’s relevant agreement with Adobe, subject to Adobe consenting to such provision.
- 13.9 In the event of a Hosting Termination for Convenience, USCC will have the option to buy from Amdocs, at fair market value and free and clear of all liens and encumbrances, the hardware on which the DXP Hosting And Operations Services is then being provided. To exercise such option, USCC shall provide notice thereof together with the Hosting Early Termination Notice. The payments of the applicable exercise price shall be made on or before the termination date. For clarity, this option includes the right to buy hardware only; USCC will need to license AEM included in DXP directly from Adobe Systems Incorporated.
- 13.10 In the event of any termination or expiration of the DXP Hosting And Operations Services, within ten (10) days of notice of any termination, as applicable, and within ten (10) days of the date of such termination or expiration, Consultant shall provide the following to USCC without charge: (i) USCC Content as it then exists in DXP, in a mutually agreed file format that does not require Amdocs to perform additional software development, and (ii) the outputs generated through the operation of DXP described in the following table, all of which outputs shall be deemed Category 2B under Exhibit H to the Agreement:

Output No.	DXP Output Description
1	All wireframes and graphic designs of DXP.
2	All Static Content and Dynamic Content (each as defined in the WE SOW).
3	The build output of AEM for the USCC portal and the USCC mobile application, including all the pages/artifacts generated from the AEM build process.

- 13.11 In addition to the requirements under the preceding Section 13.10, upon USCC’s written request, which may be provided electronically and shall not exceed two requests per calendar year, Consultant shall provide to USCC DXP Outputs set forth in the preceding table.
- 13.12 If DXP requires a product upgrade or software refresh to any of the then current Third Party Software components, due to Third Party Software end of life support by the then currently used third party, Amdocs will obtain and install such upgrades and refreshes at no charge to USCC. For clarification, any adjustments or changes to DXP that the parties reasonably determine are necessary as a result of (i) incompatibility with any USCC systems, including TOPS and any third party software or systems that are hosted by or on behalf of USCC outside of DXP, or (ii) architectural changes or significant shifts in technology initiated by USCC or a third party vendor (such as, for illustration purposes only, the ceasing of support by Oracle of traditional database technology or a shift to Hadoop), shall, in the case of any of the circumstances described in the preceding clauses (i) or (ii), require mutual agreement of the parties with respect to additional fees and other terms and conditions with regards to such adjustments or changes.
- 13.13 Hosted DXP Limitation of Liability. The limitations of liability for Data Security Incidents with respect to the Hosted DXP are set forth in Section 9.4 of the Agreement.
- 13.14 API Gateway. As part of the DXP Hosting And Operations Services, Consultant shall maintain during the DXP Hosting And Operations Services Term a solution that enables a secure inbound connection to the production, disaster recovery, and performance-lab environments for DXP using hardware and software agreed upon by the parties such as IBM DataPower Gateway XG45.7.0.

13.15 Fees and Payments

- a. The fees with respect to the DXP Hosting And Operations Services are: (i) the annual fees for the maintenance and support of the software subject to the Oracle Licenses, (ii) monthly recurring DXP Hosting And Operations Services Fees as set forth in the table below, and (iii) any Renewal Term Hardware Refresh Fee pursuant to Section 13.15(e).

Task	Fee
Annual fee for software subject to Oracle Licenses	\$[***]
Monthly DXP Hosting And Operations Services Fees*	\$[***]

- b. At the beginning of each calendar month during the DXP Hosting And Operations Services Term, Consultant will issue an invoice for the monthly DXP Hosting And Operations Services Fees as set forth in the table in Section 13.15(a) above.
- c. On July 1, 2020 and on July 1 of each year thereafter during the DXP Hosting And Operations Services Term, Consultant will issue an invoice for the annual fees for maintenance and support of the software subject to Oracle Licenses as set forth in the table in Section 13.15(a) above.
- d. Subject to USCC's right to terminate the DXP Hosting And Operations Services under Section 13.8, in the event of a termination or expiration of this MSSOW under Section 3 hereof, the DXP Hosting And Operations Services shall continue for the remainder of the DXP Hosting And Operations Services Term, including any potential DXP Hosting And Operations Services Renewal Terms, in which case: (i) the DXP Hosting And Operations Services fees shall increase to \$[\*\*\*] for every month of DXP Hosting And Operations Services (and the amount of the monthly Authorized Expenses shall increase to \$[\*\*\*]), and (ii) the applicable terms of this MSSOW shall survive such termination to the extent applicable to the DXP Hosting And Operations Services.
- e. If USCC elects to renew the DXP Hosting And Operations Services for a DXP Hosting And Operations Services Renewal Term, seventeen (17) months prior to the start of the DXP Hosting And Operations Services Renewal Term, Consultant shall issue an invoice to USCC in the amount of (i) [\*\*\*] dollars (\$[\*\*\*]) for the Hardware Refresh (other than with respect to API Gateway and EBPP Application) for the DXP Hosting And Operations Services Renewal Term and (ii) up to [\*\*\*] dollars (\$[\*\*\*]) for reimbursement of the net amount paid by Consultant for the Hardware Refresh with respect to API Gateway and EBPP Application, provided that Consultant shall provide to USCC documentation evidencing the same as reasonably requested by USCC (which documentation may be the Bill of Materials as agreed to between the parties) (clauses (i) and (ii) collectively, the "Renewal Term Hardware Refresh Fee"), which invoice USCC shall pay in accordance with the terms of the Agreement. "Hardware Refresh" shall mean replacement by Amdocs of the hardware to be used to provide DXP Hosting And Operations Services during the DXP Hosting And Operations Services Renewal Term. For clarity, the DXP Hosting And Operations Services Fees and the Renewal Term Hardware Refresh Fee are separate fees.
- f. USCC shall reimburse Consultant for actual travel and associated living expenses incurred in connection with the DXP Hosting And Operations Services in accordance with Section 3.2 of Schedule C to the MSOWMS and other applicable provisions of the Agreement. Amdocs will invoice USCC for such actual travel and associated living expenses on a monthly basis.

13.16. [RESERVED]

- 13.17. USCC acknowledges and agrees that the DXP includes certain third party Software commonly known as open source Software ("Open Source Software"). Such Open Source Software is distributed to and used by Consultant under the terms of the respective license agreements for such Open Source Software (the "Open Source Agreements"). This Section 13 in no way supplements or detracts from any term or condition of such Open Source Agreements. Consultant will provide to USCC, from time to time, upon reasonable written request, a complete listing of all Open Source Software included in the DXP. Consultant will comply in all material respects with all terms of the applicable Open Source Agreements with respect to all Open Source Software included in the DXP. Consultant will not use the Open Source Software included in the DXP in such a manner that it subjects any other software to the terms of any restricted open source license that requires USCC or Consultant to disclose, distribute or make available in source code form or be licensed under the terms of any Open Source Agreement any of Consultant's or USCC's software programs. A "restricted open source license" means any license that requires that any software incorporated into, based on, derived from or distributed with such software be disclosed, distributed or made available in source code form or be licensed under the terms of any Open Source Software license.



13.18. All references in this MSSOW to TOPS shall also apply to and be deemed references to the DXP with respect to all Services and Deliverables which by their nature are relevant to both TOPS and DXP. For clarification, it is the intent of the parties that only those Services and Deliverables that are relevant solely to TOPS (by way of example and without limitation, those described in Sections 5.5, and 8 of this MSSOW) shall not apply to DXP. In the event of a conflict in the application of this Section 13.18 and another provision of this Section 13, such other provision shall control to the extent of the conflict. To the extent of a conflict or inconsistency between any provisions of this Section 13 and the rest of this MSSOW, the provisions of this Section 13 shall control.

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**IN WITNESS WHEREOF**, the parties have executed this MSSOW by their duly authorized representatives in one or more counterparts, each of which shall constitute an original.

**USCC SERVICES, LLC**

By: /s/ Catherine Shackelford  
Name: Catherine Shackelford  
Title: VP Supply Chain

**AMDOCS Tethys LIMITED**

By: /s/ Dushyant Ruchwani  
Name: Dushyant Ruchwani  
Title: Director

The below is a list that briefly describes the omitted appendixes and annexes from the 2019 Managed Services Statement of Work No. 1. These appendixes and annexes have been redacted in their entirety and omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. All capitalized terms in this index shall have the same meaning ascribed to them as in the 2019 Managed Services Statement of Work No. 1 and/or their respective appendixes and annexes.

### Index of Appendixes and Annexes

Appendix 1	USCC and Amdocs Responsibilities for Non Production Environments - Table that lists accountability for tasks between USCC and Amdocs.
Appendix 2	Non Production Environments - Table that lists Environment Types and quantities.
Appendix 3	Examples of Capacity Planning Reports -
Appendix 4	Infrastructure Environment Tasks - Table that lists infrastructure environment tasks and requirements for each of the tasks.
Appendix 5	Operational Processes - List of processes and control activities.
Appendix 6	Scope of Nightly Sanity Testing - Table that lists details of sanity testing activities.
Appendix 7	Change Impact Analysis Requirements - Contains details of impact analysis for each Change Record.
Appendix 8	Monitoring - Table that indicates Monitoring Functions that Amdocs is responsible for and a separate table that defines the Monitoring Functions.
Appendix 9	Tools (Including Self Service Tools) - Table that lists service and product tools, descriptions of those tools and additional information with respect to the operation and use of the tools.
Appendix 10	Service Fees - Table that describes the annual service fees for each year during the Term.
Appendix 10.1	Financial Responsibility Matrix - Tables that describe financial responsibilities with respect to infrastructure, personnel and certain services at USCC's facilities and Amdocs' facilities.
Appendix 10.2	Termination Fees - Lists the applicable termination for convenience fees.
Appendix 10.3	Envelope Parameters - Table that describes the sizing and capacity assumptions relating to the Services.
Appendix 11	Governance - Table that lists Key Persons regarding governance responsibilities for the statement of work.
Appendix 12	Disaster Recovery and Business Continuity - Instructs that Schedule E of the 2019 Master Services Agreement for Managed Services shall be applicable to the 2019 Managed Services Statement of Work No. 1 .
Appendix 13	Service Languages/Locations - Instructs that Schedule F of the 2019 Master Services Agreement for Managed Services shall be applicable to the 2019 Managed Services Statement of Work No. 1 .
Appendix 14	Termination Assistance - Description of the Termination Assistance Services that Amdocs must provide.
Appendix 15	Deliverables - Table that lists required Deliverables, and the description, reporting frequency, type and category of each Deliverable.
Appendix 16	Repurchase of Services After Termination for Cause - Provisions with respect to the purchase of certain services following termination for cause of the 2019 Managed Services Statement of Work No. 1.

Other Obligations - Describes the additional rights and obligations for certain matters that relate to the Services to be performed by Amdocs.

Appendix 18	Performance Requirements (SLAs and KPIs) -Contains the specific terms applicable to the Service Levels and KPIs applicable to the Services provided under the 2019 Managed Services Statement of Work No. 1 and the 2019 Master Statement of Work for Managed Services.
Attachment 1 to Appendix 18	Stuck Order Definitions and Terms - Definitions and terms applicable to and SLA in Appendix 18.
Appendix 19	DXP Hosting and Operations Services, Definitions and Roles and Responsibilities - Provides definitions and terms with respect to the hosting and operation of USCC's digital platform.
Appendix 20	System and Network Architecture - Graphics that illustrate the network architecture of USCC's digital platform.
Appendix 21	We Hosting and Operation Services - Envelope Parameters Table that describes the sizing and capacity assumptions relating to the Services for USCC's digital platform
Appendix 22	Oracle Licenses - List of software from Oracle required for USCC's digital platform.
Appendix 23	Adobe Terms - Description of certain terms with respect to use of software of Adobe Systems Incorporated.
Annex A 1 to Appendix 23	Product Specific Licensing Terms - Description of the licensing terms applicable to certain Adobe on-premise software.
Annex A 2 to Appendix 23	Product Specific Licensing Terms - Description of licensing terms applicable to certain Adobe library software.

**CERTAIN IDENTIFIED INFORMATION WITH “[\*\*\*]” HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED**

**AMENDED AND RESTATED SOFTWARE LICENSE AND MAINTENANCE AGREEMENT**

This Amended and Restated Software License and Maintenance Agreement (this “Agreement”) is made as of October 1, 2019 (the “Effective Date”) by and between **Amdocs Tethys Limited**, a corporation organized and existing under the laws of Ireland, having its principal offices at First Floor, Block S, East Point Business Park, Dublin 3, Ireland (“Amdocs”) and **USCC Services, LLC**, a limited liability company organized and existing under the laws of the State of Delaware, having its principal offices at 8410 West Bryn Mawr, Suite 700, Chicago, Illinois 60631 (“Company” or “USCC”) and sets forth the terms and conditions under which Amdocs licenses certain of its software products and provides related services to Company. United States Cellular Corporation, an Affiliate of USCC, and Amdocs Software Systems Limited, an Affiliate of Amdocs, were the initial parties to that certain Software License and Maintenance Agreement, dated as of August 17, 2010 (the “Original Agreement”). USCC is the successor in interest under the Original Agreement to United States Cellular Corporation and Amdocs is the successor in interest under the Original Agreement to Amdocs Software Systems Limited. USCC and Amdocs are parties to certain License Orders and Maintenance Orders under the Original Agreement (collectively the “Original Orders”) and are entering into certain Amended and Restated License Orders and Amended and Restated Maintenance Orders as of the Effective Date. The parties wish to amend and restate the Original Agreement as of the Effective date such that (i) this Agreement will set forth the parties’ rights and obligations with respect to the subject matter hereof from and after the Effective Date, including License Orders and Maintenance Orders effective on or after the Effective Date (including, without limitation, the Amended and Restated License Orders and Amended and Restated Maintenance Orders referenced in the preceding sentence), and (ii) the Original Agreement will apply to the parties’ rights and obligations with respect to the subject matter thereof in effect prior to the Effective Date, including the Original Orders in effect prior to the Effective Date. The parties hereby agree that the Original Agreement is hereby amended and restated as set forth as follows and that the effects of this Agreement and the Original Agreement shall be as described in the preceding sentence:

## 1. DEFINITIONS

1.1 "Amdocs Legal Requirements" means the Laws applicable to Amdocs' business and its performance of its obligations under this Agreement.

1.2 "Affiliate" means any person, partnership, joint venture, corporation, or other form of enterprise, domestic or foreign, including, without limitation, subsidiaries, that directly or indirectly Control, are Controlled by, or are under common Control with Amdocs or Company, as applicable.

1.3 "API Documentation" means the documentation that Amdocs has released for distribution with the Software and that describes the Application Program Interfaces ("APIs") to the Software, which are a set of formalized software calls and routines that can be used to communicate with another program or operating system.

1.4 "Business Purposes" means, with respect to Company, the provision of services for, or with respect to, subscribers of Company receiving services principally in the Territory and, with respect to Company's Affiliates, the provision of services for, or with respect to, subscribers of Company's Affiliates receiving services principally in the Territory.

1.5 "Client Software" means that portion of the Software that (a) makes a service request to the Server Software by remotely accessing a service on the Server Software which fulfills such service request, and (b) is typically installed and used by a user outside of the Installation Site (e.g., CRM or RIM GUI).

1.6 "Company Legal Requirements" means the Laws applicable to Company's business, its Affiliates' businesses

and their respective performance of their obligations under this Agreement.

1.7 "Confidential Information" means with respect to a party hereto (including, with respect to each party, its Affiliates, as applicable), this Agreement, together with all confidential business or technical information or materials of such party. Anything to the contrary notwithstanding, Confidential Information shall not include information or materials that the Receiving Party demonstrates: (a) were known to the Receiving Party prior to the Effective Date free of any obligation of nondisclosure; (b) were in the public domain prior to the date received by the Receiving Party hereunder or which subsequently came into the public domain through other than a breach of this Agreement by the Receiving Party; (c) were lawfully received by the Receiving Party from a third party free of any obligation of nondisclosure; or (d) are or were independently developed by the Receiving Party or any of its Affiliates, employees, consultants or agents without reference to any Confidential Information of the Disclosing Party. Subject to the foregoing, Amdocs' Confidential Information shall be deemed to include, without limitation, the Server Software, Amdocs' source code for the Server Software, the Documentation, the details of Maintenance, Amdocs' product roadmap and related timeframes and information, and any and all diagnostics, tools, test equipment and other similar items used by Amdocs and disclosed or provided to Company in the performance of this Agreement.

1.8 "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and operating policies of the entity in respect of which the determination is being made, through the ownership of voting securities (at least 50% of its voting or equity securities or the maximum as allowed by law), contract, voting trust, or otherwise.





1.9 “Delivery” means one of the following: (a) if Company engages Amdocs under the MSA (as defined herein) as a system integrator for the integration of the Software, “Delivery” shall mean delivery by Amdocs of the local extension layer or LEL (i.e., the computer programs, routines or the like, in object code form, developed by Amdocs as an external layer to the Software pursuant to a Statement of Work under the MSA (as defined herein)); or (b) if Company does not engage Amdocs as the system integrator for the integration of the Software such that services related to the Software are provided by a third-party system integrator, “Delivery” shall mean the date upon which the Software is shipped to Company (or to Company’s system integrator, as applicable), regardless of when the Software is installed.

1.10 “Documentation” means explanatory and informational materials concerning the Software that Amdocs has released for distribution with the Software or that Amdocs otherwise provides to Company from time to time which may include, without limitation, technical and user manuals, descriptions, technical and user guides, specifications and/or installation instructions, functional and operational characteristics of the Software, diagrams, printouts, listings, flowcharts, file descriptions, help and knowledge base files and training materials, but excluding source code.

1.11 “Expedited Arbitration” means an arbitration proceeding pursuant to the terms of Section 15.3, carried on continuously and completed within forty-five (45) business days after its commencement (or such other period agreed upon by the parties), in which the Arbitrator will determine whether the alleged breach of this Agreement entitles either party to terminate this Agreement pursuant to the terms hereof.

1.12 “Installation Site” means each geographical location in the Territory where the Server Software shall initially be installed and used. Company will notify Amdocs prior to changing an Installation Site.

1.13 “IPR” means patents, trademarks, trade names, trade secrets, copyrights and all other proprietary rights recognized in the Territory.

1.14 “Laws” mean all laws, statutes, regulations, rules, executive orders, supervisory requirements, directives, circulars, opinions, interpretive letters and other official releases of or by any government in the Territory, or any authority, department or agency thereof.

1.15 “License Fees” means the fees listed in Exhibit A payable by Company to Amdocs for the use of the Software.

1.16 “Maintenance” is defined in Section 7.

1.17 “Non-Production Use” means non-operational use of the Software (including, without limitation, development, testing, training, and fail-over purposes) for, or in support of, the Business Purposes.

1.18 “Platform” means the hardware and any third-party system software (including, without limitation, operating systems and database management software) specified in the

1.19 “Production Use” means operational use of the Software (including, without limitation, revenue and customer relationship management) for, or in support of, the Business Purposes.

1.20 “Server Software” means that portion of the Software that (a) will be installed and used at the Installation Sites, and (b) fulfills service requests made by the Client Software.

1.21 “Services” means system integration, implementation, configuration, customization, localization, adaptation, consulting, training and/or other services with respect to the Software ordered by Company and performed by Amdocs under that certain October 1, 2019 , Master Service Agreement between the parties (the “MSA”).

1.22 “Software” means the object code form of Amdocs’ generic software product specified in Exhibit A attached hereto (or any additional Exhibit A executed by the parties hereunder) and any new releases thereof provided as part of Maintenance. For greater certainty, the Software includes, without limitation, the underlying data model.

1.23 “Supported Release” means each release of the Software for which Amdocs offers Maintenance. A release of the Software (e.g., Release N) will be a Supported Release for a period of [\*\*\*] years commencing on (a) the date that Amdocs declares such release to be generally available (the “GA Date”), or (b) if there is no GA Date for such release, the date that Amdocs provides such release to Company.

1.24 “Territory” means the United States of America including all territories, possessions and commonwealths.

1.25 “U.S. Transaction Taxes” has the same meaning as set forth in Section 3.7(a) of the MSA.

## 2. ORDERS

Company may issue (a) orders substantially in the form of Exhibit A (each a “License Order”) for one or more licenses to use the Software; and (b) orders substantially in the form of Annex 1 to Exhibit B (each a “Maintenance Order”) for Amdocs to perform Maintenance (License Orders and Maintenance Orders, collectively “Orders”). Orders will only be binding when signed by both parties. Upon such execution by both parties, each Order shall become a part of this Agreement and shall be deemed to incorporate the terms and conditions of this Agreement and any relevant subordinate document attached to such Order. Each Order and this Agreement shall constitute the entire agreement between Company and Amdocs relating to such Order. In case of any inconsistency or conflict between the provisions of this Agreement and the provisions of an Order, the Order shall prevail as to the subject matter of such inconsistency, provided any reference in an Order to the Original Agreement shall be deemed to refer to this Agreement from and after the Effective Date. Additional or conflicting terms contained in any purchase order, Order acceptance, standardized form or correspondence are expressly unenforceable under this Agreement unless such terms and conditions are contained in an amendment to this Agreement duly executed by both parties.





### 3. GRANT OF LICENSE

3.1 Use of Software by Company, Company's Affiliates, Resellers, Agents and Other Representatives. Subject to the terms of this Agreement and the applicable License Order (including, without limitation, payment of applicable license fees), Amdocs hereby grants to Company a perpetual (unless this Agreement is terminated pursuant to Section 14), paid-up, nonexclusive and nontransferable license to:

(a) Load the Server Software specified in the applicable License Orders on Platforms located at the Installation Sites;

(b) Use the Server Software specified in the applicable License Orders and the applicable Documentation at the Installation Sites solely for Company's Business Purposes and the Business Purposes of Company's Affiliates;

(c) Allow Company's Affiliates to use such Server Software and the applicable Documentation at the Installation Sites solely for the Business Purposes of Company's Affiliates;

(d) Use, and allow Company's Affiliates to use, such Server Software and the applicable Documentation to provide services for subscribers of entities in markets within the Territory that are managed (e.g., Company is providing other material management services and not solely billing services) but not owned in whole or in part by Company or Company's Affiliates;

(e) Allow Company's resellers, agents and other representatives to use such Server Software and the applicable Documentation solely for Company's Business Purposes; and

(f) Allow resellers, agents and other representatives of Company's Affiliates to use such Server Software and the applicable Documentation solely for the Business Purposes of Company's Affiliates; and

(g) Copy the Software for archival and back-up purposes only. Company shall ensure, subject to Section 3.5(c), that all such copies include a reproduction of all copyright, trademark or other proprietary notices appearing in or on the original copy of the Software. At Amdocs' request, Company shall report to Amdocs the number and location of each copy of the Server Software. When Company permanently discontinues use of the Server Software, Company shall, at Amdocs' option, return to Amdocs or destroy the Server Software and all copies thereof in its possession and certify such destruction by written notice to Amdocs.

For greater certainty, the license to use the Software granted under this Agreement includes both Production Use and Non-Production Use, subject to payment of the applicable license fees, if any, as set forth in the applicable License Order.

3.2 Use of Server Software by Company's Vendors. Subject to Section 13, Company may allow its third-party vendors to use the Server Software for purposes of hosting the Server Software for Company and for providing other services solely for Company's Business Purposes, subject to the following: (a) such third party agrees in writing to be bound by all the terms and conditions of this Agreement applicable to Company, (b) such third party is not on any restricted or blocked persons list administered by the Bureau of Export

Administration of the United States Department of Commerce; (c) such third party first enters into a nondisclosure agreement in accordance with Section 13.4; (d) such third party is not an Amdocs Competitor (as defined below); (e) the hardware upon which the Server Software is run is located within [\*\*\*]; and (f) prior to selecting such third party to provide such services, Company [\*\*\*] a reasonable opportunity [\*\*\*] to provide such services for Company.

3.3 Access to and use of the Client Software. Except for the usual and customary nondisclosure obligations imposed by Company and Company's Affiliates on their respective resellers, agents and other representatives, such resellers, agents and other representatives may access and use the Client Software without territorial or other restrictions.

3.4 Platform. Company may use the Server Software on any available Platforms without paying additional license fees to Amdocs other than the license fees specified in the applicable License Order.

3.5 Restrictions. Amdocs shall comply with all Amdocs Legal Requirements in providing the Software and Documentation and in performing its obligations under this Agreement. Company shall, and shall ensure that Company's Affiliates, comply with all Company Legal Requirements in using the Software and Documentation as authorized herein and in performing their obligations under this Agreement. Except as expressly specified otherwise in this Agreement, none of Company, its Affiliates, their respective resellers, agents and other representatives, or their respective permitted third-party vendors, may, directly or indirectly, alone or with any other party, with or without consideration:

(a) Distribute, transfer, resell, rent, lease, sublicense or loan the Software or related Documentation to any third party, or otherwise enable any third party to use the Software or Documentation (except for the API Documentation when used in connection with the performance of services for Company's Business Purposes), or use the Software in a service bureau arrangement, or make the Software or related Documentation available to others in a service bureau arrangement by providing billing services to third-party entities. Company shall not be limited in any way in the services for which it can bill its subscribers.

(b) Disassemble, reverse engineer, translate, decompile, decode or modify the Software or in any other manner attempt to extract the source code of the Software or create derivative works or make any enhancements, adaptations or translations of the Software, except (i) to the extent applicable law specifically prohibits any such restriction; or (ii) as may be necessary and incidental to Company's permitted use or Company's ability to obtain Maintenance.

(c) Remove any designation, symbol or other proprietary notice appearing in or on the Software such as a copyright notice, Amdocs' logo or trademark or any other form of designation; provided that Company may remove all such designations from portions of the Software that may be viewed by Company's resellers, agents and other representatives.





3.6 Company Responsibility. Company shall be responsible for the use (and liable for any use other than in accordance with this Agreement or the Documentation) of the Software by Company's Affiliates and any third parties that are allowed by Company to use the Software hereunder.

3.7 Volume-Based Licenses. The rights of use of the Software specified in this Section 3 and in Section 15.6 assume that the license fees include a volume-based license fee (e.g., per subscriber or user). If the parties agree upon and specify in a License Order a different type of license fee (e.g., enterprise- or site license-based fee), then any usage of the Software by entities other than Company shall be as agreed and specified in the applicable Order.

#### 4. **THIRD-PARTY SOFTWARE**

Company may request and Amdocs may agree to procure for Company software products from third parties ("Third-Party Products"); provided, however, that Third-Party Products shall not include any software products from third parties that are licensed to Company as part of the Software. Third-Party Products are subject to the terms and conditions of the third-party supplier's license associated with such Third-Party Products.

#### 5. **ACCESS TO FACILITIES**

Company shall, at no charge, provide Amdocs with reasonable access to Company's personnel, premises and facilities (including its computer and communications networks and office space and facilities) as reasonably required for Amdocs to perform Amdocs' obligations hereunder. Company shall provide to Amdocs a broadband connection and a high-speed internet connection to Company's principal server to allow Amdocs remote access to Company's server. Other equipment or software required by Amdocs to complete the tasks identified in this Agreement, and to be provided by Company, will be specified in the applicable License Order, Statement of Work under the MSA and/or other writing agreed by the parties.

#### 6. **WARRANTIES AND LIMITATION OF WARRANTY**

6.1 General Warranty. Amdocs warrants that for a period of [\*\*\*] days following its Delivery (or such other period as agreed and specified in the applicable License Order), the Software, if operated on a Platform specified in the Documentation and maintained by Company as specified in the Documentation (purchase of Maintenance by Company from Amdocs shall be deemed compliance with the foregoing requirement), will function in material conformity with the Documentation. Amdocs further represents and warrants that the media on which the Software is furnished will be free from defects in materials and workmanship upon Delivery and thereafter under normal use for a period of [\*\*\*] days. Amdocs' sole obligation and Company's exclusive remedy under this Section 6.1 is limited to Amdocs using reasonable commercial endeavors, at its own expense, to rectify any material nonconformance identified by Company during such 90-day warranty period by repair, replacement, or correction of the Software in accordance with the Maintenance terms.

#### 6.2 Additional Warranties.

(a) Amdocs represents and warrants that the Software shall not violate any Amdocs Legal Requirements or third-party license or Amdocs' Affiliate license, and Amdocs has or

shall have obtained all licenses and permits necessary to comply with such Amdocs Legal Requirements, third-party license terms and Amdocs' Affiliate license terms. (For avoidance of doubt, USCC shall be responsible for ensuring compliance by the following with all applicable Company Legal Requirements and with USCC's security and data privacy policies: USCC, its Affiliates, and all third parties that are allowed by Company or its Affiliates to use the Server Software hereunder.) In the event of a breach of this warranty by Amdocs, Company's sole remedies shall be indemnification and the related remedies in accordance with Section 10.

(b) Amdocs represents and warrants that Company's use of the Software in accordance with this Agreement or the Documentation shall not violate any Amdocs Legal Requirements or third-party or Amdocs' Affiliate license, and Amdocs has or shall have obtained all licenses and permits necessary to comply with such Amdocs Legal Requirements and third-party license terms. (For avoidance of doubt, USCC shall be responsible for ensuring compliance with all Company Legal Requirements and with USCC's security and data privacy policies by USCC, its Affiliates, and all third parties that are allowed by Company or its Affiliates to use the Server Software hereunder.) In the event of a breach of this warranty by Amdocs, Company's sole remedy shall be indemnification and the related remedies in accordance with Section 10.

(c) Amdocs further represents and warrants that if Amdocs has developed, is developing, or later develops software with additional functionality for any customer competitive with Company, Amdocs has not and shall not enter into any agreement with such customer that would prevent Amdocs from providing the same or similar functionality to Company in the next release of the Software.

(d) Documentation provided by Amdocs to Company as part of Maintenance and/or new releases of Software that was previously licensed by Amdocs to Company hereunder will have substantially the same level of quality as the Documentation provided by Amdocs with the Software initially licensed hereunder to Company.







6.3 Exclusions and Disclaimers of Warranties. AMDOCS' WARRANTIES HEREUNDER DO NOT APPLY IN THE EVENT THE SOFTWARE OR ANY PART THEREOF IS HANDLED OR USED BY COMPANY OTHER THAN IN ACCORDANCE WITH THE APPLICABLE SOFTWARE OPERATION REQUIREMENTS SET FORTH IN THE RELATED DOCUMENTATION. ANY REPRESENTATIONS, WARRANTIES AND LIMITATIONS EXPRESSLY STATED IN THIS AGREEMENT ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS, OR IMPLIED INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. COMPANY EXPRESSLY ACKNOWLEDGES THAT AMDOCS DOES NOT REPRESENT OR WARRANT THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE OR THAT THE SOFTWARE WILL OPERATE ON COMPUTER HARDWARE OR OPERATING SYSTEMS OTHER THAN THE PLATFORMS. AMDOCS' WARRANTY UNDER SECTION 6.1 IS A ONE-TIME, 90-DAY WARRANTY AND DOES NOT RESTART UPON THE PROVISION BY AMDOCS OF ANY UPDATES, UPGRADES OR NEW RELEASES OF THE SOFTWARE.

## 7. MAINTENANCE

Amdocs will provide maintenance services for the Software ("Maintenance") at the fees and terms specified in Exhibit B and the applicable Maintenance Order.

## 8. PROFESSIONAL SERVICES

If the Company requires that Amdocs provide any integration, implementation, localization and/or adaptation services related to the Software, Amdocs shall provide such services in accordance with the terms and conditions of the MSA and the applicable Statement of Work thereunder.

## 9. FEES, PAYMENT AND TAXES

9.1 License Fees. The License Fees and payment terms for the Software are specified in each valid and binding License Order.

9.2 Maintenance Fees. The Maintenance Fees and payment terms are specified in each valid and binding Maintenance Order.

9.3 Payment of Invoices. All payments of undisputed fees by Company to Amdocs shall be made within 30 days after Company's receipt of the applicable invoice. If Company believes that any adjustments to any invoice are necessary, then within ten days after Company's receipt of such invoice, Company shall notify Amdocs in writing detailing the nature and basis of the requested adjustment. Company may withhold any amounts that are the subject of a good-faith dispute. Amdocs shall continue to perform its obligations hereunder during the resolution of any such dispute. The parties shall negotiate in good faith to resolve any dispute relating to an invoice within 20 days after Company notifies Amdocs of such a dispute. Amdocs may assess interest on past due amounts at the lesser of 12% per annum or the maximum interest rate allowed by applicable Laws; provided, however, at least three business days prior to assessing any

such interest, Amdocs shall notify Company in writing (which may occur via electronic mail) that Amdocs has not yet received the applicable payment, and Amdocs shall not assess any such interest if Company tenders payment prior to the end of such three business day period.

9.4 Currency. All fees, charges and other amounts to be received or paid by the parties under this Agreement shall be in U.S. Dollars.

9.5 Taxes. Consistent with Section 3.7 of the MSA, all License Fees, Maintenance Fees and any other fees to be received by Amdocs under this Agreement are to be received net (before) U.S. Transaction Taxes. Accordingly, in addition to such fees, Company shall pay Amdocs an amount equal to any separately stated U.S. Transaction Taxes that Amdocs is required to collect, withhold or pay upon the sale, license, or delivery of the Software, Maintenance or other services provided hereunder to Company by Amdocs.

9.6 Audit. Once per calendar year, upon written notice to Company at least 30 days prior to such audit, Amdocs may audit Company's use of the Server Software, at Amdocs' expense, to ensure compliance with the terms and conditions of this Agreement. Amdocs shall conduct all such audits during regular business hours at the Installation Site(s) and shall not unreasonably interfere with Company's business activities. If an audit reveals any underpayments by Company of any fees payable under this Agreement, Amdocs shall bill Company for such underpayment, and Company shall pay the applicable invoice in accordance with Section 9.3. If an audit reveals any overpayments by Company under this Agreement, Amdocs shall promptly refund to Company the amount of such overpayment plus applicable interest on such amount (since the time of such overpayment) at the lesser of 12% per annum or the maximum interest rate allowed by applicable Laws.

## 10. INDEMNITY

10.1 General Indemnity. Amdocs shall indemnify, defend and hold Company and its officers, directors, agents and employees harmless from and against any claims, losses, damages, liabilities or expenses (including reasonable attorneys' fees and expenses) arising out of or resulting from: (a) any personal injury or property damage arising out of Amdocs' negligence or willful misconduct; (b) Amdocs' violation of any Amdocs Legal Requirement or third-party license terms; and (c) any third-party claim that the Software or Maintenance infringes, misappropriates or violates such third party's IPR.





## 10.2 Continued Use.

(a) If the Software or any portion thereof is held, or in Amdocs' reasonable opinion is likely to be held, in any such suit to constitute an infringement, misappropriation or violation of the IPR of a third party, Amdocs shall within a reasonable time, at its expense and option, either: (i) secure for Company the right to continue the use of such Software; or (ii) replace such Software with a substantially equivalent item that is not subject to any such claim, or modify such Software so that it is no longer subject to any such claim; provided, however, that after any such replacement or modification, the Software must continue to conform to the specifications and Documentation in all material respects, and further provided, that any such modified or replaced Software shall be subject to all Amdocs' warranties contained herein.

(b) If Amdocs is, in Amdocs' reasonable discretion, unable through commercially reasonable efforts to either secure for Company the right to continue the use of such Software or replace or modify such Software, as provided in Sections 10.2(a)(i) and 10.2(a)(ii), the following shall apply if Company elects to continue to use the license to the Software:

- (i) If Company elects to replace or modify the infringing portion of the Software so that it is non-infringing, Amdocs will be liable for the costs of such replacement or modification up to an amount equivalent to the liability limit under this Agreement [\*\*\*] the difference between such liability limit and \$[\*\*\*] million (i.e., Amdocs' liability shall be subject to the liability limit under this Agreement plus an additional amount such that Amdocs' total liability under this subsection will not exceed \$[\*\*\*] million).
- (ii) If Company elects to secure the right to continue the use of such Software, Amdocs will pay a portion of the royalty payable for such right up to an amount equivalent to [\*\*\*] percent ([\*\*\*]%) of the license fees payable to Amdocs by Company for the Software.

If, however, Company elects not to continue to use the license to the Software, Amdocs will terminate the license and grant to Company a credit in an amount equivalent to the License Fees paid for the Software plus the fees paid by Company for Services provided by Amdocs under the MSA for implementation of the Software at Company, as depreciated on a straight-line basis over a period of ten (10) years.

## 10.3 Exclusions.

(a) Amdocs shall not be obligated to indemnify Company, however, to the extent that such claim is caused by: (i) Company's use of the Software other than in accordance with the Documentation; (ii) any alteration, modification or revision of the Software not expressly authorized in writing by Amdocs; (iii) Company's failure to use or implement corrections or enhancements to the Software made available by Amdocs to Company free of charge or as part of Maintenance and that do not cause the Software to fail to meet the applicable warranties and specifications therefor, subject to Section 10.3(b); or (iv) Company's use of a combination of the Software with other materials not provided, recommended, authorized or approved by Amdocs and not otherwise required in order for Company to use the Software for its intended use as set forth in the Documentation.

(b) Amdocs will notify Company as soon as reasonably possible after Amdocs becomes aware that upgrading to a newer version of the Software would eliminate infringement of a third party's IPR by use of the Software. Following such notification by Amdocs, one of the following alternatives shall apply, at Company's option, upon notice to Amdocs: (i) Company may elect to upgrade to such newer version at Company's expense; or (ii) if Company chooses not to upgrade to such new version, Amdocs will provide a Service Pack/Patch Bundle and all associated Services at Amdocs' cost to remedy the infringement. Provided that Company uses reasonable and good faith efforts to implement such upgrade or newer Minor Release, as applicable and as soon as reasonably possible, and to cease using the infringing Software as soon as reasonably possible, Section 10.3(a)(iii) shall not be deemed to apply.

10.4 Indemnification Procedures. Promptly after receipt by Company of a notice of any third-party claim or the commencement of any action, Company shall: (a) notify Amdocs in writing of any such claim; (b) provide Amdocs with reasonable assistance to settle or defend such claim, at Amdocs' expense; and (c) grant to Amdocs the right to control the defense and/or settlement of such claim, at Amdocs' expense; provided, however, that: (i) the failure to so notify, provide assistance and grant authority and control shall only relieve Amdocs of its obligation to Company to the extent that Amdocs is prejudiced thereby; (ii) Amdocs shall not, without Company's consent (such consent not to be unreasonably withheld or delayed), agree to any settlement that: (A) makes any admission on behalf of Company; or (B) consents to any injunction against Company (except an injunction relating solely to Company's continued use of any infringing Software); and (iii) Company shall have the right, at its expense, to participate in any legal proceeding to contest and defend a claim and to be represented by legal counsel of its choosing, but shall have no right to settle a claim without Amdocs' written consent.

10.5 No Additional Liability. THIS SECTION 10 STATES THE EXCLUSIVE REMEDY OF COMPANY AND THE ENTIRE LIABILITY OF AMDOCS WITH RESPECT TO INFRINGEMENT CLAIMS INVOLVING THE SOFTWARE OR ANY PORTIONS OR USE THEREOF, AND AMDOCS SHALL HAVE NO ADDITIONAL LIABILITY WITH RESPECT TO ANY ALLEGED OR PROVEN INFRINGEMENT.





## 11. LIMITATION OF LIABILITY

11.1 Limitation of Liability. EXCEPT IN CONNECTION WITH SECTIONS 3, 10 and 13, IN NO EVENT SHALL EITHER PARTY, ITS AFFILIATES, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, BE LIABLE TO THE OTHER PARTY FOR ANY REASON, WHETHER IN CONTRACT OR IN TORT, FOR ANY DIRECT DAMAGES ARISING OUT OF OR BASED UPON THIS AGREEMENT EXCEEDING IN THE AGGREGATE (I) PRIOR TO THE FIRST ANNIVERSARY OF THE EFFECTIVE DATE THE FEES PAID OR PAYABLE BY COMPANY TO AMDOCS DURING THE TWELVE-MONTH PERIOD PRIOR TO THE CLAIM ARISING UNDER (A) THE ORDER GIVING RISE TO LIABILITY AND (B) THE ORIGINAL ORDER THAT THE ORDER REPLACED; OR (II) AFTER THE FIRST ANNIVERSARY OF THE EFFECTIVE DATE, THE FEES PAID OR PAYABLE BY COMPANY TO AMDOCS DURING THE TWELVE-MONTH PERIOD PRIOR TO THE CLAIM ARISING UNDER THE ORDER GIVING RISE TO LIABILITY, REGARDLESS OF THE FORM IN WHICH ANY LEGAL OR EQUITABLE ACTION MAY BE BROUGHT.

11.2 No Consequential Damages. EXCEPT IN CONNECTION WITH SECTIONS 3, 10 and 13, IN NO EVENT SHALL EITHER PARTY, ITS AFFILIATES, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, BE LIABLE TO THE OTHER PARTY UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR EXEMPLARY, PUNITIVE, INDIRECT, SPECIAL, LOST PROFITS, CONSEQUENTIAL OR SIMILAR DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES REGARDLESS OF WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

11.3 Acknowledgement. Company acknowledges that Amdocs has set its fees and entered into this Agreement in reliance upon the limitations of liability and the disclaimers of warranties and damages set forth in this Agreement and that the same form an essential basis of the bargain between the parties.

## 12. OWNERSHIP

12.1 Title to Software. Company acknowledges that as between Company and Amdocs, all right, title, and interest to, and all IPR in, the Software and Documentation are and will remain solely the property of Amdocs. Company is granted no title or ownership rights in the Software or Documentation. Company acknowledges that Amdocs considers the Software and Documentation to contain trade secrets of Amdocs and/or its licensors, and such trade secrets may include, without limitation, the source code form of the Software, the specific design, structure and logic of individual programs, their interactions with other portions of programs, both internal and external, and the programming techniques employed therein; provided, however, that the foregoing acknowledgement by Company shall not be deemed to increase or otherwise modify Company's express obligations hereunder including, without limitation, Company's obligations set forth in Section 13.

12.2 Title to Maintenance and Maintenance Work Product. Company acknowledges that as between Amdocs

and Company, Amdocs owns all right, title and interest in and to any documentation, training materials, designs, discoveries, inventions, know-how, techniques, fixes, patches, workarounds, upgrades, service packs, customizations, modifications, enhancements or derivative works of the Software provided by Amdocs as part of Maintenance (collectively, the "Maintenance Work Product"). The Maintenance Work Product shall be deemed to be part of the Software licensed to Company under the terms of Section 3, and Company is granted no title or ownership rights in any Maintenance Work Product, in whole or in part. Without limiting any prohibition provided herein, Company hereby assigns to Amdocs all right, title and interest in and to any and all derivative works of the Software, Documentation or any other materials provided by Amdocs in connection with the performance of Maintenance hereunder.

12.3 Amdocs' Tools. Diagnostics, tools, test equipment and other items used in the performance of Maintenance may be furnished by Amdocs, included with the Software, or otherwise made available by Amdocs at the Installation Site(s). No title to such items is granted to Company, and as between Company and Amdocs, such items will remain exclusively the property of Amdocs. Upon payment by Company for any applicable Software that incorporates or reasonably requires the use of any such items or to the extent that Amdocs incorporates any such items into the Software, Amdocs hereby grants to Company a worldwide, perpetual, royalty-free, nonexclusive, internal use, right and license to use such items (in object code format) as required by Company in order to use the Software in accordance with the license to the Software granted hereunder, and to authorize its Affiliates, agents, subcontractors or employees to do any or all of the foregoing.

## 13. CONFIDENTIALITY

13.1 All Confidential Information supplied by a party (the "Disclosing Party") to the other party (the "Receiving Party") shall remain solely and exclusively the property of the Disclosing Party. Except as expressly authorized herein or by prior written consent of the Disclosing Party, which consent may be withheld in the Disclosing Party's sole discretion, the Receiving Party shall not use or disclose to any third party any of the Disclosing Party's Confidential Information.

13.2 The Receiving Party shall only disclose the Disclosing Party's Confidential Information to those of its Affiliates and their respective employees and individuals providing services to Receiving Party agents, representatives and consultants ("Independent Contractors", i.e., individuals providing services for the Receiving Party on an independent contractor basis, as opposed to personnel of a third-party vendor, other than a staffing agency, that provides services for the Receiving Party) who have a need to know it for the purposes of this Agreement and who have executed a written nondisclosure agreement containing terms substantially similar to this Section 13 regarding such Confidential Information. The Receiving Party shall protect the Confidential Information of the Disclosing Party with the same level of care with which it protects its own Confidential Information, but in no event with less than reasonable care.







13.3 Each party shall be responsible for any unauthorized use or disclosure of the other party's Confidential Information received by it and its Affiliates and their respective employees and Independent Contractors (i.e., individuals)

13.4 Company's Vendors. Other vendors of USCC who will have access to Amdocs' Confidential Information will first sign a nondisclosure agreement with Amdocs substantially in the form attached hereto as Exhibit C1. (If Amdocs will have access to the vendor's confidential information, Amdocs and such vendor will instead sign the mutual nondisclosure agreement substantially in the form attached hereto as Exhibit C2. If such third party is an Amdocs Competitor (as defined in Exhibit D hereto), Company shall not provide such third party with access to the Software or Documentation, except for API Documentation, without Amdocs' express prior written consent.

13.5 Required Disclosures. Notwithstanding the foregoing, the Receiving Party may disclose the Disclosing Party's Confidential Information to the extent that the Receiving Party is required by any applicable governmental authority to do so; provided, however, that in such event, to the extent permitted by applicable law, the Receiving Party shall notify the Disclosing Party and shall cooperate with the Disclosing Party, solely at the Disclosing Party's expense, in any attempt to contest or limit such required disclosure. Notwithstanding the foregoing, the parties intend to file with the U.S. Securities and Exchange Commission a jointly-redacted version of this Agreement along with a request for confidential treatment thereof, and each party will continue to treat such redacted terms as the Confidential Information of the other.

13.6 Publicity.

(a) Neither party shall issue any press release concerning this Agreement without the other's prior written consent; provided that upon Delivery of the Software and/or upon such other milestone or date as the parties may mutually agree, the parties shall issue a joint press release that shall be subject to each party's prior written approval.

(b) Except as otherwise provided in Section 13.6(a), neither party may use the name, trade name, trademark, logo, acronym or other designation of the other in connection with any press release, advertising, marketing materials, publicity materials or otherwise without the prior written consent of the other party. Notwithstanding the foregoing: (i) Amdocs may disclose the identity of Company as a customer of Amdocs, provided that nothing in such disclosure shall imply any approval or endorsement by Company of any of Amdocs' products or services or the performance of such services by Amdocs, its Affiliates, or its subcontractors; and (ii) USCC may refer to Amdocs in its public filings as a vendor of USCC.

## 14. TERM AND TERMINATION

14.1 Term. Unless terminated as provided in this Agreement, this Agreement shall remain valid and in effect.

14.2 Termination for Cause.

(a) Subject to Section 14.2(b), either party may terminate this Agreement or any Order hereunder if the other

party materially breaches this Agreement or the applicable Order as follows: after the escalation procedure specified hereinbelow, where the alleged breach has been discussed, the nonbreaching party may provide the other party written notice of the alleged material breach and intention to terminate if the breach is not cured. If the breaching party fails to cure such breach within 30 days after receipt of such notice, the other party may, by written notice, immediately commence the Expedited Arbitration procedure. The nonbreaching party may terminate if the Arbitrator finds the other party in breach of this Agreement (unless the Arbitrator determines that the breach may be cured within a specified period and the breaching party cures the breach during such period).

(b) Notwithstanding anything to the contrary in this Agreement, Amdocs will be entitled to terminate the license to the Software granted hereunder only in the event of one of the following breaches of this Agreement:

- (i) Company fails to pay undisputed license fees in accordance with the applicable License Order and fails to cure such nonpayment within 30 days after Amdocs notifies USCC in writing thereof;
- (ii) Company's personnel breach Company's obligations under Section 3 or Section 13, and Amdocs demonstrates that (A) such breach occurred because Company failed to use reasonable efforts to prevent its personnel from breaching such obligations, and (B) such breach has or is likely to have a material adverse effect on Amdocs or any of its Affiliates, in Amdocs' reasonable opinion;
- (iii) Company's personnel willfully breach Company's obligations under Section 3 or Section 13 with the knowledge of Company's management personnel, and such breach has or is likely to have an adverse effect on Amdocs or any of its Affiliates, in Amdocs' reasonable opinion; or
- (iv) Company's or Company's Affiliates' third-party vendors, resellers, agents or other representatives materially breach Section 3, and such breach has or is likely to have an adverse effect on Amdocs or any of its Affiliates, in Amdocs' reasonable opinion.

14.3 Bankruptcy and Short Notice Termination. This Agreement may be terminated by either party on written notice if the other party shall become insolvent, cease doing business as a going concern, make an assignment, composition or arrangement for the benefit of its creditors, or admit in writing its inability to pay debts, or if proceedings are instituted by or against it in bankruptcy, under applicable insolvency laws, or for receivership, administration, winding-up or dissolution (otherwise than in the course of a solvent reorganization or restructuring approved by the other party to this Agreement), provided such proceedings are not dismissed within 60 days.





14.4 Effect of Termination. Upon termination of this Agreement or a License Order as specified above, the licenses granted to Company hereunder shall terminate immediately and the following shall apply: (a) each party shall return to the other party any Confidential Information in tangible form obtained in connection with this Agreement (or the terminated Order) from the other party, (b) upon termination by Company prior to commencement of operational use of the Software due to Amdocs' breach, Amdocs will return to Company all License Fees actually received by Amdocs for such license, and (c) following termination of any Order for Maintenance due to Amdocs' breach, Amdocs will refund any prepaid fees for any period remaining under the applicable Order.

14.5 Survival. The provisions of Sections 3 (subject to Section 14.2(b)), 6.2, 6.3, 9, 10, 11, 12, 13, 14.2(b), 14.4, 14.5 and 15 and any other provision that should naturally extend beyond the termination, expiration or other ending of this Agreement shall survive termination, expiration or other ending of this Agreement for any reason.

## 15. GENERAL PROVISIONS

15.1 Governing Law. The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of New York, U.S.A., excluding its choice-of-law rules. The United Nations Convention on Contracts for the International Sale of Goods will not apply to this Agreement.

15.2 Escalation. The parties will use their best efforts to resolve any controversy or claim arising out of or relating to this Agreement through good faith negotiations, in accordance with the following escalation procedure and time limits, unless otherwise agreed by the parties:

- (a) Both parties' Directors - ten (10) days;
- (b) Company's Vice President and Amdocs' CBE or VP - ten (10) days;
- (c) Company's Chief Information Officer and Amdocs' Division President - ten (10) days.

The parties shall not make any claims for remedies based on an alleged breach of a party's obligations, assert any right to terminate, provide notice of termination, or commence any other dispute resolution process, without first endeavoring to resolve the matter through the foregoing escalation procedure.

### 15.3 Arbitration.

(a) Any claim, whether based on contract, tort or other legal theory (including, without limitation, any claim of fraud or misrepresentation), arising out of or relating to this Agreement or any Order, including its interpretation, performance, breach or termination, not resolved by good faith negotiations and escalation as specified above, shall be resolved exclusively by arbitration conducted in New York, NY, in the English language by a sole arbitrator ("Arbitrator") in accordance with the International Arbitration Rules of the American Arbitration Association ("AAA"). The Arbitrator must have the following qualifications: a practicing lawyer or retired judge with proven experience in the telecommunications industry and contracts related thereto. The Arbitrator shall be appointed by agreement of the parties; if the

within thirty (30) days of notice of arbitration provided by either party, the AAA shall appoint the Arbitrator. The Arbitrator will be bound by the provisions of this Agreement and shall be made aware of the terms hereof prior to his appointment. Upon rendering a decision, the Arbitrator shall state in writing the basis for the decision. The arbitral award shall be final and binding, provided however that a party may petition a court of competent jurisdiction to vacate the Arbitrator's award or decision on the grounds of the Arbitrator's failure to abide by the provisions of this Agreement. The Arbitrator will have no authority to award damages excluded by this Agreement, damages in excess of the limitations contained in this Agreement, or injunctive relief. Judgment on the award or any other final or interim decision rendered by the Arbitrator may be entered, registered or filed for enforcement in any court having jurisdiction thereof.

(b) The arbitration proceedings shall be confidential and private. To that end, the parties shall not disclose the existence, content (including without limitation all materials and information created or provided as part thereof) or results of any proceedings conducted in accordance with this Section, and materials submitted in connection with such proceedings shall not be admissible in any other proceeding, provided, however, that this confidentiality provision shall not prevent a petition to vacate or enforce an arbitral award, and shall not bar disclosures strictly required by law.

(c) Notwithstanding the foregoing, each party retains the right to seek judicial assistance: (i) to compel arbitration; (ii) to obtain interim measures of protection prior to or pending arbitration, (iii) to seek injunctive relief in the courts of any jurisdiction as may be necessary and appropriate to protect the unauthorized disclosure of proprietary or confidential information, (iv) to enforce any decision of the Arbitrator, including the final award, and (v) in relation to disputes regarding the validity, scope or enforceability of intellectual property rights.

15.4 Reference Site. Company acknowledges that Amdocs may request Company to serve as a reference for purposes of Amdocs' marketing of the Software to potential customers. Upon Company's prior consent, Amdocs shall be permitted to bring representatives of potential customers to visit Company's facilities to view the Software in operation, including demonstrations of the Software by personnel of Company.

15.5 Independent Contractor. Amdocs undertakes the furnishing of licenses and Maintenance and performance of its obligations under this Agreement as an independent contractor. There shall be no employer-employee relationship between Amdocs' employees and Company, and Company's employees and Amdocs.







15.6 Assignment: Effect of Mergers and Acquisitions on Licenses to Software.

(a) Neither this Agreement nor the licenses granted hereunder are assignable by either party without the prior written consent of the other, and any attempt to do so shall be void; provided, however, that, subject to the remainder of this Section 15.6, either party may assign or subcontract some or all of this Agreement to any Affiliate or successor to the business or assets of such party without the consent of the other party, it being understood that upon subcontracting some or all of this Agreement, all obligations and liabilities hereunder shall remain with such party.

(b) Transfer and Subsequent Use by Transferee Only. If

(i) Company or a Company Affiliate sells or otherwise transfers the assets or equity ownership of any Company or Company Affiliate business unit or part thereof, and (ii) as part of such transfer agrees to transfer the Software along with such business unit, and (iii) the Software is not thereafter used by any other part of Company or any Company Affiliate, then Company and its Company Affiliates shall have the right to so transfer and assign all of its right, title, and interest in and to the Software, provided that the transferee agrees in writing with Company and Amdocs to assume all of Company's rights and obligations under the Agreement (including its Appendices) with respect to the Software and provided further that the transferee uses the Software only to service the business unit (or part thereof) so transferred to it.

(c) Transfer and Subsequent Use by Transferee and Company. If (i) Company or a Company Affiliate sells or otherwise

transfers the assets or equity ownership of any Company or Company Affiliate business unit or part thereof, and as part of such transfer agrees to transfer the Software along with such business unit, and (ii) the Software is thereafter used by any other part of Company or any Company Affiliate, then such transferee would be entitled to use the Software only after executing with Amdocs an Amdocs standard form software license and support agreement with payment provisions according to Amdocs' then-current standard price list for the use of the Software by such transferee only in conjunction with and the services of such transferred Company business unit (or part thereof).

(d) Provision of Services to Transferee. Notwithstanding

the foregoing, if (i) Company or a Company Affiliate sells or otherwise transfers the assets or equity ownership of any Company or Company Affiliate business unit; and (ii) as part of such transfer, Company or such Company Affiliate agrees to provide services to the transferee related to and/or including the use of Software, then Company or such Company Affiliate shall have the right without any additional payment to Amdocs (but subject to the payment of any additional license fees due in accordance with the applicable License Order) to so use the Software to provide such services after the completion of any such transfer, provided such services relate only to the transferred business unit. Amdocs will offer to license the Software to such third-party transferee on Amdocs' then-current standard license terms and conditions and otherwise negotiate in good faith with such third-party transferee after Company or such Company Affiliate is no longer providing such services to such third-party transferee.

(e) Mergers and Acquisitions. The provisions of Sections 15.6(b) and 15.6(c) shall not apply if Company or a Company Affiliate merges with or is acquired by another entity and immediately following such merger or acquisition the number of customers and/or subscribers previously receiving services from Company or such Company Affiliates, respectively, is less than 50% of the number of subscribers of the merged or consolidated entity. In such event, the merged or consolidated entity shall have the right to use the Software to service only the respective Company or Company Affiliate customers and/or subscribers (including potential customers and/or subscribers) in the markets that were receiving billing services from Company or a Company Affiliate, respectively, prior to the merger or acquisition. For purposes of the foregoing, "potential customers and/or subscribers" shall not include customers and/or subscribers of the non-Company/non-Company Affiliate entity that were customers and/or subscribers of such entity immediately prior to such merger or acquisition. Any other use of the Software by the merged or consolidated entity shall be conditional upon such entity executing with Amdocs a software license and support agreement. Amdocs will offer to license the Software to such merged or consolidated entity on Amdocs' then-current standard license terms and conditions and otherwise negotiate in good faith with such merged or consolidated entity.

15.7 Time Limit for Claims. No action, regardless of form, arising out of this Agreement may be brought by either party more than two years after the cause of action has arisen.

15.8 Modification. This Agreement can be modified only by a written amendment signed by persons duly authorized to sign agreements on behalf of the parties.

15.9 Complete Agreement. This Agreement, including all Orders, Exhibits and Addenda are the complete and exclusive statement regarding the subject matter hereof and supersede all prior agreements, understandings and communications, oral or written, between the parties regarding the subject matter hereof. Each of the parties acknowledges that in entering into this Agreement and such Orders, Exhibits and Addenda, it has not relied on any statement, representations, warranty, understanding, undertaking, promise or assurance (whether negligently or innocently made) of any person (whether party to this Agreement or not) other than as expressly set out in this Agreement or such Orders or documents.

15.10 Invalid or Unenforceable Provision. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision and the rights and obligations of the parties shall be construed and enforced accordingly. In addition, the parties hereby agree to cooperate to replace the invalid or unenforceable provision(s) with valid and enforceable provision(s) which will achieve the same result (to the maximum legal extent) as the provision(s) determined to be invalid or unenforceable.



15.11 Waiver. No waiver of rights arising under this Agreement or Orders shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. No failure or delay by either party in exercising any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy and/or prejudice any rights of such party.

15.12 Notices. Legal notices given by the parties to one another in connection with this Agreement shall be provided by writing, prepaid mail, receipted courier service, or hand delivery to the party to be notified, at the address stated at the outset of this Agreement.

15.13 No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the parties. In no event will any third party have any rights in relation to this Agreement or any right to enforce the terms hereof.

15.14 Nonsolicitation. Neither party shall hire or otherwise employ any of the other party's employees or their respective subcontractors' employees, who are assigned full- or part-time to activities that are part of the performance of this Agreement within one year after such employee or subcontractor's employee ceases to be involved in the performance of this Agreement. Solely for purposes of this Section 15.14, independent contractors of a party are considered employees of such party. The provisions of this Section shall survive the expiration or termination of this Agreement or any Order for any reason and shall remain in full force and effect for a period of one year thereafter. Notwithstanding the foregoing, each party may hire any personnel of the other who has responded to publicity for a position that has been publicized through local or national newspapers, Internet postings, radio or television advertising, job fairs, notices to colleges or technical schools, or placement professionals.

15.15 Compliance with Laws. If Company is permitted to export the Software or the Documentation from the country in which Company first received it, Company assumes the responsibility for compliance with all applicable export and re-export regulations, as the case may be. Company will not allow the Software, in whole or in part, to be exported outside of the United States, in any manner or by any means without in each instance obtaining the prior approval of the appropriate government authorities of the United States, and, if required,

a validated export license from the Office of Export Administration within the U.S. Department of Commerce and, if required, obtaining the prior approval of and/or license(s) from the appropriate governmental authorities of any and all other applicable countries. Company will comply with all applicable export control laws and regulations of the United States of America in performing its duties under this Agreement.

15.16 Source Code Escrow. At Company's request, with respect to the Software licensed by Amdocs to Company hereunder, Amdocs will establish a source code escrow account in favor of Company, in accordance with Exhibit E hereto.

15.17 Force Majeure. The obligations hereunder of each party shall be suspended while and to the extent that such party is prevented from complying herewith in whole or in part by any event beyond the reasonable control of such, which for purposes of this Agreement shall include, without limitation, acts of God, earthquakes, unavoidable accidents, laws, rules, regulations or orders of government authorities, acts of war (declared or not), terrorism, hostilities, blockades, civil disturbances, embargoes, strikes or any other similar event or cause. If any event described in the preceding sentence should result in the suspension of either party's performance of its obligations hereunder, such party shall give written notice of such suspension to the other party, specifying in reasonable detail the nature of the event causing such suspension. Company shall not be required to make any payments to Amdocs for Amdocs' performance hereunder such performance is suspended due to a force majeure. Either party may terminate any applicable Order immediately upon notice to the other party if such other party's performance under such Order has been suspended due to a force majeure for a period of 30 days or longer, and if such notice is given while the force majeure is continuing.

15.18 Insurance. The terms and conditions set forth in Section 6 of the MSA shall apply equally hereunder to Amdocs and Company as if incorporated herein by this reference with appropriate adaption of defined terms; provided, however, that Amdocs' compliance with such terms and conditions pursuant to this Agreement or the MSA shall be deemed to be compliance therewith (without duplication) for purposes of the other.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement through their authorized representatives as of the Effective Date.

**USCC Services, LLC**

By: /s/ Catherine Shackelford

Name: Catherine Shackelford

**Amdocs Tethys Limited**

By: /s/ Ioannis Tinis

Name: Ioannis Tinis

Title: VP Supply Chain

Title: Director and Secretary

Exhibit A

**CERTAIN IDENTIFIED INFORMATION WITH “[\*\*\*]” HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED**

**Amended and Restated License Order No. 1**

This **AMENDED AND RESTATED LICENSE ORDER NO. 1** (this “License Order”) entered into as of the Effective Date (as defined below) amends and restates in its entirety that certain License Order No. 1 by and between USCC Services, LLC (“USCC” or “Company”), as successor to United States Cellular Corporation, and Amdocs Tethys Limited (“Amdocs” or “Consultant”), as successor to Amdocs Software Systems Limited, dated August 17, 2010, and all amendments to License Order No. 1 (collectively, the “Original License Order”).

The parties agree that (i) the terms and conditions of the Original License Order govern the rights and obligations of the parties arising under the Original License Order prior to the Effective Date, and (ii) the terms and conditions of this License Order will govern the rights and obligations of the parties arising under this License Order on or after the Effective Date.

Upon acceptance of this License Order, the license granted and accepted under the Original License Order shall continue to be applicable under this License Order in accordance with all the terms hereof, such that the parties affirm that Amdocs has granted to Company a license to use the Software (the “License”), and Company has accepted and agreed to pay for the License, under the terms and conditions of this License Order and the terms and conditions contained in the Software License and Maintenance Agreement between USCC and Amdocs dated August 17, 2010 (the “SLMA”), which is specifically incorporated herein by this reference.

As referred to in this License Order, (i) “MSA” means the 2019 Master Service Agreement dated as October 1, 2019, (ii) “MSOWMS” refers to the 2019 Master Statement of Work for Managed Services dated as October 1, 2019, and (iii) “MSSOW1” refers to the 2019 Managed Services Statement of Work dated as October 1, 2019.

**1. EFFECTIVE DATE OF THIS LICENSE ORDER**

October 1, 2019 (the “Effective Date”).

**2. SOFTWARE**

**2.1 The Amdocs Software**

In accordance with this License Order, the parties affirm that Amdocs has licensed to USCC, and continues to license, under the terms of the SLMA, the following Amdocs Software (the “Amdocs Software”):

(a) Amdocs Revenue Management (Version CES 8.1)

- (i). Amdocs Acquisition & Formatting
- (ii). Amdocs Turbo Charging
- (iii). Amdocs Error Manager
- (iv). Amdocs Invoicing
- (v). Amdocs Document Designer
- (vi). Amdocs Accounts Receivable
- (vii). Amdocs Collections
- (viii). Amdocs Balance Manager
- (ix). Amdocs Voucher Manager
- (x). Amdocs Replenishment Manager

(b) Amdocs Customer Management (Version CES 8.1)

- (i). Amdocs Billing Manager - Smart Client
- (ii). Amdocs Customer Interaction Manager - Smart Client

- (iii). Amdocs Integration Gateway
- (iv). Amdocs Marketing Connector - Smart Client
- (v). Amdocs Analytics Connector - Smart Client
- (vi). Amdocs Sales - Smart Client
- (vii). Amdocs Script Designer
- (viii). Amdocs CRM Customization Center - Smart Client (licensed for Non- Production Environments as detailed in Annex 2 hereto)
- (ix). Amdocs Script Manager - Smart Client
- (x). Amdocs Support- Smart Client
- (xi). Amdocs Process Manager (for Amdocs Customer Management)
- (xii). Amdocs Ordering
- (xiii). Amdocs SLA Manager

(Except as indicated in subpart (b)(viii) above, the foregoing Licenses include those for the Production Environment(s) and/or Non-Production Environments as well as the User Licenses, all as specified in Annex 2 hereto.)

(c) Amdocs Retail Interaction Manager (Version CES 8.1)

(d) Amdocs Activation (Version CES 8.1)

Amdocs Activation Manager

(e) Amdocs Network Billing Unit Software (Version 5.2)

- (i). Amdocs Session Control Point
- (ii). ARC
- (iii). IVR (pre and post call announcements)

(f) Amdocs Foundation Components (Version CES 8.1)

- (i). Amdocs Customer Information Hub
- (ii). Amdocs Enterprise Product Catalog
- (iii). Amdocs Resource Manager
- (iv). Amdocs Monitoring and Control
- (v). Amdocs Security Manager
- (vi). Amdocs System Configurator
- (vii). Amdocs Integration Framework
- (viii). Amdocs Service Platform
- (ix). Amdocs DB Extract Tool
- (x). Amdocs Multimedia Integrator
- (xi). Amdocs Sales Engine

(g) Amdocs Partner Manager (Version CES 8.1) ("APM")

2.2 **[RESERVED]**

2.3 **The MicroTelecom Software**

(a) In accordance with this License Order, the parties affirm that Amdocs has sublicensed to USCC, and continues to sublicense, under the terms of the SLMA, the following MicroTelecom Software (the "MicroTelecom Software"):

MicroTelecom (Version 5) -- Point-of-Sale Functionality

- (b) The terms and conditions relating to the scope and use of the MicroTelecom Software shall be consistent with the terms and conditions relating to the scope and use of the licenses to the Amdocs Software.



## 2.4 The Software

Notwithstanding the definition of Software set forth in the SLMA, the Amdocs Software and the MicroTelecom Software shall be deemed to be part of the Software for purposes of the SLMA and this License Order unless the context clearly requires otherwise. Without limiting the foregoing and for the avoidance of doubt, Amdocs' indemnification obligations set forth in Section 10 of the SLMA with respect to the Software shall apply to the MicroTelecom Software.

## 3. TERRITORY

Notwithstanding the definition of the Territory set forth in the SLMA, USCC may install and use the Server Software in [\*\*\*], and USCC may use and permit the use of the Client Software without territorial restrictions in accordance with Section 3 of the SLMA.

## 4. TERM, TYPE AND SCOPE OF LICENSE

4.1 The term, type and scope of the Licenses granted under this License Order shall be as specified in Section 3 of the SLMA and as otherwise specified in this License Order.

4.2 The usage rules and definitions specified in the following Annexes to this License Order shall apply to the Software granted under this License Order as set forth in the following table:

<b>SOFTWARE</b>	<b>ANNEX TO THIS LICENSE ORDER</b>
Amdocs Revenue Management and Amdocs Network Billing Unit Software	1
Amdocs Customer Management and Amdocs Retail Interaction Manager	2
The MicroTelecom Software	3

4.3 Licenses to the Amdocs Foundation Components Software are included with the Licenses to the other Amdocs Software granted under this License Order and are not priced separately. The Amdocs Foundation Components Software licensed herein is subject to the environment and volume usage rules and limitations specified for the related Amdocs Software licensed pursuant to this License Order.

4.4 Subject to the terms set forth in this License Order (including the Annexes hereto), upon payment by USCC of the License Fees specified in this License Order for the Amdocs Software, USCC shall be entitled to use such Software for [\*\*\*] Production [\*\*\*] and the Non-Production Environments outlined in Appendix 2 to MSSOW1. Upon USCC's request, Amdocs will license to USCC the right to use such Software in additional Non-Production Environments for no additional license fees.

## 5. [RESERVED]

## 6. LICENSE FEES

### 6.1 Initial License Fees

(a) The initial License Fees (each an "ILF") for the Licenses granted under the Original License Order are specified in the following table:

<b>SOFTWARE</b>	<b>ILF</b>
<b>The Amdocs Software</b> (as specified in Section 2.1 of this License Order and Annexes 1 and 2 to this License Order)	\$[***]
<b>Companion Licenses for Amdocs Customer Management (Version CES 8.1) Software</b> (as specified in Section 2.1 of this License Order and Annex 2 to this License Order)	\$[***]
<b>MicroTelecom Software</b> (as specified in Section 2.3 of this License Order and Annex 4 to this License Order)	\$[***]
<b>Total ILF</b>	<b>\$[***]*</b>

\*The parties acknowledge and agree that the total ILF fees have been paid by USCC under the Original License Order.



- (b) Payment of the ILFs shall entitle USCC to use the applicable Software in one Production Environment for up to the following volumes of usage (as further defined and detailed in the applicable Annexes hereto):

<b>SOFTWARE</b>	<b>VOLUME OF USAGE (BASED ON ILF)</b>
Amdocs Revenue Management	[***] Subscribers (as defined in Annex 1) (No Basic M2M (as defined in Section 6.2(d)) or Advanced M2M (as defined in Section 6.2(d)) are included.)
Amdocs Network Billing Unit Software	[***] Subscribers
Amdocs Customer Management	[***] Concurrent Users (as defined in Annex 2)
Companion Licenses (as defined in Annex 2) for Amdocs Customer Management	[***] Concurrent Users
Amdocs Retail Interaction Manager	[***] Concurrent Users
Amdocs Partner Manager	[***] Subscribers (as defined in Annex 1) (No Basic M2M (as defined in Section 6.2(d)) or Advanced M2M (as defined in Section 6.2(d)) are included.)

## 6.2 Subsequent License Fees

- (a) Company's volume of usage of the Software will be reviewed annually on November 1<sup>st</sup> (each a "Verification Date").
- (b) Within 30 days after each Verification Date, USCC shall notify Amdocs in writing of the volume of Software usage as of such Verification Date. Amdocs may audit Company's use of the Software in accordance with Section 9.6 of the SLMA.
- (c) If the volume of Company's Software usage at any time exceeds the number of licenses that the Company has acquired whether in consideration of the ILF or by payment of the applicable subsequent License Fees (each an "SLF") (as set forth in the table below for the Amdocs Software (or the applicable SLFs set forth in Annex 4)) prior to such time, then Company will, prior to using the Software in excess of such number of acquired licenses, notify Amdocs thereof and within 30 days after USCC's receipt of Amdocs' invoice for the applicable SLFs pay to Amdocs the applicable SLFs to acquire licenses for such excess volume usage. Without limiting the foregoing, if the volume of Company's Software usage as of a Verification Date exceeds the number of licenses that the Company has acquired as of such Verification Date, then Company will pay to Amdocs the applicable SLFs within 30 days after Amdocs submits to USCC an invoice for such SLFs.

<b>SOFTWARE</b>	<b>SLF</b>
Amdocs Revenue Management	[\$***] per Subscriber
Amdocs Network Billing Unit Software	[\$***] per Subscriber
Amdocs Customer Management	[\$***] per Concurrent User
Companion License for Amdocs Customer Management	[\$***] per Concurrent User if acquired by USCC during the Companion License Period (as defined in Annex 2)
	[\$***] per Concurrent User if acquired by USCC following the Companion License Period
Amdocs Retail Interaction Manager	[\$***] per Concurrent User
Amdocs Partner Manager	[\$***] per Subscriber

SLFs relate only to Subscribers, Concurrent Users, and Stores (in accordance with Annex 4) in excess of those usage limitations contemplated in the ILF or the aggregate usage limitations as of the date of determination based upon the ILF and all SLFs paid prior to such date.

- (d) Machine-to-Machine SLF. Notwithstanding the SLFs set forth in Section 6.2(c) of this License Order, the machine-to-machine ("M2M") SLFs will apply for devices used solely to gather data and to send such data (without direct human intervention) to a back-end server using a USCC network. The M2M SLFs will be payable by USCC with respect to the devices and usage of the Software based upon the following definitions:



- (i). "Basic M2M" means M2M use of the Amdocs Software for basic rating and billing on a postpaid basis with (A) no more than [\*\*\*] events are sent from the device to TOPS (as defined in the MSOWMS) each month, (B) no real-time capabilities or special features, and (C) the data flows only in one direction from the device to TOPS.
- (ii). "Advanced M2M" means M2M use of the Amdocs Software for advanced rating and billing on a postpaid basis where one or more of the following is applicable: (A) more than [\*\*\*] events are sent from the device to TOPS each month, (B) real-time capabilities (e.g., notification of payment due, balance or up-to-date consumption data of any sort) or special features are required, or (C) the data flows both from the device to TOPS and from TOPS to the device.

The M2M SLFs will be billed based upon the pricing set forth in the following table:

<b>Number of Subscribers (Devices)</b>	<b>Basic M2M SLF Pricing per Subscriber</b>	<b>Advanced M2M SLF Pricing per Subscriber</b>
0-[***]	\$[***]	\$[***]
[***]-[***]	\$[***]	\$[***]
[***]-[***]	\$[***]	\$[***]
[***]+	\$[***]	\$[***]

- (e) The volume of USCC's usage of the Software will be determined in accordance with a technical procedure that will enable USCC to retrieve the then-current volume of such usage from TOPS. Such procedure is set forth in Appendix 10.3 of MSSOW1.

### 6.3 Additional Amdocs Software Products

- (a) If USCC elects to purchase from Amdocs licenses to Amdocs Partner Manager, Amdocs Interactive e-Commerce, Amdocs Interactive e-Service and /or Amdocs Interactive e-Billing, Amdocs will provide such licenses to USCC at the License Net Price specified in the following table:

<b>Product Name</b>	<b>List Price</b>	<b>Discount</b>	<b>License Net Price</b>
Amdocs Partner Manager	\$[***]	[***]%	\$[***]
Amdocs Interactive e-Commerce	\$[***]	[***]%	\$[***]
Amdocs Interactive e-Service	\$[***]	[***]%	\$[***]
Amdocs Interactive e-Billing	\$[***]	[***]%	\$[***]

- (b) The License Net Prices specified in the table above are for the applicable ILFs based on the same volumes of usage as set forth in Section 6.1(b) of this License Order. If USCC elects to purchase licenses for such products at volumes of usage in excess of the volumes specified in Section 6.1(b) of this License Order, USCC shall pay to Amdocs the applicable SLFs for such excess volume subject to no less than a [\*\*\*]% discount off of Amdocs' list prices for the applicable SLFs.
- (c) If USCC elects to purchase from Amdocs licenses to any additional Amdocs Software products (i.e., any Amdocs proprietary Software products that are neither licensed to USCC under this License Order nor specified in Section 6.3(a) of this License Order), USCC will receive discount of not less than [\*\*\*]% off of Amdocs' list prices for such licenses to such additional Amdocs Software products.

### 6.4 Freedom Wireless Licenses

For avoidance of doubt, the licenses granted by Amdocs under this License Order do not include licenses under the patents (the "Freedom Wireless Patents") of Freedom Wireless, Inc. ("Freedom Wireless") to provide real-time prepaid services for the Subscribers.

**Remainder of page left blank intentionally**



IN WITNESS WHEREOF the parties hereto, by their duly authorized representatives, have executed this Amended and Restated License Order No. 1 as of the Effective Date.

ACCEPTED:  
**USCC Services, LLC**

By: /s/ Linda Wolin  
Name: Linda Wolin  
Title: Senior Category Manager  
Date: 9/27/2019

ACCEPTED:  
**Amdocts Tethys Limited**

By: /s/ Dushyant Ruchwani  
Name: Dushyant Ruchwani  
Title: Director  
Date: 9/20/2019

Exhibit B

**CERTAIN IDENTIFIED INFORMATION WITH “[\*\*\*]” HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED**

**MAINTENANCE TERMS AND CONDITIONS**



## 1. SCOPE OF MAINTENANCE

1.1 Definitions. The following terms used in this Exhibit B are defined as follows:

(a) **“Major Release”** means a new release of the Software that includes additional significant enhancements to the Software. These releases may include material architectural changes, major feature changes, new platform support, new operating system support, third-party hardware support and additional new software modules available as part of the Major Release. Unless otherwise defined via a specific communication, Major Releases are usually designated by the number “0” to the right of the decimal point (e.g., 8.0). (For greater certainty, release 7.5 was specifically designated by Amdocs as a Major Release.) Major Releases include Replacement Products but do not include new products or other items that Amdocs licenses separately from the Software. For purposes of this definition, a “Replacement Product” is any product that Amdocs licenses separately to its other licensees at additional prices and that (i) includes all or substantially all of the features and functionality of the Software; or (ii) is intended as a replacement for the Software. Major Releases are typically released by Amdocs every 18 to 24 months.

(b) **“Minor Release”** means a new release of the Software that is associated with the most recent preceding Major Release. Minor Releases are usually designated by the numbers 1-9 to the right of the decimal point. A Minor Release may contain software fixes, new features, new platform support, new operating system support and third-party hardware support. Additionally, Minor Releases may include one or more Other Releases.

(c) **“Other Release”** means any of the following additional types of Minor Releases of the Software:

- i. **“Patch Bundle”** means a proactive and periodic release that aggregates all Error (as defined below) fixes driven by Amdocs’ worldwide installations. Patch Bundles are typically released by Amdocs every 4 to 6 weeks; and
- ii. **“Service Pack”** means a proactive and periodic release that is composed of a group of Patch Bundles, and may include third-party software upgrades and product enhancements. Service Packs are typically released by Amdocs every 6 to 12 months.

1.2 Amdocs’ Obligations. During the applicable Maintenance Period (as defined in Section 3.2 of this Exhibit B) and provided Company has a Supported Release of the Software, Amdocs shall:

(a) provide Company with the level of Maintenance purchased by Company as shall be specified in each Annex 1 to be issued under this Exhibit B, in accordance with the Amdocs Product Support Overview which may be accessed by Company at the Amdocs Support Portal, log-in page [www.amdocs.com/support](http://www.amdocs.com/support) and which is incorporated herein by this reference (the current version of the Amdocs Product Support Overview is attached to this Exhibit B as Annex 2);

(b) provide Company with Major Releases, Minor Releases and Other Releases for the Supported Release of the Software in accordance with Annex 1 to this Exhibit B (excluding any new modules not then licensed to Company), provided that except as otherwise agreed by the parties (e.g., in a License Order hereunder or in a Statement of Work under the MSA), Amdocs makes no representation as to what may be included in any new release and is under no obligation to incorporate any newly-developed functionality into any new release;

(c) determine the source of the problem reported by Company and notify Company or the appropriate party if the source of the problem is not an Error;

(d) resolve problems or bugs in the Supported Release of the Software which cause the Software not to function in conformity with the Documentation in all material respects (“Errors”), such efforts to be in accordance with the level of Maintenance purchased by Company and in accordance with the Amdocs Product Support Overview;

(e) not disable or remove through update, upgrade or new release a previously enabled portion of the API;

(f) provide Company with telephone consultation relating to Maintenance;

(g) periodically provide Company with Amdocs’ product roadmap that identifies a list of functional capabilities that Amdocs is considering adding to the Software in upcoming releases, and the estimated timeframe within which Amdocs anticipates such functional capability will be delivered;

(h) provide Company with the opportunity to participate in Amdocs customer or user groups in which participants compare experiences and make suggestions for further enhancements to the Software as further set forth in Section 1.3 of this Exhibit B. In connection with Company’s participation in any such customer or user groups, Amdocs shall waive enforcement of Section 13 of the Agreement to the extent necessary to enable Company to participate meaningfully; and

(i) provide Company with the information and assistance required pursuant to Section 1.4 of this Exhibit B in connection with enabling the Software to be compliant with and to enable USCC's use of the Software to be compliant with Company Legal Requirements.

Maintenance for a release of the Software that is no longer a Supported Release shall be offered by Amdocs for at least [\*\*\*] ([\*\*]) years after such release of the Software ceases to be a Supported Release ("Extended Support"), all as further described in the Amdocs Product Support Overview, subject to payment of an additional fee for such Maintenance, if any, as set forth in the applicable Maintenance Order. Such additional fee will not exceed [\*\*\*] percent ([\*\*]%) of the then current Maintenance Fees for a Supported Release.

### 1.3 Amdocs User Groups.

(a) Amdocs seeks input from its customers concerning the roadmap for Amdocs products. Requests that optimize product architecture and functionality are considered for inclusion in upcoming releases of the Software.

(b) Amdocs will provide to Company the same opportunities and privileges that Amdocs provides to its other customers to endeavor to influence the Amdocs products roadmap.

(c) Without derogating from the foregoing, Amdocs will offer Company the opportunity to participate in the following programs, which are intended to influence future functionality of the Software:

- i. Amdocs Board of Advisors: The Amdocs Board of Advisors meets semi-annually with Amdocs' executive management to provide insights and recommendations on topics that drive the Amdocs vision, direction, business model and overall philosophy.
- ii. Amdocs Technology Council: The Amdocs Technology Advisory Council consists of Chief Architects / VPs of Architecture who advise Amdocs on topics including, without limitation, integrated customer data models, web services, unified user interfaces, process management architecture, high availability and security.
- iii. Special Interest Groups: Amdocs Special Interest Group (SIG) program currently has four active groups on the following topics: Advertising and Media, Billing and Revenue Management, Customer Relationship Management (CRM), and Operational Support System (OSS). The SIGs meet four times per year. Three meetings are via Webinar, and the fourth is a face-to-face meeting held as part of Amdocs' annual user conference currently known as "InTouch."

1.4 Regulatory Compliance. If Company believes that a change to the Software is required in order for the Software or USCC's use of the Software to comply with Company Legal Requirements, Company may request and Amdocs shall provide the following:

(a) a good faith estimate of when such change will be incorporated into a release of the Software and made available to Company hereunder;

(b) a good faith estimate of the timeline and cost for customization of the Software to incorporate such change; and

(c) reasonable assistance in discussions with governmental agencies and other enforcement bodies as necessary to explain the timeline required for compliance.

1.5 Company's Obligations. During the applicable Maintenance Period, Company shall:

(a) appoint a System Manager and promptly obtain training in the use of the Software. For purposes of this Exhibit B, a "System Manager" means a limited number of individuals designated by Company to act as Company's liaison and single point of contact with Amdocs for all technical communications and the distribution of information and materials provided by Amdocs to Company hereunder;

(b) undertake remedial corrective actions as reasonably instructed by Amdocs in the Documentation and properly maintain the Software at the Supported Release unless USCC has paid an additional fee for Extended Support. If any release of the Software offered to Company is deemed by Company to be undesirable, Company may, at its option, continue to use a prior release of the Software. However, Amdocs' Maintenance obligations to Company under this Exhibit B apply only to the Supported Release of the Software unless USCC has paid an additional fee for Extended Support;

(c) notify Amdocs of any Errors in the Software in accordance with Amdocs' then-current problem reporting procedures provided by Amdocs in writing; and

(d) install new releases and Error corrections provided by Amdocs, test and implement such corrections and perform any clean-up activity required to correct side effects of any Error. Additionally, immediately following installation of any new release of the Software provided by Amdocs, and except for any archival or back-up copies as authorized in the Agreement, promptly destroy or, at Amdocs' option return, any prior release(s) of the Software and Documentation.



## 2. LIMITATIONS

2.1 Limitations on Maintenance. Maintenance shall not apply in the event (a) the Software or any part thereof is altered, modified or revised by any party other than Amdocs or other than as directed, instructed or authorized by Amdocs (for the avoidance of doubt, configuration of the Software shall not be deemed to be an alteration, modification or revision of the Software or any part thereof); (b) the Software is used in conjunction with another vendor's products resulting in the defect or nonconformance provided that such products were not provided, recommended, authorized or approved by Amdocs and were not otherwise required in order for USCC to use the Software for its intended use as set forth in the Documentation or instructions supplied by Amdocs; or (c) Company fails to follow the applicable operation, Maintenance or Platform requirements as specified in the Documentation. All corrections to the Software will be performed only by Amdocs or its authorized subcontractors.

## 3. MAINTENANCE AVAILABILITY, PERIODS AND REINSTATEMENT

3.1 Availability of Maintenance. Amdocs will provide Maintenance for the Supported Release(s) of the Software and will provide Extended Support for prior releases as set forth in this Exhibit B.

3.2 Maintenance Periods. Maintenance will be provided for one (1) year periods ("Maintenance Period") commencing upon Delivery of the Software, and Company hereby orders Maintenance for the first Maintenance Period pursuant to the terms of Annex 1 to this Exhibit B. During the Term of the Agreement, each Maintenance Period shall be automatically renewed for successive Maintenance Periods for so long as Amdocs offers Maintenance for the Software and unless not renewed by USCC by providing notice in writing to Amdocs at least sixty (60) days prior to the conclusion of the applicable Maintenance Period. Amdocs' right not to renew Maintenance shall be subject to the provisions of Section 3.1 of this Exhibit B.

3.3 Reinstatement. If Company notifies Amdocs of its decision not to renew Maintenance following the conclusion of the applicable Maintenance Period as specified in Section 3.2 of this Exhibit B, Company may later request that

Amdocs reinstate Maintenance, provided Company has a Supported Release of the Software or a release that is eligible for Extended Support. In such event Amdocs shall reinstate Maintenance and Company shall pay Amdocs a maintenance reinstatement fee equal to the cumulative standard Maintenance charges applicable for the Maintenance terms during which Maintenance lapsed, in addition to the Maintenance charges for the then-current Maintenance Period. In the event Company does not have a Supported Release of the Software or a release that is eligible for Extended Support, and Company wishes to order Maintenance, Company may order Services from Amdocs under the MSA for the purpose of upgrading the Software in order to enable Company to order Maintenance.

## 4. MAINTENANCE FEES AND PAYMENT

4.1 Maintenance Fees. The consideration for Maintenance ("Maintenance Fee") for each Maintenance Period is specified in Annex 1 to this Exhibit B.

4.2 Invoicing. The Maintenance Fee for each Maintenance Period will be invoiced to Company in advance on the first day of the applicable Maintenance Period and paid by Company as specified in Section 9.3 of the Agreement.

## 5. DATA PRIVACY

The terms and conditions set forth in Section 10, Exhibit G and Exhibit J of the MSA shall apply equally hereunder to Amdocs in its performance of Maintenance and to Company in its receipt of Maintenance in the same manner as if incorporated herein by this reference with appropriate adaption of defined terms and conditions and cross-references.

## 6. MAINTENANCE POLICY CHANGES

This Exhibit B reflects Amdocs' policy with respect to the provision of Maintenance in force as of the Effective Date. Company acknowledges that these terms are subject to change, provided that Amdocs shall not materially reduce the level of Maintenance offered hereunder during the term of the Agreement. Amdocs shall inform Company in advance of any such changes. All changes shall take effect after the end of the then-current Maintenance Period.

Annex 1 to Exhibit B

**CERTAIN IDENTIFIED INFORMATION WITH “[\*\*\*]” HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED**

**SECOND AMENDED AND RESTATED MAINTENANCE ORDER NO. 1**

This **SECOND AMENDED AND RESTATED MAINTENANCE ORDER NO. 1** (this “Maintenance Order”) entered into as of the Effective Date (as defined below) amends and restates in its entirety that certain Amended and Restated Maintenance Order No. 1 by and between USCC Services, LLC (“USCC” or “Company”), as successor to United States Cellular Corporation, and Amdocs Tethys Limited (“Amdocs” or “Consultant”), as successor to Amdocs Software Systems Limited, dated October 1, 2016, as amended effective September 6, 2017 (collectively, the “First A&R Maintenance Order”).

The parties agree that (i) the terms and conditions of the First A&R Maintenance Order govern the rights and obligations of the parties arising under the First A&R Maintenance Order prior to the Effective Date, and (ii) the terms and conditions of this Maintenance Order will govern the rights and obligations of the parties arising under this Maintenance Order on or after the Effective Date.

Upon acceptance of this Maintenance Order, the Maintenance provided under the First A&R Maintenance Order shall continue to be provided under this Maintenance Order in accordance with all the terms hereof, such that the parties affirm that Consultant will provide Maintenance for the Software, and Company has agreed to pay for the Maintenance, under the terms and conditions of this Maintenance Order and the terms and conditions contained in the Software License and Maintenance Agreement between USCC and Amdocs dated August 17, 2010 (the “SLMA”), which is specifically incorporated herein by this reference.

As referred to in this Maintenance Order, (i) “MSA” means the 2019 Master Service Agreement dated as of October 1, 2019, (ii) “MSOWMS” refers to the 2019 Master Statement of Work for Managed Services dated as of October 1, 2019, (iii) “MSSOW1” refers to the 2019 Managed Services Statement of Work dated as of October 1, 2019, and (iv) “Dev SOW” refers to the 2019 Development Statement of Work dated as of October 1, 2019. Capitalized terms used herein without definition shall have the same meanings as in the SLMA.

**1. Effective Date of this Maintenance Order**

October 1, 2019 (the “Effective Date”).

**2. Software**

Consultant shall provide Maintenance for the Software specified in Amended and Restated License Order No. 1 between the parties effective October 1, 2019 (the “License Order”). Annex 2 to this Maintenance Order (Supported Software) sets forth, for each component and version of the Amdocs Software and MicroTelecom Software that is licensed to USCC under the License Order, the commencement date and the end date of the period during which Consultant will provide Maintenance under this Maintenance Order. In the event that and at such time as any of the components listed in Annex 2 is upgraded under a Statement of Work (as defined in the MSA) or other agreement between the parties to a newer version, Annex 2 shall be updated by notice from Amdocs to USCC to include the applicable commencement date and the applicable end date of the period during which Consultant will provide Maintenance under this Maintenance Order for such newer version of such component.

**3. Description and Level of Maintenance**

For the Amdocs Software (as defined in the License Order) and the MicroTelecom Software (as defined in the License Order), Consultant will provide Maintenance: (a) in accordance with Exhibit B to the SLMA, (b) at the level described as Amdocs Preferred Support (as set forth in the then current version of the Amdocs Product Support Overview accessible at the Amdocs Support Portal, log-in page [www.amdocs.com/support](http://www.amdocs.com/support), which is incorporated herein by this reference, and (c) subject to the target defect response and resolution times described in the Dev SOW.

**4. Maintenance Periods**

4.1 Maintenance as specified in Section 2 shall be provided hereunder for [\*\*\*]. USCC shall have no right to terminate Maintenance for the first [\*\*\*] Maintenance Periods ending [\*\*\*].



4.2 Commencing [\*\*\*], Maintenance as specified in Section 2 shall be automatically renewed for [\*\*\*] Maintenance Periods unless on or before [\*\*\*] of the same calendar year thereafter USCC notifies Consultant in writing of USCC's intent to not renew Maintenance for the next Maintenance Period, in which case Maintenance will expire upon conclusion of the then current Maintenance Period.

**5. Maintenance Fees**

- 5.1. The Maintenance Fees for each Maintenance Period are set forth in Annex 1.
- 5.2. For each annual Maintenance Period, (a) the annual Maintenance Fee for the Amdocs Software will be increased by [\*\*\*]% of the SLF payable by USCC for the Amdocs Software under the License Order during the immediately preceding annual Maintenance Period; and (b) the annual Maintenance Fee for the MicroTelecom Software will be increased by \$[\*\*\*] for each Licensed Store added during the immediately preceding annual Maintenance Period in accordance with Section 6 of Annex 4 to the License Order.
- 5.3. Notwithstanding anything to the contrary in the SLMA or in this Maintenance Order, Consultant shall invoice USCC for the Maintenance Fees for the Amdocs Software and the MicroTelecom Software for each Maintenance Period set forth in Annex 1 of this Maintenance Order on a quarterly basis in advance, and USCC shall pay the applicable invoices in accordance with Section 9.3 of the SLMA.

**6. Company Representative**

Michael Sweeney

**7. Installation Site Address**

U.S. Cellular  
800 Cornerstone Drive  
Knoxville, TN 37932

**8. Invoice Address**

**When No USCC Purchase Order Is Issued:**

Discounted Invoices (No Purchase Order)	Non-Discount Invoices (No Purchase Order)	Credit Memos
<b>Via regular mail:</b>	<b>Via regular mail:</b>	<b>Via regular mail:</b>
Submit via email only- DO NOT MAIL	U.S. Cellular PO Box 620989 Middleton, WI 53562-8430	U.S. Cellular PO Box 620989 Middleton, WI 53562-8430
<b>Via e-mail:</b>	<b>Via e-mail:</b>	<b>Via e-mail:</b>
<a href="mailto:invscan.uscnonpodiscounts@tdsinc.com">invscan.uscnonpodiscounts@tdsinc.com</a>	<a href="mailto:usc.nonpovendorinv@tdsinc.com">usc.nonpovendorinv@tdsinc.com</a>	<a href="mailto:usc.nonpocm@tdsinc.com">usc.nonpocm@tdsinc.com</a>

**When a USCC Purchase Order Is Issued:**

Discounted Invoices with Purchase Order Number	Non-Discount Invoices with Purchase Order Number	Credit Memos
<b>Via regular mail:</b>	<b>Via regular mail:</b>	<b>Via regular mail:</b>
Submit via email only - DO NOT MAIL	U.S. Cellular PO Box 628430 Middleton, WI 53562-8430	U.S. Cellular PO Box 628430 Middleton, WI 53562-8430
<b>Via e-mail:</b>	<b>Via e-mail:</b>	<b>Via e-mail:</b>
<a href="mailto:invscan.uscpodiscounts@tdsinc.com">invscan.uscpodiscounts@tdsinc.com</a>	<a href="mailto:usc.povendorinv@tdsinc.com">usc.povendorinv@tdsinc.com</a>	<a href="mailto:usc.pocm@tdsinc.com">usc.pocm@tdsinc.com</a>

*Remainder of page left blank intentionally*

IN WITNESS WHEREOF the parties hereto, by their duly authorized representatives, have executed this Second Amended and Restated Maintenance Order No. 1 as of the Effective Date.

ACCEPTED:  
**USCC Services, LLC**

By: /s/ Catherine Shackelford  
Name: Catherine Shackelford  
Title: VP Supply Chain  
Date: 9/27/2019

ACCEPTED:  
**Amdocts Tethys Limited**

By: /s/ Dushyant Ruchwani  
Name: Dushyant Ruchwani  
Title: Director  
Date: 9/20/2019



The below is a list that briefly describes the omitted exhibits and annexes from the Amended and Restated Software License and Maintenance Agreement. These exhibits and annexes have been redacted in their entirety and omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. All capitalized terms in this index shall have the same meaning ascribed to them as in the Amended and Restated Software License and Maintenance Agreement and/or their respective exhibit or annex.

### Index of Exhibits and Annexes

Annex 1 to Exhibit A	Amdocs Revenue Management and Network Billing Unit Software - Contains provisions with respect to the Amdocs Revenue Management and Network Billing Unit software and the fees associated with that software.
Annex 2 to Exhibit A	Amdocs Customer Management and Amdocs Retail Interaction Manager - Contains provisions with respect to the Customer Management and Retail Interaction Manager software and the fees associated with that software.
Annex 3 to Exhibit A	Reserved
Annex 4 to Exhibit A	Microtelecom Software - Contains provisions with respect to the Microtelecom software and the fees associated with that software.
Annex 1 to Exhibit B	Maintenance Periods and Period Fees - Lists the start date, end date and Maintenance Fee for each Maintenance Period.
Annex 2 to Exhibit B	Supported Software - Lists Software Components that will be supported while any Maintenance Period is in effect.
Exhibit C1	Nondisclosure and Confidentiality Agreement Between Amdocs and USCC's Consultants - Agreement in which USCC's consultants agree to hold strictly confidential Amdocs' Proprietary Information (as defined in the Agreement).
Exhibit C2	Mutual Nondisclosure and Confidentiality Agreement Between Amdocs and USCC's Consultants - Agreement in which both parties agree to hold strictly confidential Amdocs' Proprietary Information and the Consultant's Proprietary Information (as defined in the Agreement).
Exhibit D	Amdocs Competitors - Contains a list third parties considered to be competitors of Amdocs.
Exhibit E	Source Code Escrow Provisions - Provisions relating to Amdocs' requirement to deposit a copy of the source code of the Software with the escrow agent once USCC is named as a beneficiary of the escrow account and makes its necessary payments.
Exhibit F	Beneficiary Enrollment Form - Form Agreement for USCC to complete to be named as a beneficiary to the escrow agreement between Amdocs and the escrow agent.

**Certification of principal executive officer**

I, Kenneth R. Meyers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United States Cellular Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2019

/s/ Kenneth R. Meyers

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Kenneth R. Meyers  
President and Chief Executive Officer  
(principal executive officer)

**Certification of principal financial officer**

I, Douglas W. Chambers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United States Cellular Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2019

/s/ Douglas W. Chambers

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Douglas W. Chambers  
Senior Vice President, Chief Financial Officer and Treasurer  
(principal financial officer)

**Certification Pursuant to Section 1350 of Chapter 63  
of Title 18 of the United States Code**

I, Kenneth R. Meyers, the principal executive officer of United States Cellular Corporation, certify that (i) the quarterly report on Form 10-Q for the third quarter of 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of United States Cellular Corporation.

/s/ Kenneth R. Meyers

Kenneth R. Meyers

October 31, 2019

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to United States Cellular Corporation and will be retained by United States Cellular Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification Pursuant to Section 1350 of Chapter 63  
of Title 18 of the United States Code**

I, Douglas W. Chambers, the principal financial officer of United States Cellular Corporation, certify that (i) the quarterly report on Form 10-Q for the third quarter of 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of United States Cellular Corporation.

/s/ Douglas W. Chambers

\_\_\_\_\_  
Douglas W. Chambers

October 31, 2019

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to United States Cellular Corporation and will be retained by United States Cellular Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**Variable Interest Entities -  
Consolidated Balance Sheet  
(Details) - USD (\$)  
\$ in Millions**

**Sep. 30, 2019 Jan. 01, 2019 Dec. 31, 2018**

**Assets**

<u>Cash and cash equivalents</u>	\$ 570		\$ 580
<u>Short-term investments</u>	0		17
<u>Accounts receivable</u>	899		908
<u>Inventory, net</u>	139		142
<u>Other current assets</u>	19		34
<u>Assets held for sale</u>	9		54
<u>Licenses</u>	2,461		2,186
<u>Property, plant and equipment, net</u>	2,144		2,202
<u>Operating lease right-of-use assets</u>	897	\$ 899	0
<u>Other assets and deferred charges</u>	539	567	579

**Liabilities**

<u>Current liabilities</u>	849		691
<u>Liabilities held for sale</u>	1		1
<u>Long-term operating lease liabilities</u>	864	\$ 878	0

**Consolidated Variable Interest Entities**

**Assets**

<u>Cash and cash equivalents</u>	29		9
<u>Short-term investments</u>	0		17
<u>Accounts receivable</u>	625		611
<u>Inventory, net</u>	4		5
<u>Other current assets</u>	6		6
<u>Assets held for sale</u>	0		4
<u>Licenses</u>	649		652
<u>Property, plant and equipment, net</u>	95		94
<u>Operating lease right-of-use assets</u>	42		0
<u>Other assets and deferred charges</u>	329		349
<u>Total assets</u>	1,779		1,747

**Liabilities**

<u>Current liabilities</u>	34		34
<u>Liabilities held for sale</u>	0		1
<u>Long-term operating lease liabilities</u>	38		0
<u>Other deferred liabilities and credits</u>	13		16
<u>Total liabilities</u>	\$ 85		\$ 51



Leases - Components of Lease Income (Details) - USD (\$) \$ in Millions	3 Months Ended Sep. 30, 2019	9 Months Ended  Sep. 30, 2019
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**Leases**

Operating lease income \$ 23 \$ 55

Tower leases out of period  
adjustment

**Leases**

Immaterial error correction

During the third quarter of 2019, U.S. Cellular recorded an out-of-period adjustment attributable to 2009 through the second quarter of 2019 due to errors in the timing of recognition of revenue for certain tower leases. This out-of-period adjustment had the impact of increasing operating lease income by \$5 million for the three and nine months ended September 30, 2019. U.S. Cellular determined that this adjustment was not material to any of the periods impacted.

Other service revenues | Tower  
leases out of period adjustment

**Leases**

Out-of-period adjustment \$ 5 \$ 5

**Revenue Recognition - 9 Months Ended**  
**Contract Assets (Details) Sep. 30, 2019**  
**\$ in Millions USD (\$)**

**Contract Assets**

<u>Balance, beginning of period</u>	\$ 9
<u>Contract additions</u>	9
<u>Reclassified to receivables</u>	(11)
<u>Balance, end of period</u>	\$ 7

**Fair Value Measurements**  
**(Details) - USD (\$)**  
**\$ in Millions**

**Sep. 30, 2019 Dec. 31, 2018**

**Financial Instruments**

Cash and cash equivalents \$ 570 \$ 580

Short-term investments \$ 0 17

7.25% 2063 Senior Notes

**Financial Instruments**

Interest rate 7.25%

7.25% 2064 Senior Notes

**Financial Instruments**

Interest rate 7.25%

6.95% Senior Notes

**Financial Instruments**

Interest rate 6.95%

6.7% Senior Notes

**Financial Instruments**

Interest rate 6.70%

Book Value

**Financial Instruments**

Cash and cash equivalents \$ 570 580

Short-term investments 0 17

Book Value | Retail

**Financial Instruments**

Long-term debt 917 917

Book Value | Institutional

**Financial Instruments**

Long-term debt 534 534

Book Value | Other

**Financial Instruments**

Long-term debt 172 180

Fair Value | Level 1

**Financial Instruments**

Cash and cash equivalents 570 580

Short-term investments 0 17

Fair Value | Level 2 | Retail

**Financial Instruments**

Long-term debt 953 850

Fair Value | Level 2 | Institutional

**Financial Instruments**

Long-term debt 583 531

Fair Value | Level 2 | Other

**Financial Instruments**

<u>Long-term debt</u>	\$ 172	\$ 180
<u>Interest rate   Institutional and Other   Minimum</u>		
<b><u>Financial Instruments</u></b>		
<u>Fair value assumption, interest rate</u>	3.80%	5.03%
<u>Interest rate   Institutional and Other   Maximum</u>		
<b><u>Financial Instruments</u></b>		
<u>Fair value assumption, interest rate</u>	5.96%	6.97%

**Basis of Presentation  
(Tables)**

**9 Months Ended  
Sep. 30, 2019**

**Organization, Consolidation  
and Presentation of  
Financial Statements  
[Abstract]**

**Reconciliation of cash, cash  
equivalents and restricted cash**

The following table provides a reconciliation of Cash and cash equivalents and restricted cash reported in the Consolidated Balance Sheet to the total of the amounts in the Consolidated Statement of Cash Flows as of September 30, 2019 and December 31, 2018.

	<b>September 30, 2019</b>	December 31, 2018
(Dollars in millions)		
Cash and cash equivalents	\$ 570	\$ 580
Restricted cash included in Other current assets	5	3
Cash, cash equivalents and restricted cash in the statement of cash flows	<u>\$ 575</u>	<u>\$ 583</u>

[Leases \[Abstract\]](#)[Leases](#)

## Note 8 Leases

### Change in Accounting Policy

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* and has since amended the standard with Accounting Standards Update 2018-01, *Leases: Land Easement Practical Expedient for Transition to Topic 842*, Accounting Standards Update 2018-10, *Codification Improvements to Topic 842, Leases*, Accounting Standards Update 2018-11, *Leases: Targeted Improvements*, and Accounting Standards Update 2018-20, *Leases: Narrow-Scope Improvements for Lessors*, collectively referred to as ASC 842. This standard replaces the previous lease accounting standard under ASC 840 - *Leases* and requires lessees to record a right-of-use (ROU) asset and lease liability for the majority of leases. U.S. Cellular adopted the provisions of ASC 842 on January 1, 2019, using a modified retrospective method. Under this method, U.S. Cellular elected to apply the new accounting standard only to the most recent period presented, recognizing the cumulative effect of the accounting change, if any, as an adjustment to the beginning balance of retained earnings. Accordingly, prior periods have not been recast to reflect the new accounting standard. The cumulative effect of applying the provisions of ASC 842 had no material impact on retained earnings.

U.S. Cellular elected transitional practical expedients for existing leases which eliminated the requirements to reassess existing lease classification, initial direct costs, and whether contracts contain leases. U.S. Cellular also elected the practical expedient related to land easements that allows it to carry forward the accounting treatment for pre-existing land easement agreements.

The cumulative effect of the adoption of ASC 842 on U.S. Cellular's Consolidated Balance Sheet as of January 1, 2019 is presented below.

	December 31, 2018	ASC 842 Adjustment	January 1, 2019
(Dollars in millions)			
Prepaid expenses	\$ 63	\$ (13)	\$ 50
Operating lease right-of-use assets	—	899	899
Other assets and deferred charges	579	(12)	567
Short-term operating lease liabilities	—	101	101
Other current liabilities	94	(8)	86
Long-term operating lease liabilities	—	878	878
Other deferred liabilities and credits	389	(97)	292

In connection with the adoption of ASC 842, U.S. Cellular recorded ROU assets and lease liabilities for its operating leases in its Consolidated Balance Sheet as of January 1, 2019. The amounts for ROU assets and lease liabilities initially were calculated as the discounted value of future lease payments. The difference between the ROU assets and the corresponding lease liabilities at January 1, 2019 as shown in the table above resulted from adjustments to ROU assets to account for various lease prepayments and straight-line expense recognition deferral balances which existed as of December 31, 2018. Finance leases are included in Property, plant and equipment and Long-term debt, net consistent with the presentation under prior accounting standards.

### Lessee Agreements

A lease is generally present in a contract if the lessee controls the use of identified property, plant or equipment for a period of time in exchange for consideration. Nearly all of U.S. Cellular's leases are classified as operating leases, although it does have a small number of finance leases. U.S. Cellular's most significant leases are for land and tower spaces, network facilities, retail spaces, and offices.

U.S. Cellular has agreements with both lease and nonlease components, which are accounted for separately. As part of the present value calculation for the lease liabilities, U.S. Cellular uses an incremental borrowing rate as the rates implicit in the leases are not readily determinable. The incremental borrowing rates used for lease accounting are based on U.S. Cellular's unsecured rates, adjusted to approximate the rates at which U.S. Cellular would be required to borrow on a collateralized basis over a term similar to the recognized lease term. U.S. Cellular applies the incremental borrowing rates to lease components using a portfolio approach based upon the length of the lease term. The cost of nonlease components in U.S. Cellular's lease portfolio (e.g., utilities and common area maintenance) are not typically predetermined at lease commencement and are expensed as incurred at their relative standalone price.

Variable lease expense occurs when, subsequent to the lease commencement, lease payments are made that were not originally included in the lease liability calculation. U.S. Cellular's variable lease payments are primarily a result of leases with escalations that are tied to an index. The incremental changes due to the index changes are recorded as variable lease expense and are not included in the ROU assets or lease liabilities.

Lease term recognition determines the periods to which expense is allocated and also has a significant impact on the ROU asset and lease liability calculations. Many of U.S. Cellular's leases include renewal and early termination options. At lease commencement, the lease terms include options to extend the lease when U.S. Cellular is reasonably certain that it will exercise the options. The lease terms do not include early termination options unless U.S. Cellular is reasonably certain to exercise the options. Certain asset classes have similar lease characteristics; therefore, U.S. Cellular has applied the portfolio approach for lease term recognition for its tower space, retail, and certain ground lease asset classes.

The following table shows the components of lease cost included in the Consolidated Statement of Operations:

	<b>Three Months Ended September 30, 2019</b>	<b>Nine Months Ended September 30, 2019</b>
(Dollars in millions)		
Operating lease cost	\$ 42	\$ 121
Financing lease cost:		
Amortization of ROU assets	—	1
Variable lease cost	2	6
<b>Total lease cost</b>	<b>\$ 44</b>	<b>\$ 128</b>

The following table shows supplemental cash flow information related to lease activities:

	<b>Nine Months Ended September 30, 2019</b>
(Dollars in millions)	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 116
ROU assets obtained in exchange for lease obligations:	
Operating leases	\$ 90

The following table shows the classification of U.S. Cellular's operating and finance leases in its Consolidated Balance Sheet:

**September 30,  
2019**

(Dollars in millions)	
<b>Operating Leases</b>	
Operating lease right-of-use assets	\$ 897
Short-term operating lease liabilities	\$ 104
Long-term operating lease liabilities	864
Total operating lease liabilities	\$ 968
<b>Finance Leases</b>	
Property, plant and equipment	\$ 7
Less: Accumulated depreciation and amortization	4
Property, plant and equipment, net	\$ 3
Current portion of long-term debt	\$ 1
Long-term debt, net	3
Total finance lease liabilities	\$ 4

The table below shows a weighted-average analysis for lease term and discount rate for all leases:

	<b>September 30, 2019</b>
<b>Weighted Average Remaining Lease Term</b>	
Operating leases	13 years
Finance leases	25 years
<b>Weighted Average Discount Rate</b>	
Operating leases	4.5%
Finance leases	7.0%

The maturities of lease liabilities are as follows:

	<b>Operating Leases</b>	<b>Finance Leases</b>
(Dollars in millions)		
Remainder of 2019	\$ 27	\$ —
2020	154	1
2021	139	—
2022	123	—
2023	108	1
Thereafter	788	11
Total lease payments <sup>1</sup>	\$ 1,339	\$ 13
Less: Imputed interest	371	9
Present value of lease liabilities	\$ 968	\$ 4

<sup>1</sup> Lease payments exclude \$11 million of legally binding lease payments for leases signed but not yet commenced.

### Lessor Agreements



U.S. Cellular's most significant lessor leases are for tower space. All of U.S. Cellular's lessor leases are classified as operating leases. A lease is generally present in a contract if the lessee controls the use of identified property, plant, or equipment for a period of time in exchange for consideration. U.S. Cellular's lessor agreements with lease and nonlease components are generally accounted for separately.

Lease term recognition determines the periods to which revenue is allocated over the term of the lease. Many of U.S. Cellular's leases include renewal and early termination options. At lease commencement, lease terms include options to extend the lease when U.S. Cellular is reasonably certain that lessees will exercise the options. Lease terms would not include periods after the date of a termination option that lessees are reasonably certain to exercise.

Variable lease income occurs when, subsequent to the lease commencement, lease payments are received that were not originally included in the lease receivable calculation. U.S. Cellular's variable lease income is primarily a result of leases with escalations that are tied to an index. The incremental increases due to the index changes are recorded as variable lease income.

The following table shows the components of lease income which are included in service revenues in the Consolidated Statement of Operations:

	<b>Three Months Ended September 30, 2019</b>	<b>Nine Months Ended September 30, 2019</b>
(Dollars in millions)		
Operating lease income <sup>1</sup>	\$ 23	\$ 55

- <sup>1</sup> During the third quarter of 2019, U.S. Cellular recorded an out-of-period adjustment attributable to 2009 through the second quarter of 2019 due to errors in the timing of recognition of revenue for certain tower leases. This out-of-period adjustment had the impact of increasing operating lease income by \$5 million for the three and nine months ended September 30, 2019. U.S. Cellular determined that this adjustment was not material to any of the periods impacted.

The maturities of expected lease payments to be received are as follows:

	<b>Operating Leases</b>
(Dollars in millions)	
Remainder of 2019	\$ 11
2020	60
2021	48
2022	36
2023	23
Thereafter	12
Total future lease maturities	<u>\$ 190</u>

#### Disclosures under ASC 840

As of December 31, 2018, future minimum rental payments required under operating leases and rental receipts expected under operating leases that have noncancellable lease terms in excess of one year were as follows:

	<b>Operating Leases Future Minimum Rental Payments</b>	<b>Operating Leases Future Minimum Rental Receipts</b>
(Dollars in millions)		
2019	\$ 154	\$ 58
2020	143	47

2021	128	34
2022	112	22
2023	97	10
Thereafter	769	3
Total	<u>\$ 1,403</u>	<u>\$ 174</u>

**Equipment Installment  
Plans**

**9 Months Ended  
Sep. 30, 2019**

[Receivables \[Abstract\]](#)  
[Equipment Installment Plans](#)

**Note 4 Equipment Installment Plans**

U.S. Cellular sells devices to customers under equipment installment plans over a specified time period. For certain equipment installment plans, after a specified period of time or amount of payments, the customer may have the right to upgrade to a new device and have the remaining unpaid equipment installment contract balance waived, subject to certain conditions, including trading in the original device in good working condition and signing a new equipment installment contract. U.S. Cellular values this trade-in right as a guarantee liability. The guarantee liability is initially measured at fair value and is determined based on assumptions including the probability and timing of the customer upgrading to a new device and the fair value of the device being traded-in at the time of trade-in. When a customer exercises the trade-in option, both the outstanding receivable and guarantee liability balances related to the respective device are reduced to zero, and the value of the used device that is received in the transaction is recognized as inventory. If the customer does not exercise the trade-in option at the time of eligibility, U.S. Cellular begins amortizing the liability and records this amortization as additional equipment revenue. As of September 30, 2019 and December 31, 2018, the guarantee liability related to these plans was \$9 million and \$11 million, respectively, and is reflected in Customer deposits and deferred revenues in the Consolidated Balance Sheet.

The following table summarizes equipment installment plan receivables as of September 30, 2019 and December 31, 2018.

	<b>September 30, 2019</b>	December 31, 2018
(Dollars in millions)		
Equipment installment plan receivables, gross	<b>\$ 975</b>	\$ 974
Allowance for credit losses	<b>(82)</b>	(77)
Equipment installment plan receivables, net	<b><u>\$ 893</u></b>	<u>\$ 897</u>

**Net balance presented in the Consolidated Balance Sheet as:**

Accounts receivable — Customers and agents (Current portion)	<b>\$ 574</b>	\$ 560
Other assets and deferred charges (Non-current portion)	<b>319</b>	337
Equipment installment plan receivables, net	<b><u>\$ 893</u></b>	<u>\$ 897</u>

U.S. Cellular uses various inputs, including internal data, information from credit bureaus and other sources, to evaluate the credit profiles of its customers. From this evaluation, a credit class is assigned to the customer that determines the number of eligible lines, the amount of credit available, and the down payment requirement, if any. Customers assigned to credit classes requiring no down payment represent a lower risk category, whereas those assigned to credit classes requiring a down payment represent a higher risk category. The balance and aging of the equipment installment plan receivables on a gross basis by credit category were as follows:

	<b>September 30, 2019</b>			December 31, 2018		
	<b>Lower Risk</b>	<b>Higher Risk</b>	<b>Total</b>	Lower Risk	Higher Risk	Total
(Dollars in millions)						
Unbilled	<b>\$ 898</b>	<b>\$ 9</b>	<b>\$ 907</b>	\$ 904	\$ 17	\$ 921
Billed — current	<b>44</b>	<b>1</b>	<b>45</b>	35	1	36

Billed — past due	<u>21</u>	<u>2</u>	<u>23</u>	<u>15</u>	<u>2</u>	<u>17</u>
Equipment installment plan receivables, gross	<u>\$ 963</u>	<u>\$ 12</u>	<u>\$ 975</u>	<u>\$ 954</u>	<u>\$ 20</u>	<u>\$ 974</u>

Activity for the nine months ended September 30, 2019 and 2018, in the allowance for credit losses for equipment installment plan receivables was as follows:

	<b>September 30, 2019</b>	September 30, 2018
(Dollars in millions)		
Allowance for credit losses, beginning of period	\$ 77	\$ 65
Bad debts expense	60	49
Write-offs, net of recoveries	(55)	(41)
Allowance for credit losses, end of period	<u>\$ 82</u>	<u>\$ 73</u>

**Variable Interest Entities  
(Tables)**

**9 Months Ended  
Sep. 30, 2019**

**Variable Interest Entities**

**[Abstract]**

**Consolidated VIE assets and liabilities**

The following table presents the classification and balances of the consolidated VIEs' assets and liabilities in U.S. Cellular's Consolidated Balance Sheet.

	<b>September 30, 2019</b>	December 31, 2018
(Dollars in millions)		
<b>Assets</b>		
Cash and cash equivalents	\$ 29	\$ 9
Short-term investments	—	17
Accounts receivable	625	611
Inventory, net	4	5
Other current assets	6	6
Assets held for sale	—	4
Licenses	649	652
Property, plant and equipment, net	95	94
Operating lease right-of-use assets	42	—
Other assets and deferred charges	329	349
Total assets	<u>\$ 1,779</u>	<u>\$ 1,747</u>
<b>Liabilities</b>		
Current liabilities	\$ 34	\$ 34
Liabilities held for sale	—	1
Long-term operating lease liabilities	38	—
Other deferred liabilities and credits	13	16
Total liabilities	<u>\$ 85</u>	<u>\$ 51</u>

## Earnings Per Share (Tables)

**9 Months Ended  
Sep. 30, 2019**

### Earnings Per Share

#### [Abstract]

#### Earnings per share

The amounts used in computing earnings per common share and the effects of potentially dilutive securities on the weighted average number of Common Shares were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(Dollars and shares in millions, except per share amounts)				
Net income attributable to U.S. Cellular shareholders	<u>\$ 23</u>	<u>\$ 36</u>	<u>\$ 109</u>	<u>\$ 129</u>
Weighted average number of shares used in basic earnings per share	<u>86</u>	86	<u>87</u>	85
Effects of dilutive securities	<u>2</u>	1	<u>1</u>	1
Weighted average number of shares used in diluted earnings per share	<u>88</u>	<u>87</u>	<u>88</u>	<u>86</u>
Basic earnings per share attributable to U.S. Cellular shareholders	<u>\$ 0.27</u>	<u>\$ 0.42</u>	<u>\$ 1.26</u>	<u>\$ 1.51</u>
Diluted earnings per share attributable to U.S. Cellular shareholders	<u>\$ 0.27</u>	<u>\$ 0.41</u>	<u>\$ 1.24</u>	<u>\$ 1.49</u>

**Consolidated Statement of  
Cash Flows - USD (\$)  
\$ in Millions**

**9 Months Ended  
Sep. 30,      Sep. 30,  
2019            2018**

**Cash flows from operating activities**

<u>Net income</u>	\$ 115	\$ 143
<b><u>Add (deduct) adjustments to reconcile net income to net cash flows from operating activities</u></b>		
<u>Depreciation, amortization and accretion</u>	524	478
<u>Bad debts expense</u>	77	67
<u>Stock-based compensation expense</u>	32	26
<u>Deferred income taxes, net</u>	(34)	(4)
<u>Equity in earnings of unconsolidated entities</u>	(128)	(120)
<u>Distributions from unconsolidated entities</u>	99	90
<u>(Gain) loss on asset disposals, net</u>	13	5
<u>(Gain) loss on sale of business and other exit costs, net</u>	(1)	0
<u>(Gain) loss on license sales and exchanges, net</u>	0	(18)
<u>Other operating activities</u>	3	2
<b><u>Changes in assets and liabilities from operations</u></b>		
<u>Accounts receivable</u>	(35)	(1)
<u>Equipment installment plans receivable</u>	(42)	(88)
<u>Inventory</u>	3	15
<u>Accounts payable</u>	(4)	21
<u>Customer deposits and deferred revenues</u>	(1)	(5)
<u>Accrued taxes</u>	81	1
<u>Accrued interest</u>	9	9
<u>Other assets and liabilities</u>	(24)	(21)
<u>Net cash provided by operating activities</u>	687	600
<b><u>Cash flows from investing activities</u></b>		
<u>Cash paid for additions to property, plant and equipment</u>	(439)	(277)
<u>Cash paid for licenses</u>	(257)	(2)
<u>Cash received from investments</u>	29	50
<u>Cash paid for investments</u>	(11)	0
<u>Cash received from divestitures and exchanges</u>	32	23
<u>Other investing activities</u>	(1)	3
<u>Net cash used in investing activities</u>	(647)	(203)
<b><u>Cash flows from financing activities</u></b>		
<u>Repayment of long-term debt</u>	(14)	(14)
<u>Common Shares reissued for benefit plans, net of tax payments</u>	(8)	
<u>Common Shares reissued for benefit plans, net of tax payments</u>		7
<u>Repurchase of Common Shares</u>	(21)	0
<u>Distributions to noncontrolling interests</u>	(3)	(5)
<u>Other financing activities</u>	(2)	(5)
<u>Net cash used in financing activities</u>	(48)	(17)

<u>Net increase (decrease) in cash, cash equivalents and restricted cash</u>	(8)	380
<b><u>Cash, cash equivalents and restricted cash</u></b>		
<u>Beginning of period</u>	583	352
<u>End of period</u>	\$ 575	\$ 732



## Basis of Presentation

9 Months Ended  
Sep. 30, 2019

### [Organization, Consolidation and Presentation of](#)

### [Financial Statements](#)

### [\[Abstract\]](#)

### [Basis of Presentation](#)

## Note 1 Basis of Presentation

United States Cellular Corporation (U.S. Cellular), a Delaware Corporation, is an 82%-owned subsidiary of Telephone and Data Systems, Inc. (TDS).

The accounting policies of U.S. Cellular conform to accounting principles generally accepted in the United States of America (GAAP) as set forth in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Unless otherwise specified, references to accounting provisions and GAAP in these notes refer to the requirements of the FASB ASC. The consolidated financial statements include the accounts of U.S. Cellular, subsidiaries in which it has a controlling financial interest, general partnerships in which U.S. Cellular has a majority partnership interest and certain entities in which U.S. Cellular has a variable interest that require consolidation under GAAP. All material intercompany accounts and transactions have been eliminated.

The unaudited consolidated financial statements included herein have been prepared by U.S. Cellular pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. However, U.S. Cellular believes that the disclosures included herein are adequate to make the information presented not misleading. Certain numbers included herein are rounded to millions for ease of presentation; however, certain calculated amounts and percentages are determined using the unrounded numbers. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in U.S. Cellular's Annual Report on Form 10-K (Form 10-K) for the year ended December 31, 2018.

The accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring items, unless otherwise disclosed) necessary for the fair statement of U.S. Cellular's financial position as of September 30, 2019 and December 31, 2018, its results of operations and changes in equity for the three and nine months ended September 30, 2019 and 2018, and its cash flows for the nine months ended September 30, 2019 and 2018. The Consolidated Statement of Comprehensive Income was not included because comprehensive income for the three and nine months ended September 30, 2019 and 2018, equaled net income. These results are not necessarily indicative of the results to be expected for the full year. U.S. Cellular has not changed its significant accounting and reporting policies from those disclosed in its Form 10-K for the year ended December 31, 2018, except as disclosed in Note 8 — Leases.

### Restricted Cash

U.S. Cellular presents restricted cash with cash and cash equivalents in the Consolidated Statement of Cash Flows. The following table provides a reconciliation of Cash and cash equivalents and restricted cash reported in the Consolidated Balance Sheet to the total of the amounts in the Consolidated Statement of Cash Flows as of September 30, 2019 and December 31, 2018.

	September 30, 2019	December 31, 2018
(Dollars in millions)		
Cash and cash equivalents	\$ 570	\$ 580
Restricted cash included in Other current assets	5	3
Cash, cash equivalents and restricted cash in the statement of cash flows	\$ 575	\$ 583

### Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). ASU 2016-13 requires entities to use a new forward-looking, expected loss model to estimate credit losses. It also requires additional disclosure relating to the credit quality of trade and other receivables, including information relating to management's estimate of credit allowances. U.S. Cellular is required to adopt ASU 2016-13 on January 1, 2020, using the modified retrospective approach. Early adoption is permitted; however, U.S. Cellular does not intend to adopt early. The adoption of ASU 2016-13 is not expected to have a significant impact on U.S. Cellular's financial position or results of operations.

**Earnings Per Share -  
Narrative (Details) - shares  
shares in Millions**

**3 Months Ended      9 Months Ended  
Sep. 30,    Sep. 30,    Sep. 30,    Sep. 30,  
2019      2018      2019      2018**

**Antidilutive Securities Excluded from Computation of Earnings  
Per Share [Line Items]**

Antidilutive securities (in shares)

1                      2                                      3

Maximum

**Antidilutive Securities Excluded from Computation of Earnings  
Per Share [Line Items]**

Antidilutive securities (in shares)

1

**Leases - Narrative (Details)**  
**\$ in Millions**

**Sep. 30, 2019**  
**USD (\$)**

[Minimum | ASC 842 | Retained earnings](#)

**Leases**

[Cumulative effect of accounting change](#) \$ 0

## Leases (Tables)

### 9 Months Ended Sep. 30, 2019

#### [Leases \[Abstract\]](#)

#### [Schedule of new accounting pronouncements and changes in accounting principles](#)

The cumulative effect of the adoption of ASC 842 on U.S. Cellular's Consolidated Balance Sheet as of January 1, 2019 is presented below.

	December 31, 2018	ASC 842 Adjustment	January 1, 2019
(Dollars in millions)			
Prepaid expenses	\$ 63	\$ (13)	\$ 50
Operating lease right-of-use assets	—	899	899
Other assets and deferred charges	579	(12)	567
Short-term operating lease liabilities	—	101	101
Other current liabilities	94	(8)	86
Long-term operating lease liabilities	—	878	878
Other deferred liabilities and credits	389	(97)	292

#### [Components of lease expense](#)

The following table shows the components of lease cost included in the Consolidated Statement of Operations:

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
(Dollars in millions)		
Operating lease cost	\$ 42	\$ 121
Financing lease cost:		
Amortization of ROU assets	—	1
Variable lease cost	2	6
Total lease cost	\$ 44	\$ 128

#### [Supplemental cash flow information related to leases](#)

The following table shows supplemental cash flow information related to lease activities:

	Nine Months Ended September 30, 2019
(Dollars in millions)	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 116
ROU assets obtained in exchange for lease obligations:	
Operating leases	\$ 90

#### [Supplemental balance sheet information related to leases](#)

The following table shows the classification of U.S. Cellular's operating and finance leases in its Consolidated Balance Sheet:

	September 30, 2019
(Dollars in millions)	
Operating Leases	

Operating lease right-of-use assets	\$	897
Short-term operating lease liabilities	\$	104
Long-term operating lease liabilities		864
Total operating lease liabilities	\$	968
Finance Leases		
Property, plant and equipment	\$	7
Less: Accumulated depreciation and amortization		4
Property, plant and equipment, net	\$	3
Current portion of long-term debt	\$	1
Long-term debt, net		3
Total finance lease liabilities	\$	4

[Schedule of weighted average remaining lease term and weighted average discount rate related to leases](#)

The table below shows a weighted-average analysis for lease term and discount rate for all leases:

	September 30, 2019
<b>Weighted Average Remaining Lease Term</b>	
Operating leases	13 years
Finance leases	25 years
<b>Weighted Average Discount Rate</b>	
Operating leases	4.5%
Finance leases	7.0%

[Maturities of lease liabilities](#)

The maturities of lease liabilities are as follows:

	Operating Leases	Finance Leases
(Dollars in millions)		
Remainder of 2019	\$ 27	\$ —
2020	154	1
2021	139	—
2022	123	—
2023	108	1
Thereafter	788	11
Total lease payments <sup>1</sup>	\$ 1,339	\$ 13
Less: Imputed interest	371	9
Present value of lease liabilities	\$ 968	\$ 4

1

Lease payments exclude \$11 million of legally binding lease payments for leases signed but not yet commenced.

The following table shows the components of lease income which are included in service revenues in the Consolidated Statement of Operations:

[Lease income](#)

Three Months Ended	Nine Months Ended
-----------------------	----------------------

	September 30, 2019	September 30, 2019
(Dollars in millions)		
Operating lease income <sup>1</sup>	\$ 23	\$ 55

1

During the third quarter of 2019, U.S. Cellular recorded an out-of-period adjustment attributable to 2009 through the second quarter of 2019 due to errors in the timing of recognition of revenue for certain tower leases. This out-of-period adjustment had the impact of increasing operating lease income by \$5 million for the three and nine months ended September 30, 2019. U.S. Cellular determined that this adjustment was not material to any of the periods impacted.

The maturities of expected lease payments to be received are as follows:

[Maturities of expected lease revenues](#)

	Operating Leases
(Dollars in millions)	
Remainder of 2019	\$ 11
2020	60
2021	48
2022	36
2023	23
Thereafter	12
Total future lease maturities	<u>\$ 190</u>

[Lease commitments](#)

As of December 31, 2018, future minimum rental payments required under operating leases and rental receipts expected under operating leases that have noncancellable lease terms in excess of one year were as follows:

	Operating Leases Future Minimum Rental Payments	Operating Leases Future Minimum Rental Receipts
(Dollars in millions)		
2019	\$ 154	\$ 58
2020	143	47
2021	128	34
2022	112	22
2023	97	10
Thereafter	769	3
Total	<u>\$ 1,403</u>	<u>\$ 174</u>

**Equipment Installment  
Plans (Tables)**

**9 Months Ended  
Sep. 30, 2019**

[Receivables \[Abstract\]](#)  
[Equipment installment plan  
receivables](#)

The following table summarizes equipment installment plan receivables as of September 30, 2019 and December 31, 2018.

	<b>September 30, 2019</b>	December 31, 2018
(Dollars in millions)		
Equipment installment plan receivables, gross	\$ 975	\$ 974
Allowance for credit losses	(82)	(77)
Equipment installment plan receivables, net	<u>\$ 893</u>	<u>\$ 897</u>

**Net balance presented in the Consolidated Balance Sheet as:**

Accounts receivable — Customers and agents (Current portion)	\$ 574	\$ 560
Other assets and deferred charges (Non-current portion)	319	337
Equipment installment plan receivables, net	<u>\$ 893</u>	<u>\$ 897</u>

[Equipment installment plan  
receivables credit categories](#)

The balance and aging of the equipment installment plan receivables on a gross basis by credit category were as follows:

	<b>September 30, 2019</b>			December 31, 2018		
	<b>Lower Risk</b>	<b>Higher Risk</b>	<b>Total</b>	Lower Risk	Higher Risk	Total
(Dollars in millions)						
Unbilled	\$ 898	\$ 9	\$ 907	\$ 904	\$ 17	\$ 921
Billed — current	44	1	45	35	1	36
Billed — past due	21	2	23	15	2	17
Equipment installment plan receivables, gross	<u>\$ 963</u>	<u>\$ 12</u>	<u>\$ 975</u>	<u>\$ 954</u>	<u>\$ 20</u>	<u>\$ 974</u>

[Equipment installment plans  
allowance for credit losses](#)

Activity for the nine months ended September 30, 2019 and 2018, in the allowance for credit losses for equipment installment plan receivables was as follows:

	<b>September 30, 2019</b>	September 30, 2018
(Dollars in millions)		
Allowance for credit losses, beginning of period	\$ 77	\$ 65
Bad debts expense	60	49
Write-offs, net of recoveries	(55)	(41)
Allowance for credit losses, end of period	<u>\$ 82</u>	<u>\$ 73</u>



## Revenue Recognition

9 Months Ended  
Sep. 30, 2019

[Revenue from Contract with Customer \[Abstract\]](#)  
[Revenue Recognition](#)

## Note 2 Revenue Recognition

### Disaggregation of Revenue

In the following table, revenue is disaggregated by type of service and timing of revenue recognition. Service revenues are recognized over time and Equipment sales are point in time.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(Dollars in millions)				
Revenues from contracts with customers:				
Retail service	\$ 663	\$ 659	\$ 1,984	\$ 1,960
Inbound roaming	54	50	132	116
Other service	34	34	101	99
Service revenues from contracts with customers	751	743	2,217	2,175
Equipment sales	257	242	698	692
Total revenues from contracts with customers <sup>1</sup>	\$ 1,008	\$ 985	\$ 2,915	\$ 2,867

<sup>1</sup> Revenue line items in this table will not agree to amounts presented in the Consolidated Statement of Operations as the amounts in this table only include revenue resulting from contracts with customers.

### Contract Balances

The accounts receivable balance related to amounts billed and not paid on contracts with customers, net of allowances, is shown in the table below.

	September 30, 2019	December 31, 2018
(Dollars in millions)		
Accounts receivable		
Customer and agents	\$ 899	\$ 908
Roaming	34	20
Other	56	32
Total <sup>1</sup>	\$ 989	\$ 960

<sup>1</sup> Accounts receivable line items presented in this table will not agree to amounts presented in the Consolidated Balance Sheet as the amounts in this table only include receivables resulting from contracts with customers.

The following table provides a rollforward of contract assets from contracts with customers, which are recorded in Other current assets and Other assets and deferred charges in the Consolidated Balance Sheet.

	Contract Assets
(Dollars in millions)	
Balance at December 31, 2018	\$ 9
Contract additions	9

Reclassified to receivables	(11)
Balance at September 30, 2019	\$ 7

The following table provides a rollforward of contract liabilities from contracts with customers, which are recorded in Customer deposits and deferred revenues and Other deferred liabilities and credits in the Consolidated Balance Sheet.

	<b>Contract Liabilities</b>
(Dollars in millions)	
Balance at December 31, 2018 <sup>1</sup>	\$ 147
Contract additions	78
Terminated contracts	(6)
Revenue recognized	(61)
Balance at September 30, 2019	\$ 158

- <sup>1</sup> The Balance at December 31, 2018 differs from the amount reported in Note 2 — Revenue Recognition of the 2018 Form 10-K, as the previously reported amount included certain lease-related balances that did not result from contracts with customers.

### Transaction price allocated to the remaining performance obligations

The following table includes estimated service revenues expected to be recognized related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period. These estimates represent service revenues to be recognized when wireless services are delivered to customers pursuant to service plan contracts and under certain roaming agreements with other carriers. These estimates are based on contracts in place as of September 30, 2019, and may vary from actual results. As a practical expedient, revenue related to contracts of less than one year, generally month-to-month contracts, are excluded from these estimates.

	<b>Service Revenues</b>
(Dollars in millions)	
Remainder of 2019	\$ 119
2020	111
Thereafter	237
Total	\$ 467

U.S. Cellular has certain contracts in which it bills an amount equal to a fixed per-unit price multiplied by a variable quantity (e.g., certain roaming agreements with other carriers). Because U.S. Cellular invoices for such items in an amount that corresponds directly with the value of the performance completed to date, U.S. Cellular may recognize revenue in that amount. As a practical expedient, these contracts are excluded from the estimate of future revenues expected to be recognized related to performance obligations that are unsatisfied as of the end of a reporting period.

### Contract Cost Assets

U.S. Cellular expects that incremental commission fees paid as a result of obtaining contracts are recoverable and therefore U.S. Cellular capitalizes these costs. As a practical expedient, costs with an amortization period of one year or less are not capitalized. The contract cost asset balance related to commission fees was \$130 million at September 30, 2019, and \$139 million at December 31, 2018, and was recorded in Other assets and deferred charges in the Consolidated Balance Sheet. Capitalized commission fees are amortized based on the timing of transfer of the goods or services to which the assets relate, typically the contract term which ranges from fifteen months to thirty months. Amortization of contract cost assets was \$27 million and \$82 million for

the three and nine months ended September 30, 2019, respectively, and \$27 million and \$81 million for the three and nine months ended September 30, 2018, respectively, and was included in Selling, general and administrative expenses.

**Consolidated Balance Sheet -  
USD (\$)  
\$ in Millions**

**Sep. Dec.  
30, 31,  
2019 2018**

**Current assets**

Cash and cash equivalents \$ 570 \$ 580

Short-term investments 0 17

**Accounts receivable**

Customers and agents, less allowances of \$69 and \$66, respectively 899 908

Roaming 34 20

Affiliated 0 2

Other, less allowances of \$1 and \$2, respectively 60 46

Inventory, net 139 142

Prepaid expenses 49 63

Other current assets 19 34

Total current assets 1,770 1,812

Assets held for sale 9 54

Licenses 2,461 2,186

Investments in unconsolidated entities 471 441

**Property, plant and equipment**

In service and under construction 8,088 7,778

Less: Accumulated depreciation and amortization 5,944 5,576

Property, plant and equipment, net 2,144 2,202

Operating lease right-of-use assets 897 0

Other assets and deferred charges 539 579

Total assets [1] 8,291 7,274

**Current liabilities**

Current portion of long-term debt 19 19

**Accounts payable**

Affiliated 8 9

Trade 329 304

Customer deposits and deferred revenues 155 157

Accrued taxes 88 30

Accrued compensation 68 78

Short-term operating lease liabilities 104 0

Other current liabilities 78 94

Total current liabilities 849 691

Liabilities held for sale 1 1

**Deferred liabilities and credits**

Deferred income tax liability, net 477 510

Long-term operating lease liabilities 864 0

Other deferred liabilities and credits 312 389

Long-term debt, net 1,592 1,605

Commitments and contingencies

<u>Noncontrolling interests with redemption features</u>	11	11
<b><u>U.S. Cellular shareholders' equity</u></b>		
<u>Series A Common and Common Shares Authorized 190 shares (50 Series A Common and 140 Common Shares) Issued 88 shares (33 Series A Common and 55 Common Shares) Outstanding 86 shares (33 Series A Common and 53 Common Shares) Par Value (\$1.00 per share) (\$33 Series A Common and \$55 Common Shares)</u>	88	88
<u>Additional paid-in capital</u>	1,622	1,590
<u>Treasury shares, at cost, 2 Common Shares</u>	(70)	(65)
<u>Retained earnings</u>	2,532	2,444
<u>Total U.S. Cellular shareholders' equity</u>	4,172	4,057
<u>Noncontrolling interests</u>	13	10
<u>Total equity</u>	4,185	4,067
<u>Total liabilities and equity</u>	[1] \$	\$
	8,291	7,274

[1] The consolidated total assets as of September 30, 2019 and December 31, 2018, include assets held by consolidated variable interest entities (VIEs) of \$927 million and \$868 million, respectively, which are not available to be used to settle the obligations of U.S. Cellular. The consolidated total liabilities as of September 30, 2019 and December 31, 2018, include certain liabilities of consolidated VIEs of \$20 million and \$23 million, respectively, for which the creditors of the VIEs have no recourse to the general credit of U.S. Cellular. See Note 10 — Variable Interest Entities for additional information.

**Document And Entity  
Information**

**9 Months Ended  
Sep. 30, 2019  
shares**

<a href="#">Document Type</a>	10-Q
<a href="#">Document Quarterly Report</a>	true
<a href="#">Document Period End Date</a>	Sep. 30, 2019
<a href="#">Document Transition Report</a>	false
<a href="#">Entity File Number</a>	001-09712
<a href="#">Entity Registrant Name</a>	UNITED STATES CELLULAR CORPORATION
<a href="#">Entity Central Index Key</a>	0000821130
<a href="#">Current Fiscal Year End Date</a>	--12-31
<a href="#">Document Fiscal Year Focus</a>	2019
<a href="#">Document Fiscal Period Focus</a>	Q3
<a href="#">Amendment Flag</a>	false
<a href="#">Entity Incorporation, State or Country Code</a>	DE
<a href="#">Entity Tax Identification Number</a>	62-1147325
<a href="#">Entity Address, Address Line One</a>	8410 West Bryn Mawr
<a href="#">Entity Address, City or Town</a>	Chicago
<a href="#">Entity Address, State or Province</a>	IL
<a href="#">Entity Address, Postal Zip Code</a>	60631
<a href="#">City Area Code</a>	(773)
<a href="#">Local Phone Number</a>	399-8900
<a href="#">Entity Current Reporting Status</a>	Yes
<a href="#">Entity Interactive Data Current</a>	Yes
<a href="#">Entity Filer Category</a>	Accelerated Filer
<a href="#">Smaller Reporting Company</a>	false
<a href="#">Emerging Growth Company</a>	false
<a href="#">Entity Shell Company</a>	false
<a href="#">Common Shares</a>	
<a href="#">Title of 12(b) Security</a>	Common Shares, \$1 par value
<a href="#">Trading Symbol</a>	USM
<a href="#">Security Exchange Name</a>	NYSE
<a href="#">Entity Common Stock, Shares Outstanding</a>	53,140,600
<a href="#">6.95% Senior Notes</a>	
<a href="#">Title of 12(b) Security</a>	6.95% Senior Notes due 2060
<a href="#">Trading Symbol</a>	UZA
<a href="#">Security Exchange Name</a>	NYSE
<a href="#">7.25% 2063 Senior Notes</a>	
<a href="#">Title of 12(b) Security</a>	7.25% Senior Notes due 2063
<a href="#">Trading Symbol</a>	UZB
<a href="#">Security Exchange Name</a>	NYSE
<a href="#">7.25% 2064 Senior Notes</a>	
<a href="#">Title of 12(b) Security</a>	7.25% Senior Notes due 2064

<u>Trading Symbol</u>	UZC
<u>Security Exchange Name</u>	NYSE
<u>Series A Common Shares</u>	
<u>Entity Common Stock, Shares Outstanding</u>	33,005,900

**Intangible Assets (Details) - 9 Months Ended**  
**Licenses Sep. 30, 2019**  
**\$ in Millions USD (\$)**

**Licenses**

<u>Balance, beginning of period</u>	\$ 2,186
<u>Acquisitions</u>	259
<u>Transferred to Assets held for sale</u>	(10)
<u>Exchanges - Licenses received</u>	26
<u>Balance, end of period</u>	\$ 2,461



**Leases - Consolidated  
Balance Sheet (Details) -  
USD (\$)  
\$ in Millions**

**Sep. 30, 2019 Jan. 01, 2019 Dec. 31, 2018**

**Leases - Consolidated Balance Sheet**

<u>Prepaid expenses</u>	\$ 49	\$ 50	\$ 63
<u>Operating lease right-of-use assets</u>	897	899	0
<u>Other assets and deferred charges</u>	539	567	579
<u>Short-term operating lease liabilities</u>	104	101	0
<u>Other current liabilities</u>	78	86	94
<u>Long-term operating lease liabilities</u>	864	878	0
<u>Other deferred liabilities and credits</u>	\$ 312	292	\$ 389

ASC 842 Adjustment

**Leases - Consolidated Balance Sheet**

<u>Prepaid expenses</u>	(13)
<u>Operating lease right-of-use assets</u>	899
<u>Other assets and deferred charges</u>	(12)
<u>Short-term operating lease liabilities</u>	101
<u>Other current liabilities</u>	(8)
<u>Long-term operating lease liabilities</u>	878
<u>Other deferred liabilities and credits</u>	\$ (97)























**Commitments and  
Contingencies (Details)**

**9 Months Ended  
Sep. 30, 2019  
USD (\$)**

[Amdocs Tethys Limited](#)

**Purchase Commitments**

Purchase commitment

\$ 241

**Leases - Maturities of Lease  
Liabilities (Details)  
\$ in Millions**

**Sep. 30, 2019  
USD (\$)**

**Operating Leases Future Minimum Rental Payments**

<u>Remainder of 2019</u>	\$ 27
<u>2020</u>	154
<u>2021</u>	139
<u>2022</u>	123
<u>2023</u>	108
<u>Thereafter</u>	788
<u>Total lease payments</u>	1,339
<u>Less: Imputed interest</u>	371
<u>Present value of lease liabilities</u>	968

**Finance Leases**

<u>Remainder of 2019</u>	0
<u>2020</u>	1
<u>2021</u>	0
<u>2022</u>	0
<u>2023</u>	1
<u>Thereafter</u>	11
<u>Total lease payments</u>	13
<u>Less: Imputed interest</u>	9
<u>Present value of lease liabilities</u>	4
<u>Legally binding lease payments for leases signed but not yet commenced</u>	\$ 11

**Revenue Recognition - 9 Months Ended**  
**Contract Liabilities (Details) Sep. 30, 2019**  
\$ in Millions                      USD (\$)

**Contract Liabilities**

<u>Balance, beginning of period</u>	\$ 147
<u>Contract additions</u>	78
<u>Terminated contracts</u>	(6)
<u>Revenue recognized</u>	(61)
<u>Balance, end of period</u>	\$ 158

**Equipment Installment  
Plans - Narrative (Details) - Sep. 30, 2019 Dec. 31, 2018  
USD (\$)  
\$ in Millions**

[Receivables \[Abstract\]](#)

<a href="#">Guarantee liability</a>	\$ 9	\$ 11
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**Investments in  
Unconsolidated Entities**

**9 Months Ended  
Sep. 30, 2019**

**Equity Method Investments  
and Joint Ventures**

**[Abstract]**

**Investments in Unconsolidated  
Entities**

**Note 7 Investments in Unconsolidated Entities**

Investments in unconsolidated entities consist of amounts invested in entities in which U.S. Cellular holds a noncontrolling interest.

U.S. Cellular's Investments in unconsolidated entities are accounted for using either the equity method or measurement alternative method as shown in the table below. The measurement alternative method was elected for investments without readily determinable fair values formerly accounted for under the cost method. The carrying value of measurement alternative method investments represents cost minus any impairments plus or minus any observable price changes.

	<b>September 30, 2019</b>	December 31, 2018
(Dollars in millions)		
Equity method investments	<b>\$ 464</b>	\$ 434
Measurement alternative method investments	<b>7</b>	7
<b>Total investments in unconsolidated entities</b>	<b>\$ 471</b>	<b>\$ 441</b>

The following table, which is based in part on information provided by third parties, summarizes the combined results of operations of U.S. Cellular's equity method investments.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
(Dollars in millions)				
Revenues	<b>\$ 1,714</b>	\$ 1,693	<b>\$ 5,058</b>	\$ 5,005
Operating expenses	<b>1,241</b>	1,229	<b>3,644</b>	3,635
Operating income	<b>473</b>	464	<b>1,414</b>	1,370
Other income (expense), net	<b>(1)</b>	(2)	<b>(3)</b>	(2)
<b>Net income</b>	<b>\$ 472</b>	<b>\$ 462</b>	<b>\$ 1,411</b>	<b>\$ 1,368</b>



## Fair Value Measurements

9 Months Ended  
Sep. 30, 2019

### [Fair Value Disclosures](#)

#### [\[Abstract\]](#)

#### [Fair Value Measurements](#)

### Note 3 Fair Value Measurements

As of September 30, 2019 and December 31, 2018, U.S. Cellular did not have any material financial or nonfinancial assets or liabilities that were required to be recorded at fair value in its Consolidated Balance Sheet in accordance with GAAP.

The provisions of GAAP establish a fair value hierarchy that contains three levels for inputs used in fair value measurements. Level 1 inputs include quoted market prices for identical assets or liabilities in active markets. Level 2 inputs include quoted market prices for similar assets and liabilities in active markets or quoted market prices for identical assets and liabilities in inactive markets. Level 3 inputs are unobservable. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. A financial instrument's level within the fair value hierarchy is not representative of its expected performance or its overall risk profile and, therefore, Level 3 assets are not necessarily higher risk than Level 2 assets or Level 1 assets.

U.S. Cellular has applied the provisions of fair value accounting for purposes of computing the fair value of financial instruments for disclosure purposes as displayed below.

	Level within the Fair Value Hierarchy	September 30, 2019		December 31, 2018	
		Book Value	Fair Value	Book Value	Fair Value
(Dollars in millions)					
Cash and cash equivalents	1	\$ 570	\$ 570	\$ 580	\$ 580
Short-term investments	1	—	—	17	17
Long-term debt					
Retail	2	917	953	917	850
Institutional	2	534	583	534	531
Other	2	172	172	180	180

The fair values of Cash and cash equivalents and Short-term investments approximate their book values due to the short-term nature of these financial instruments. Long-term debt excludes lease obligations, other installment arrangements, the current portion of Long-term debt and debt financing costs. The fair value of "Retail" Long-term debt was estimated using market prices for the 7.25% 2063 Senior Notes, 7.25% 2064 Senior Notes and 6.95% Senior Notes. U.S. Cellular's "Institutional" debt consists of the 6.7% Senior Notes which are traded over the counter. U.S. Cellular's "Other" debt consists of a senior term loan credit agreement. U.S. Cellular estimated the fair value of its Institutional and Other debt through a discounted cash flow analysis using the interest rates or estimated yield to maturity for each borrowing, which ranged from 3.80% to 5.96% and 5.03% to 6.97% at September 30, 2019 and December 31, 2018, respectively.

## Basis of Presentation (Policies)

9 Months Ended  
Sep. 30, 2019

### [Organization, Consolidation and Presentation of Financial Statements](#)

#### [\[Abstract\]](#)

#### [Principles of Consolidation](#)

The accounting policies of U.S. Cellular conform to accounting principles generally accepted in the United States of America (GAAP) as set forth in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Unless otherwise specified, references to accounting provisions and GAAP in these notes refer to the requirements of the FASB ASC. The consolidated financial statements include the accounts of U.S. Cellular, subsidiaries in which it has a controlling financial interest, general partnerships in which U.S. Cellular has a majority partnership interest and certain entities in which U.S. Cellular has a variable interest that require consolidation under GAAP. All material intercompany accounts and transactions have been eliminated.

#### [Basis of Accounting](#)

The unaudited consolidated financial statements included herein have been prepared by U.S. Cellular pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. However, U.S. Cellular believes that the disclosures included herein are adequate to make the information presented not misleading. Certain numbers included herein are rounded to millions for ease of presentation; however, certain calculated amounts and percentages are determined using the unrounded numbers. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in U.S. Cellular's Annual Report on Form 10-K (Form 10-K) for the year ended December 31, 2018.

The accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring items, unless otherwise disclosed) necessary for the fair statement of U.S. Cellular's financial position as of September 30, 2019 and December 31, 2018, its results of operations and changes in equity for the three and nine months ended September 30, 2019 and 2018, and its cash flows for the nine months ended September 30, 2019 and 2018. The Consolidated Statement of Comprehensive Income was not included because comprehensive income for the three and nine months ended September 30, 2019 and 2018, equaled net income. These results are not necessarily indicative of the results to be expected for the full year. U.S. Cellular has not changed its significant accounting and reporting policies from those disclosed in its Form 10-K for the year ended December 31, 2018, except as disclosed in Note 8 — Leases.

#### [Recently Adopted Accounting Pronouncements and Recently Issued Accounting Pronouncements Not Yet Adopted](#)

In June 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). ASU 2016-13 requires entities to use a new forward-looking, expected loss model to estimate credit losses. It also requires additional disclosure relating to the credit quality of trade and other receivables, including information relating to management's estimate of credit allowances. U.S. Cellular is required to adopt ASU 2016-13 on January 1, 2020, using the modified retrospective approach. Early adoption is permitted; however, U.S. Cellular does not intend to adopt early. The adoption of ASU 2016-13 is not expected to have a significant impact on U.S. Cellular's financial position or results of operations.

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* and has since amended the standard with Accounting Standards Update 2018-01, *Leases: Land Easement Practical Expedient for Transition to Topic 842*, Accounting Standards Update 2018-10, *Codification Improvements to Topic 842, Leases*, Accounting Standards Update 2018-11, *Leases: Targeted Improvements*, and Accounting Standards Update 2018-20, *Leases: Narrow-Scope Improvements for Lessors*, collectively referred to as ASC 842. This standard replaces the previous lease accounting standard under ASC 840 - *Leases* and requires lessees to record a right-of-use (ROU) asset and lease liability for the majority of leases. U.S. Cellular adopted the provisions of ASC 842 on January 1, 2019, using a modified retrospective method. Under this method, U.S. Cellular elected to apply the new accounting standard only to the most recent period presented, recognizing the cumulative effect of the accounting change, if any, as an adjustment to the beginning balance of retained earnings. Accordingly, prior periods have not been recast to reflect the new accounting standard. The cumulative effect of applying the provisions of ASC 842 had no material impact on retained earnings.

## Revenue From Contract With Customer

As a practical expedient, revenue related to contracts of less than one year, generally month-to-month contracts, are excluded from these estimates. U.S. Cellular has certain contracts in which it bills an amount equal to a fixed per-unit price multiplied by a variable quantity (e.g., certain roaming agreements with other carriers). Because U.S. Cellular invoices for such items in an amount that corresponds directly with the value of the performance completed to date, U.S. Cellular may recognize revenue in that amount. As a practical expedient, these contracts are excluded from the estimate of future revenues expected to be recognized related to performance obligations that are unsatisfied as of the end of a reporting period.

As a practical expedient, costs with an amortization period of one year or less are not capitalized.

## Lessee Agreements

A lease is generally present in a contract if the lessee controls the use of identified property, plant or equipment for a period of time in exchange for consideration. Nearly all of U.S. Cellular's leases are classified as operating leases, although it does have a small number of finance leases. U.S. Cellular's most significant leases are for land and tower spaces, network facilities, retail spaces, and offices.

U.S. Cellular has agreements with both lease and nonlease components, which are accounted for separately. As part of the present value calculation for the lease liabilities, U.S. Cellular uses an incremental borrowing rate as the rates implicit in the leases are not readily determinable. The incremental borrowing rates used for lease accounting are based on U.S. Cellular's unsecured rates, adjusted to approximate the rates at which U.S. Cellular would be required to borrow on a collateralized basis over a term similar to the recognized lease term. U.S. Cellular applies the incremental borrowing rates to lease components using a portfolio approach based upon the length of the lease term. The cost of nonlease components in U.S. Cellular's lease portfolio (e.g., utilities and common area maintenance) are not typically predetermined at lease commencement and are expensed as incurred at their relative standalone price.

Variable lease expense occurs when, subsequent to the lease commencement, lease payments are made that were not originally included in the lease liability calculation. U.S. Cellular's variable lease payments are primarily a result of leases with escalations that are tied to an index. The incremental changes due to the index changes are recorded as variable lease expense and are not included in the ROU assets or lease liabilities.

Lease term recognition determines the periods to which expense is allocated and also has a significant impact on the ROU asset and lease liability calculations. Many of U.S. Cellular's leases include renewal and early termination options. At lease commencement, the lease terms include options to extend the lease when U.S. Cellular is reasonably certain that it will exercise the options. The lease terms do not include early termination options unless U.S. Cellular is reasonably certain to exercise the options. Certain asset classes have similar lease characteristics; therefore, U.S. Cellular has applied the portfolio approach for lease term recognition for its tower space, retail, and certain ground lease asset classes.

## Lessor Agreements

U.S. Cellular's most significant lessor leases are for tower space. All of U.S. Cellular's lessor leases are classified as operating leases. A lease is generally present in a contract if the lessee controls the use of identified property, plant, or equipment for a period of time in exchange for consideration. U.S. Cellular's lessor agreements with lease and nonlease components are generally accounted for separately.

Lease term recognition determines the periods to which revenue is allocated over the term of the lease. Many of U.S. Cellular's leases include renewal and early termination options. At lease commencement, lease terms include options to extend the lease when U.S. Cellular is reasonably certain that lessees will exercise the options. Lease terms would not include periods after the date of a termination option that lessees are reasonably certain to exercise.

Variable lease income occurs when, subsequent to the lease commencement, lease payments are received that were not originally included in the lease receivable calculation. U.S. Cellular's variable lease income is primarily a result of leases with escalations that are tied to an index. The incremental increases due to the index changes are recorded as variable lease income.

## Variable Interest Entities

U.S. Cellular consolidates VIEs in which it has a controlling financial interest as defined by GAAP and is therefore deemed the primary beneficiary. A controlling financial interest will have both of

the following characteristics: (a) the power to direct the VIE activities that most significantly impact economic performance; and (b) the obligation to absorb the VIE losses and the right to receive benefits that are significant to the VIE. U.S. Cellular reviews these criteria initially at the time it enters into agreements and subsequently when events warranting reconsideration occur. These VIEs have risks similar to those described in the "Risk Factors" in U.S. Cellular's Form 10-K for the year ended December 31, 2018.

**Basis of Presentation -  
Narrative (Details)**

**Sep. 30, 2019**

[TDS | U.S. Cellular](#)

[Basis of Presentation \[Line Items\]](#)

[Ownership percentage](#) 82.00%

## Intangible Assets (Tables)

9 Months Ended  
Sep. 30, 2019

### [Goodwill and Intangible Assets Disclosure](#)

#### [\[Abstract\]](#)

#### [Licenses](#)

Activity related to Licenses for the nine months ended September 30, 2019, is presented below:

	<b>Licenses</b>
(Dollars in millions)	
Balance at December 31, 2018	\$ 2,186
Acquisitions	259
Transferred to Assets held for sale	(10)
Exchanges - Licenses received	26
Balance at September 30, 2019	<u>\$ 2,461</u>

Revenue Recognition  
(Tables)

9 Months Ended  
Sep. 30, 2019

[Revenue from Contract with  
Customer \[Abstract\]  
Disaggregation of Revenue](#)

In the following table, revenue is disaggregated by type of service and timing of revenue recognition. Service revenues are recognized over time and Equipment sales are point in time.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(Dollars in millions)				
Revenues from contracts with customers:				
Retail service	\$ 663	\$ 659	\$ 1,984	\$ 1,960
Inbound roaming	54	50	132	116
Other service	34	34	101	99
Service revenues from contracts with customers	751	743	2,217	2,175
Equipment sales	257	242	698	692
Total revenues from contracts with customers <sup>1</sup>	\$ 1,008	\$ 985	\$ 2,915	\$ 2,867

1

Revenue line items in this table will not agree to amounts presented in the Consolidated Statement of Operations as the amounts in this table only include revenue resulting from contracts with customers. The accounts receivable balance related to amounts billed and not paid on contracts with customers, net of allowances, is shown in the table below.

[Contract with Customer,  
Assets and Liabilities](#)

	September 30, 2019	December 31, 2018
(Dollars in millions)		
Accounts receivable		
Customer and agents	\$ 899	\$ 908
Roaming	34	20
Other	56	32
Total <sup>1</sup>	\$ 989	\$ 960

1 Accounts receivable line items presented in this table will not agree to amounts presented in the Consolidated Balance Sheet as the amounts in this table only include receivables resulting from contracts with customers.

The following table provides a rollforward of contract assets from contracts with customers, which are recorded in Other current assets and Other assets and deferred charges in the Consolidated Balance Sheet.

	Contract Assets
(Dollars in millions)	
Balance at December 31, 2018	\$ 9
Contract additions	9
Reclassified to receivables	(11)
Balance at September 30, 2019	\$ 7

The following table provides a rollforward of contract liabilities from contracts with customers, which are recorded in Customer deposits and deferred revenues and Other deferred liabilities and credits in the Consolidated Balance Sheet.

**Contract  
Liabilities**

(Dollars in millions)

Balance at December 31, 2018 <sup>1</sup>	\$	147
Contract additions		78
Terminated contracts		(6)
Revenue recognized		(61)
Balance at September 30, 2019	\$	158

1

The Balance at December 31, 2018 differs from the amount reported in Note 2 — Revenue Recognition of the 2018 Form 10-K, as the previously reported amount included certain lease-related balances that did not result from contracts with customers.

The following table includes estimated service revenues expected to be recognized related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period. These estimates represent service revenues to be recognized when wireless services are delivered to customers pursuant to service plan contracts and under certain roaming agreements with other carriers. These estimates are based on contracts in place as of September 30, 2019, and may vary from actual results. As a practical expedient, revenue related to contracts of less than one year, generally month-to-month contracts, are excluded from these estimates.

**Service  
Revenues**

(Dollars in millions)

Remainder of 2019	\$	119
2020		111
Thereafter		237
Total	\$	467

**Remaining Performance  
Obligations**



<b>Earnings Per Share - Reconciliation (Details) - USD (\$) \$ / shares in Units, shares in Millions, \$ in Millions</b>	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>Sep. 30, 2019</b>	<b>Sep. 30, 2018</b>	<b>Sep. 30, 2019</b>	<b>Sep. 30, 2018</b>
<b><u>Earnings Per Share [Abstract]</u></b>				
<u>Net income attributable to U.S. Cellular shareholders</u>	\$ 23	\$ 36	\$ 109	\$ 129
<u>Weighted average number of shares used in basic earnings per share (in shares)</u>	86	86	87	85
<u>Effects of dilutive securities (in shares)</u>	2	1	1	1
<u>Weighted average number of shares used in diluted earnings per share (in shares)</u>	88	87	88	86
<u>Basic earnings per share attributable to U.S. Cellular shareholders (USD per share)</u>	\$ 0.27	\$ 0.42	\$ 1.26	\$ 1.51
<u>Diluted earnings per share attributable to U.S. Cellular shareholders (USD per share)</u>	\$ 0.27	\$ 0.41	\$ 1.24	\$ 1.49

Investments in Unconsolidated Entities - Schedule of Investments (Details) - USD (\$) \$ in Millions	3 Months Ended		9 Months Ended		
	Sep. 30,	Sep. 30,	Sep. 30,	Sep. 30,	Dec. 31,
	2019	2018	2019	2018	2018

**Equity Method Investments and Joint Ventures**

**[Abstract]**

<u>Equity method investments</u>	\$ 464		\$ 464		\$ 434
<u>Measurement alternative method investments</u>	7		7		7
<u>Total investments in unconsolidated entities</u>	471		471		\$ 441

**Equity method investments, combined income statements**

<u>Revenues</u>	1,714	\$ 1,693	5,058	\$ 5,005
<u>Operating expenses</u>	1,241	1,229	3,644	3,635
<u>Operating income</u>	473	464	1,414	1,370
<u>Other income (expense), net</u>	(1)	(2)	(3)	(2)
<u>Net income</u>	\$ 472	\$ 462	\$ 1,411	\$ 1,368

**Leases - Supplemental Cash  
Flow Information (Details)  
\$ in Millions**

**9 Months Ended  
Sep. 30, 2019  
USD (\$)**

**Cash paid for amounts included in the measurement of lease liabilities:**

Operating cash flows from operating leases \$ 116

**ROU assets obtained in exchange for lease obligations:**

Operating leases \$ 90

<b>Consolidated Statement of Changes in Equity - USD (\$)</b> <b>\$ in Millions</b>	<b>Total</b>	<b>Series A Common and Common shares</b>	<b>Additional paid-in capital</b>	<b>Treasury shares</b>	<b>Retained earnings</b>	<b>Total U.S. Cellular shareholders' equity</b>	<b>Noncontrolling interests</b>
<u>Cumulative effect of accounting change</u>	\$ 174				\$ 173	\$ 173	\$ 1
<u>Beginning balance at Dec. 31, 2017</u>	3,687	\$ 88	\$ 1,552	\$ (120)	2,157	3,677	10
<u>Net income attributable to U.S. Cellular shareholders</u>	129				129	129	
<u>Net income attributable to noncontrolling interests classified as equity</u>	2					0	2
<u>Incentive and compensation plans</u>	7			36	(29)	7	
<u>Stock-based compensation awards</u>	26		26			26	
<u>Distributions to noncontrolling interests</u>	(2)					0	(2)
<u>Ending balance at Sep. 30, 2018</u>	4,023	88	1,578	(84)	2,430	4,012	11
<u>Beginning balance at Jun. 30, 2018</u>	3,971	88	1,569	(99)	2,402	3,960	11
<u>Net income attributable to U.S. Cellular shareholders</u>	36				36	36	
<u>Net income attributable to noncontrolling interests classified as equity</u>	1					0	1
<u>Incentive and compensation plans</u>	7			15	(8)	7	
<u>Stock-based compensation awards</u>	9		9			9	
<u>Distributions to noncontrolling interests</u>	(1)					0	(1)
<u>Ending balance at Sep. 30, 2018</u>	4,023	88	1,578	(84)	2,430	4,012	11
<u>Cumulative effect of accounting change</u>	2				2	2	
<u>Beginning balance at Dec. 31, 2018</u>	4,067	88	1,590	(65)	2,444	4,057	10
<u>Net income attributable to U.S. Cellular shareholders</u>	109				109	109	
<u>Net income attributable to noncontrolling interests classified as equity</u>	5					0	5

<u>Repurchase of Common Shares</u>	(21)		(21)		(21)	
<u>Incentive and compensation plans</u>	(8)	(1)	16	(23)	(8)	
<u>Stock-based compensation awards</u>	33	33			33	
<u>Distributions to noncontrolling interests</u>	(2)				0	(2)
<u>Ending balance at Sep. 30, 2019</u>	4,185 88	1,622	(70)	2,532	4,172	13
<u>Beginning balance at Jun. 30, 2019</u>	4,175 88	1,615	(50)	2,509	4,162	13
<u>Net income attributable to U.S. Cellular shareholders</u>	23			23	23	
<u>Repurchase of Common Shares</u>	(21)		(21)		(21)	
<u>Incentive and compensation plans</u>	1		1	0	1	
<u>Stock-based compensation awards</u>	7	7			7	
<u>Ending balance at Sep. 30, 2019</u>	\$ 4,185 \$ 88	\$ 1,622	\$ (70)	\$ 2,532	\$ 4,172	\$ 13

**Consolidated Statement of  
Operations (Parenthetical) -  
USD (\$)  
\$ in Millions**

**3 Months Ended**                      **9 Months Ended**  
**Sep. 30,**                      **Sep. 30,**                      **Sep. 30,**                      **Sep. 30,**  
**2019**                      **2018**                      **2019**                      **2018**

**Operating expenses**

**Selling, general and administrative, charges from  
affiliates**

\$ 22	\$ 20	\$ 61	\$ 60
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Variable Interest Entities - Narrative (Details) - USD (\$) \$ in Millions	9 Months Ended Sep. 30, 2019	Sep. Dec. 30, 31, 2018 2018
<a href="#">Variable Interest Entity [Line Items]</a>		
<a href="#">Investments in unconsolidated entities, maximum exposure</a>	\$ 5	\$ 4
<a href="#">Capital contributions, loans or advances</a>	\$ 229	\$ 92
<a href="#">King Street Wireless out-of-period adjustment</a>		
<a href="#">Variable Interest Entity [Line Items]</a>		
<a href="#">Immaterial error correction</a>	<p>During the first quarter of 2018, U.S. Cellular recorded an out-of-period adjustment attributable to 2016 and 2017 due to errors in the application of accounting guidance applicable to the calculation of Noncontrolling interests with redemption features related to King Street Wireless, Inc. This out-of-period adjustment had the impact of increasing Net income attributable to noncontrolling interests, net of tax, by \$8 million and decreasing Net income attributable to U.S. Cellular shareholders by \$8 million for the nine months ended September 30, 2018. U.S. Cellular determined that this adjustment was not material to any of the periods impacted.</p>	
<a href="#">Net income attributable to noncontrolling interests, net of tax   King Street Wireless out-of-period adjustment</a>		
<a href="#">Variable Interest Entity [Line Items]</a>		
<a href="#">Out-of-period adjustment</a>		8
<a href="#">Net income attributable to U.S. Cellular shareholders   King Street Wireless out-of-period adjustment</a>		
<a href="#">Variable Interest Entity [Line Items]</a>		
<a href="#">Out-of-period adjustment</a>		(8)
<a href="#">USCC EIP LLC</a>		
<a href="#">Variable Interest Entity [Line Items]</a>		
<a href="#">Capital contributions, loans or advances</a>	\$ 199	\$ 66

**Leases - Maturities of  
Expected Lease Revenues Sep. 30, 2019  
(Details) USD (\$)  
\$ in Millions**

**Leases [Abstract]**

<u>Remainder of 2019</u>	\$ 11
<u>2020</u>	60
<u>2021</u>	48
<u>2022</u>	36
<u>2023</u>	23
<u>Thereafter</u>	12
<u>Total future lease maturities</u>	\$ 190



**Leases - Classification of  
Operating and Finance  
Leases (Details) - USD (\$)  
\$ in Millions**

**Sep. 30, 2019 Jan. 01, 2019 Dec. 31, 2018**

**Operating Leases**

<u>Operating lease right-of-use assets</u>	\$ 897	\$ 899	\$ 0
<u>Short-term operating lease liabilities</u>	104	101	0
<u>Long-term operating lease liabilities</u>	864	\$ 878	0
<u>Total operating lease liabilities</u>	968		

**Finance Leases**

<u>Property, plant and equipment</u>	8,088		7,778
<u>Less: Accumulated depreciation and amortization</u>	5,944		5,576
<u>Property, plant and equipment, net</u>	2,144		2,202
<u>Current portion of long-term debt</u>	19		19
<u>Long-term debt, net</u>	1,592		\$ 1,605
<u>Total finance lease liabilities</u>	4		

Operating leases

**Operating Leases**

<u>Operating lease right-of-use assets</u>	897
<u>Short-term operating lease liabilities</u>	104
<u>Long-term operating lease liabilities</u>	864
<u>Total operating lease liabilities</u>	968

Finance leases

**Finance Leases**

<u>Property, plant and equipment</u>	7
<u>Less: Accumulated depreciation and amortization</u>	4
<u>Property, plant and equipment, net</u>	3
<u>Current portion of long-term debt</u>	1
<u>Long-term debt, net</u>	3
<u>Total finance lease liabilities</u>	\$ 4

**Commitments and  
Contingencies**

**9 Months Ended  
Sep. 30, 2019**

[Commitments and  
Contingencies \[Abstract\]](#)

[Commitments and  
Contingencies](#)

## Note 9 Commitments and Contingencies

### Purchase Obligations

On September 27, 2019, U.S. Cellular executed a new Master Service Agreement, Master Statement of Work for Managed Services and certain other documents with Amdocs Tethys Limited, effective October 1, 2019, to continue using the Billing and Operational Support System (B/OSS) and certain support functions offered by Amdocs Tethys Limited. The committed, non-cancellable amount to be paid to Amdocs Tethys Limited with respect to the new agreements is \$241 million over five years.

## Earnings Per Share

9 Months Ended  
Sep. 30, 2019

### Earnings Per Share

#### [Abstract]

### Earnings Per Share

## Note 5 Earnings Per Share

Basic earnings per share attributable to U.S. Cellular shareholders is computed by dividing Net income attributable to U.S. Cellular shareholders by the weighted average number of Common Shares outstanding during the period. Diluted earnings per share attributable to U.S. Cellular shareholders is computed by dividing Net income attributable to U.S. Cellular shareholders by the weighted average number of Common Shares outstanding during the period adjusted to include the effects of potentially dilutive securities. Potentially dilutive securities primarily include incremental shares issuable upon the exercise of outstanding stock options and the vesting of performance and restricted stock units.

The amounts used in computing earnings per common share and the effects of potentially dilutive securities on the weighted average number of Common Shares were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
(Dollars and shares in millions, except per share amounts)				
Net income attributable to U.S. Cellular shareholders	\$ 23	\$ 36	\$ 109	\$ 129
Weighted average number of shares used in basic earnings per share	86	86	87	85
Effects of dilutive securities	2	1	1	1
Weighted average number of shares used in diluted earnings per share	88	87	88	86
Basic earnings per share attributable to U.S. Cellular shareholders	\$ 0.27	\$ 0.42	\$ 1.26	\$ 1.51
Diluted earnings per share attributable to U.S. Cellular shareholders	\$ 0.27	\$ 0.41	\$ 1.24	\$ 1.49

Certain Common Shares issuable upon the exercise of stock options or vesting of performance and restricted stock units were not included in average diluted shares outstanding for the calculation of Diluted earnings per share attributable to U.S. Cellular shareholders because their effects were antidilutive. The number of such Common Shares excluded was 1 million and less than 1 million for the three and nine months ended September 30, 2019, respectively, and 2 million and 3 million for the three and nine months ended September 30, 2018, respectively.

**Revenue Recognition -  
Accounts Receivable  
(Details) - USD (\$)  
\$ in Millions**

**Sep. 30, 2019 Dec. 31, 2018**

Accounts receivable

<u>Customers and agents</u>	\$ 899	\$ 908
<u>Roaming</u>	34	20
<u>Other</u>	60	46

Accounts receivable from contract with customer

Accounts receivable

<u>Customers and agents</u>	899	908
<u>Roaming</u>	34	20
<u>Other</u>	56	32
<u>Total</u>	\$ 989	\$ 960

Revenue Recognition - Narrative (Details) - USD (\$) \$ in Millions	3 Months Ended		9 Months Ended		Dec. 31, 2018
	Sep. 30, 2019	Sep. 30, 2018	Sep. 30, 2019	Sep. 30, 2018	
<b>Capitalized Contract Cost</b>					
<u>Capitalized contract cost related to commission fees</u>	\$ 130		\$ 130		\$ 139
<u>Amortization of contract cost assets</u>	\$ 27	\$ 27	\$ 82	\$ 81	
<u>Minimum</u>					
<b>Capitalized Contract Cost</b>					
<u>Capitalized contract cost, amortization period</u>	15 months		15 months		
<u>Maximum</u>					
<b>Capitalized Contract Cost</b>					
<u>Capitalized contract cost, amortization period</u>	30 months		30 months		

**Equipment Installment  
Plans - Gross Receivables by  
Credit Category (Details) -  
USD (\$)**

**Sep. 30, 2019 Dec. 31, 2018**

**\$ in Millions**

**Financing Receivable, Credit Quality Indicator [Line Items]**

<u>Equipment installment plan receivables, gross</u>	\$ 975	\$ 974
<u>Unbilled</u>		

**Financing Receivable, Credit Quality Indicator [Line Items]**

<u>Equipment installment plan receivables</u>	907	921
<u>Billed</u>		

**Financing Receivable, Credit Quality Indicator [Line Items]**

<u>Equipment installment plan receivables</u>	45	36
<u>Equipment installment plan receivables, past due</u>	23	17
<u>Lower Risk</u>		

**Financing Receivable, Credit Quality Indicator [Line Items]**

<u>Equipment installment plan receivables, gross</u>	963	954
<u>Lower Risk   Unbilled</u>		

**Financing Receivable, Credit Quality Indicator [Line Items]**

<u>Equipment installment plan receivables</u>	898	904
<u>Lower Risk   Billed</u>		

**Financing Receivable, Credit Quality Indicator [Line Items]**

<u>Equipment installment plan receivables</u>	44	35
<u>Equipment installment plan receivables, past due</u>	21	15
<u>Higher Risk</u>		

**Financing Receivable, Credit Quality Indicator [Line Items]**

<u>Equipment installment plan receivables, gross</u>	12	20
<u>Higher Risk   Unbilled</u>		

**Financing Receivable, Credit Quality Indicator [Line Items]**

<u>Equipment installment plan receivables</u>	9	17
<u>Higher Risk   Billed</u>		

**Financing Receivable, Credit Quality Indicator [Line Items]**

<u>Equipment installment plan receivables</u>	1	1
<u>Equipment installment plan receivables, past due</u>	\$ 2	\$ 2

**Leases - Minimum Lease  
Obligations (Details)  
\$ in Millions**

**Dec. 31, 2018  
USD (\$)**

**Operating Leases Future Minimum Rental Payments**

<u>2019</u>	\$ 154
<u>2020</u>	143
<u>2021</u>	128
<u>2022</u>	112
<u>2023</u>	97
<u>Thereafter</u>	769
<u>Total</u>	1,403

**Operating Leases Future Minimum Rental Receipts**

<u>2019</u>	58
<u>2020</u>	47
<u>2021</u>	34
<u>2022</u>	22
<u>2023</u>	10
<u>Thereafter</u>	3
<u>Total</u>	\$ 174

**Leases - Lease Term and  
Discount Rate (Details)**

**Sep. 30, 2019**

**Weighted Average Remaining Lease Term**

Operating leases 13 years

Finance leases 25 years

**Weighted Average Discount Rate**

Operating leases 4.50%

Finance leases 7.00%



## Note 10 Variable Interest Entities

### Consolidated VIEs

U.S. Cellular consolidates VIEs in which it has a controlling financial interest as defined by GAAP and is therefore deemed the primary beneficiary. A controlling financial interest will have both of the following characteristics: (a) the power to direct the VIE activities that most significantly impact economic performance; and (b) the obligation to absorb the VIE losses and the right to receive benefits that are significant to the VIE. U.S. Cellular reviews these criteria initially at the time it enters into agreements and subsequently when events warranting reconsideration occur. These VIEs have risks similar to those described in the "Risk Factors" in U.S. Cellular's Form 10-K for the year ended December 31, 2018.

During 2017, U.S. Cellular formed USCC EIP LLC (Seller/Sub-Servicer), USCC Receivables Funding LLC (Transferor) and the USCC Master Note Trust (Trust), collectively the special purpose entities (SPEs), to facilitate a securitized borrowing using its equipment installment plan receivables. Under a Receivables Sale Agreement, U.S. Cellular wholly-owned, majority-owned and unconsolidated entities, collectively referred to as "affiliated entities", transfer device equipment installment plan contracts to the Seller/Sub-Servicer. The Seller/Sub-Servicer aggregates device equipment installment plan contracts, and performs servicing, collection and all other administrative activities related to accounting for the equipment installment plan contracts. The Seller/Sub-Servicer sells the eligible equipment installment plan receivables to the Transferor, a bankruptcy remote entity, which subsequently sells the receivables to the Trust. The Trust, which is bankruptcy remote and isolated from the creditors of U.S. Cellular, will be responsible for issuing asset-backed variable funding notes (Notes), which are collateralized by the equipment installment plan receivables owned by the Trust. Given that U.S. Cellular has the power to direct the activities of these SPEs, and that these SPEs lack sufficient equity to finance their activities, U.S. Cellular is deemed to have a controlling financial interest in the SPEs and, therefore, consolidates them. All transactions with third parties (e.g., issuance of the asset-backed variable funding notes) will be accounted for as a secured borrowing due to the pledging of equipment installment plan contracts as collateral, significant continuing involvement in the transferred assets, subordinated interests of the cash flows, and continued evidence of control of the receivables.

The following VIEs were formed to participate in FCC auctions of wireless spectrum licenses and to fund, establish, and provide wireless service with respect to any FCC wireless spectrum licenses won in the auctions:

- Advantage Spectrum, L.P. (Advantage Spectrum) and Sunshine Spectrum, Inc., the general partner of Advantage Spectrum; and
- King Street Wireless, L.P. (King Street Wireless) and King Street Wireless, Inc., the general partner of King Street Wireless.

These particular VIEs are collectively referred to as designated entities. The power to direct the activities that most significantly impact the economic performance of these VIEs is shared. Specifically, the general partner of these VIEs has the exclusive right to manage, operate and control the limited partnerships and make all decisions to carry on the business of the partnerships. The general partner of each partnership needs the consent of the limited partner, an indirect U.S. Cellular subsidiary, to sell or lease certain wireless spectrum licenses, to make certain large expenditures, admit other partners or liquidate the limited partnerships. Although the power to direct the activities of these VIEs is shared, U.S. Cellular has the most significant level of exposure to the variability associated with the economic performance of the VIEs, indicating that U.S. Cellular is the primary beneficiary of the VIEs. Therefore, in accordance with GAAP, these VIEs are consolidated.

U.S. Cellular also consolidates other VIEs that are limited partnerships that provide wireless service. A limited partnership is a variable interest entity unless the limited partners hold substantive participating rights or kick-out rights over the general partner. For certain limited

partnerships, U.S. Cellular is the general partner and manages the operations. In these partnerships, the limited partners do not have substantive kick-out or participating rights and, further, such limited partners do not have the authority to remove the general partner. Therefore, these limited partnerships are also recognized as VIEs and are consolidated under the variable interest model.

The following table presents the classification and balances of the consolidated VIEs' assets and liabilities in U.S. Cellular's Consolidated Balance Sheet.

	September 30, 2019	December 31, 2018
(Dollars in millions)		
<b>Assets</b>		
Cash and cash equivalents	\$ 29	\$ 9
Short-term investments	—	17
Accounts receivable	625	611
Inventory, net	4	5
Other current assets	6	6
Assets held for sale	—	4
Licenses	649	652
Property, plant and equipment, net	95	94
Operating lease right-of-use assets	42	—
Other assets and deferred charges	329	349
Total assets	<u>\$ 1,779</u>	<u>\$ 1,747</u>
<b>Liabilities</b>		
Current liabilities	\$ 34	\$ 34
Liabilities held for sale	—	1
Long-term operating lease liabilities	38	—
Other deferred liabilities and credits	13	16
Total liabilities	<u>\$ 85</u>	<u>\$ 51</u>

### Unconsolidated VIEs

U.S. Cellular manages the operations of and holds a variable interest in certain other limited partnerships, but is not the primary beneficiary of these entities and, therefore, does not consolidate them under the variable interest model.

U.S. Cellular's total investment in these unconsolidated entities was \$5 million and \$4 million at September 30, 2019 and December 31, 2018, respectively, and is included in Investments in unconsolidated entities in U.S. Cellular's Consolidated Balance Sheet. The maximum exposure from unconsolidated VIEs is limited to the investment held by U.S. Cellular in those entities.

### Other Related Matters

U.S. Cellular made contributions, loans and/or advances to its VIEs totaling \$229 million and \$92 million, during the nine months ended September 30, 2019 and 2018, respectively; of which \$199 million in 2019 and \$66 million in 2018, are related to USCC EIP LLC as discussed above. U.S. Cellular may agree to make additional capital contributions and/or advances to these or other VIEs and/or to their general partners to provide additional funding for operations or the development of wireless spectrum licenses granted in various auctions. U.S. Cellular may finance such amounts with a combination of cash on hand, borrowings under its revolving credit agreement and/or other long-term debt. There is no assurance that U.S. Cellular will be able to obtain additional financing on commercially reasonable terms or at all to provide such financial support.

The limited partnership agreements of Advantage Spectrum and King Street Wireless also provide the general partner with a put option whereby the general partner may require the limited partner, a subsidiary of U.S. Cellular, to purchase its interest in the limited partnership. The general partner's put options related to its interests in King Street Wireless will become exercisable in the fourth quarter of 2019. The general partner's put options related to its interest in Advantage Spectrum will become exercisable in 2021 and 2022. The greater of the carrying value of the general partner's investment or the value of the put option, net of any borrowings due to U.S. Cellular is recorded as Noncontrolling interests with redemption features in U.S. Cellular's Consolidated Balance Sheet. Also in accordance with GAAP, minority share of income or changes in the redemption value of the put options, net of interest accrued on the loans, are recorded as a component of Net income attributable to noncontrolling interests, net of tax, in U.S. Cellular's Consolidated Statement of Operations.

During the first quarter of 2018, U.S. Cellular recorded an out-of-period adjustment attributable to 2016 and 2017 due to errors in the application of accounting guidance applicable to the calculation of Noncontrolling interests with redemption features related to King Street Wireless, Inc. This out-of-period adjustment had the impact of increasing Net income attributable to noncontrolling interests, net of tax, by \$8 million and decreasing Net income attributable to U.S. Cellular shareholders by \$8 million for the nine months ended September 30, 2018. U.S. Cellular determined that this adjustment was not material to any of the periods impacted.

## Intangible Assets

9 Months Ended  
Sep. 30, 2019

[Goodwill and Intangible  
Assets Disclosure \[Abstract\]](#)

[Intangible Assets](#)

### Note 6 Intangible Assets

Activity related to Licenses for the nine months ended September 30, 2019, is presented below:

	<b>Licenses</b>
(Dollars in millions)	
Balance at December 31, 2018	\$ 2,186
Acquisitions	259
Transferred to Assets held for sale	(10)
Exchanges - Licenses received	26
Balance at September 30, 2019	<u>\$ 2,461</u>

In June 2019, the FCC announced by way of public notice that U.S. Cellular was the provisional winning bidder for 408 wireless spectrum licenses in its 28 GHz auction (Auction 101) and 282 wireless spectrum licenses in its 24 GHz auction (Auction 102) for an aggregate purchase price of \$256 million. U.S. Cellular paid substantially all of the \$256 million in the first half of 2019. The wireless spectrum licenses from Auction 101 were granted by the FCC on October 2, 2019, and the wireless spectrum licenses from Auction 102 are expected to be granted by the FCC during the fourth quarter of 2019.

**Equipment Installment  
Plans - EIP Receivables  
(Details) - USD (\$)  
\$ in Millions**

**Sep. 30, 2019 Dec. 31, 2018**

**Accounts, Notes, Loans and Financing Receivable [Line Items]**

<u>Equipment installment plan receivables, gross</u>	\$ 975	\$ 974
<u>Allowance for credit losses</u>	(82)	(77)
<u>Equipment installment plan receivables, net</u>	893	897

Accounts receivable — Customers and agents (Current portion)

**Accounts, Notes, Loans and Financing Receivable [Line Items]**

<u>Equipment installment plan receivables, net</u>	574	560
<u>Other assets and deferred charges (Non-current portion)</u>		

**Accounts, Notes, Loans and Financing Receivable [Line Items]**

<u>Equipment installment plan receivables, net</u>	\$ 319	\$ 337
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Revenue Recognition - Disaggregation Of Revenue (Details) - USD (\$) \$ in Millions	3 Months Ended		9 Months Ended	
	Sep. 30, 2019	Sep. 30, 2018	Sep. 30, 2019	Sep. 30, 2018
	<b><u>Disaggregation of revenue</u></b>			
<u>Revenue from contracts with customers</u> <u>Transferred over time</u>	\$ 1,008	\$ 985	\$ 2,915	\$ 2,867
<b><u>Disaggregation of revenue</u></b>				
<u>Revenue from contracts with customers</u> <u>Transferred over time   Retail service</u>	751	743	2,217	2,175
<b><u>Disaggregation of revenue</u></b>				
<u>Revenue from contracts with customers</u> <u>Transferred over time   Inbound roaming</u>	663	659	1,984	1,960
<b><u>Disaggregation of revenue</u></b>				
<u>Revenue from contracts with customers</u> <u>Transferred over time   Other service</u>	54	50	132	116
<b><u>Disaggregation of revenue</u></b>				
<u>Revenue from contracts with customers</u> <u>Transferred at point in time   Equipment sales</u>	34	34	101	99
<b><u>Disaggregation of revenue</u></b>				
<u>Revenue from contracts with customers</u>	\$ 257	\$ 242	\$ 698	\$ 692

**Revenue Recognition -  
Performance Obligations  
(Details)  
\$ in Millions**

**Sep. 30,  
2019  
USD (\$)**

**Revenue from Contract with Customer [Abstract]**

Remaining performance obligation amount \$ 467

Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction, Start Date [Axis]:  
2019-10-01

**Revenue from Contract with Customer [Abstract]**

Remaining performance obligation amount \$ 119

**Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction [Line Items]**

Expected timing of remaining performance obligation, period 3 months

Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction, Start Date [Axis]:  
2020-01-01

**Revenue from Contract with Customer [Abstract]**

Remaining performance obligation amount \$ 111

**Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction [Line Items]**

Expected timing of remaining performance obligation, period 1 year

Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction, Start Date [Axis]:  
2021-01-01

**Revenue from Contract with Customer [Abstract]**

Remaining performance obligation amount \$ 237

**Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction [Line Items]**

Expected timing of remaining performance obligation, period

**Investments in  
Unconsolidated Entities  
(Tables)**

**9 Months Ended**

**Sep. 30, 2019**

**Equity Method Investments  
and Joint Ventures**

**[Abstract]**

**Equity and measurement  
alternative method investments**

U.S. Cellular's Investments in unconsolidated entities are accounted for using either the equity method or measurement alternative method as shown in the table below. The measurement alternative method was elected for investments without readily determinable fair values formerly accounted for under the cost method. The carrying value of measurement alternative method investments represents cost minus any impairments plus or minus any observable price changes.

	<b>September 30, 2019</b>	December 31, 2018
(Dollars in millions)		
Equity method investments	<b>\$ 464</b>	\$ 434
Measurement alternative method investments	<b>7</b>	7
<b>Total investments in unconsolidated entities</b>	<b>\$ 471</b>	<b>\$ 441</b>

**Equity method investments,  
summarized results of  
operations**

The following table, which is based in part on information provided by third parties, summarizes the combined results of operations of U.S. Cellular's equity method investments.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
(Dollars in millions)				
Revenues	<b>\$ 1,714</b>	\$ 1,693	<b>\$ 5,058</b>	\$ 5,005
Operating expenses	<b>1,241</b>	1,229	<b>3,644</b>	3,635
Operating income	<b>473</b>	464	<b>1,414</b>	1,370
Other income (expense), net	<b>(1)</b>	(2)	<b>(3)</b>	(2)
<b>Net income</b>	<b>\$ 472</b>	\$ 462	<b>\$ 1,411</b>	\$ 1,368



**Fair Value Measurements  
(Tables)**

**9 Months Ended  
Sep. 30, 2019**

[Fair Value Disclosures](#)

[\[Abstract\]](#)

[Fair value measurements](#)

U.S. Cellular has applied the provisions of fair value accounting for purposes of computing the fair value of financial instruments for disclosure purposes as displayed below.

	Level within the Fair Value Hierarchy	September 30, 2019		December 31, 2018	
		Book Value	Fair Value	Book Value	Fair Value
(Dollars in millions)					
Cash and cash equivalents	1	\$ 570	\$ 570	\$ 580	\$ 580
Short-term investments	1	—	—	17	17
Long-term debt					
Retail	2	917	953	917	850
Institutional	2	534	583	534	531
Other	2	172	172	180	180

**Basis of Presentation -  
Restricted Cash, Cash  
Equivalents and Restricted  
Cash (Details) - USD (\$)  
\$ in Millions**

	<b>Sep. 30, 2019</b>	<b>Dec. 31, 2018</b>	<b>Sep. 30, 2018</b>	<b>Dec. 31, 2017</b>
<b><u>Organization, Consolidation and Presentation of Financial Statements [Abstract]</u></b>				
<u>Cash and cash equivalents</u>	\$ 570	\$ 580		
<u>Restricted cash included in Other current assets</u>	5	3		
<u>Cash, cash equivalents and restricted cash in the statement of cash flows</u>	\$ 575	\$ 583	\$ 732	\$ 352

**Leases - Lease Cost (Details) 3 Months Ended 9 Months Ended**  
**- USD (\$)**  
**\$ in Millions**                      **Sep. 30, 2019**      **Sep. 30, 2019**

**Lease, Cost [Abstract]**

<u>Operating lease cost</u>	\$ 42	\$ 121
<u>Amortization of ROU assets</u>	0	1
<u>Variable lease cost</u>	2	6
<u>Total lease cost</u>	\$ 44	\$ 128

**Equipment Installment  
Plans - Allowance for Credit  
Losses (Details) - USD (\$)  
\$ in Millions**

**9 Months Ended  
Sep. 30, 2019 Sep. 30, 2018**

**Allowance for credit losses**

Allowance for credit losses, beginning of period \$ 77

Allowance for credit losses, end of period 82

**Equipment Installment Plan Receivable**

**Allowance for credit losses**

Allowance for credit losses, beginning of period 77 \$ 65

Bad debts expense 60 49

Write-offs, net of recoveries (55) (41)

Allowance for credit losses, end of period \$ 82 \$ 73

<b>Intangible Assets - Narrative (Details) \$ in Millions</b>	<b>9 Months Ended Sep. 30, 2019 USD (\$) license</b>
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**Licenses**

<u>Total winning bid   \$</u>	\$ 256
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Auction 101

**Licenses**

<u>Licenses won</u>	408
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Auction 102

**Licenses**

<u>Licenses won</u>	282
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**Consolidated Balance Sheet**  
**(Parenthetical) - USD (\$)**  
**\$ in Millions**

**Sep. 30, 2019 Dec. 31, 2018**

**Accounts receivable**

<u>Customer and agent allowances</u>	\$ 69	\$ 66
<u>Other allowances</u>	\$ 1	\$ 2

**U.S. Cellular shareholders' equity**

<u>Authorized shares (in shares)</u>	190,000,000	190,000,000
<u>Issued shares (in shares)</u>	88,000,000	88,000,000
<u>Outstanding shares (in shares)</u>	86,000,000	86,000,000
<u>Par value</u>	\$ 88	\$ 88

**Variable Interest Entities VIEs**

<u>Total VIE assets that can be used to settle only the VIEs' obligations</u>	927	868
<u>Total VIE liabilities for which creditors have no recourse</u>	\$ 20	\$ 23

**Series A Common Shares**

**U.S. Cellular shareholders' equity**

<u>Authorized shares (in shares)</u>	50,000,000	50,000,000
<u>Issued shares (in shares)</u>	33,000,000	33,000,000
<u>Outstanding shares (in shares)</u>	33,000,000	33,000,000
<u>Par value per share (USD per share)</u>	\$ 1	\$ 1
<u>Par value</u>	\$ 33	\$ 33

**Common Shares**

**U.S. Cellular shareholders' equity**

<u>Authorized shares (in shares)</u>	140,000,000	140,000,000
<u>Issued shares (in shares)</u>	55,000,000	55,000,000
<u>Outstanding shares (in shares)</u>	53,000,000	53,000,000
<u>Par value per share (USD per share)</u>	\$ 1	\$ 1
<u>Par value</u>	\$ 55	\$ 55
<u>Treasury shares (in shares)</u>	2,000,000	2,000,000

**Consolidated Statement of  
Operations - USD (\$)  
shares in Millions, \$ in  
Millions**

<b>3 Months Ended</b>		<b>9 Months Ended</b>	
<b>Sep. 30, 2019</b>	<b>Sep. 30, 2018</b>	<b>Sep. 30, 2019</b>	<b>Sep. 30, 2018</b>

**Operating revenues**

Total operating revenues

\$	\$	\$	\$
1,031	1,001	2,970	2,916

**Operating expenses**

Selling, general and administrative (including charges from affiliates of \$22 million and \$20 million, respectively, for the three months, and \$61 million, and \$60 million, respectively, for the nine months)

358	346	1,027	1,014
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Depreciation, amortization and accretion

181	160	524	478
-----	-----	-----	-----

(Gain) loss on asset disposals, net

5	3	13	5
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(Gain) loss on sale of business and other exit costs, net

0	0	(1)	0
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(Gain) loss on license sales and exchanges, net

2	0	0	(18)
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Total operating expenses

1,011	967	2,855	2,761
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Operating income

20	34	115	155
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**Investment and other income (expense)**

Equity in earnings of unconsolidated entities

44	42	128	120
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Interest and dividend income

4	4	14	10
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Interest expense

(29)	(29)	(87)	(87)
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Total investment and other income

19	17	55	43
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Income before income taxes

39	51	170	198
----	----	-----	-----

Income tax expense

15	14	55	55
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Net income

24	37	115	143
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Less: Net income attributable to noncontrolling interests, net of tax

1	1	6	14
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Net income attributable to U.S. Cellular shareholders

\$ 23	\$ 36	\$ 109	\$ 129
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Basic weighted average shares outstanding (in shares)

86	86	87	85
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Basic earnings per share attributable to U.S. Cellular shareholders (USD per share)

\$	\$	\$	\$
0.27	0.42	1.26	1.51

Diluted weighted average shares outstanding (in shares)

88	87	88	86
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Diluted earnings per share attributable to U.S. Cellular shareholders (USD per share)

\$	\$	\$	\$
0.27	0.41	1.24	1.49

Service

**Operating revenues**

Total operating revenues

\$ 774	\$ 759	\$	\$
		2,272	2,224

**Operating expenses**

Cost of equipment sold

199	200	568	566
-----	-----	-----	-----

Equipment sales

**Operating revenues**

Total operating revenues

257	242	698	692
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**Operating expenses**

Cost of equipment sold

\$ 266 \$ 258 \$ 724 \$ 716