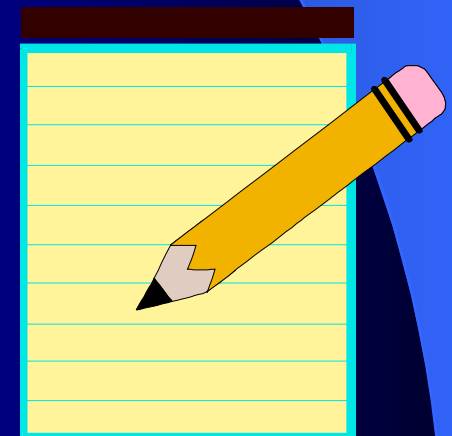


U.S. Cellular's Supplier Diversity Program

U.S. Cellular's Prime Supplier/2nd Tier Diversity Program

- Mission
- Overview- Business Case for Supplier Diversity
- Building your Program
- Policy and Requirements
- Annual Plans & Quarterly Reports
- Certification Agencies
- Evaluation
- Resources



Supplier Diversity Mission

U.S. Cellular is committed to creating access and promoting opportunities to include Minority, Woman, Disabled Veteran Owned and Veteran Owned Businesses Enterprises within its supply chain.

As a part of our evolving Supplier Diversity Program, U.S. Cellular strongly encourages all current and prospective suppliers to participate in our Prime Supplier /2nd Tier Program, further expanding opportunities within our communities



Message from the CEO

“Here at U.S. Cellular, we understand that solid vendor relationships that are representative of the markets and customers we serve are critical to our business success. We welcome the opportunity to know and partner with additional diversity certified vendors who can enable our vision”.

-Jack Rooney

Business Case for Supplier Diversity

Diversity Inclusion

Opens Doors to

Strong Business Partnerships

Bidding Advantages

Shareholder Value

Customer Loyalty

Community Support

Satisfaction

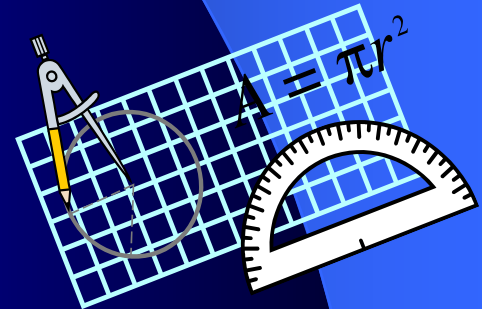
Customer

Strong Business Partnerships

- Fills niche specialties/technical knowledge
- Brings together new ideas and solutions
- Assists with Delivery Intervals/Lower Cost Structures
- Provides Measurable Quality Processes

Diversity Suppliers Deliver Quality Solutions!

- ISO Certification
- Six Sigma Trained
- TQM Award Winners
- TL 9000 Registration (Telecom Industry)



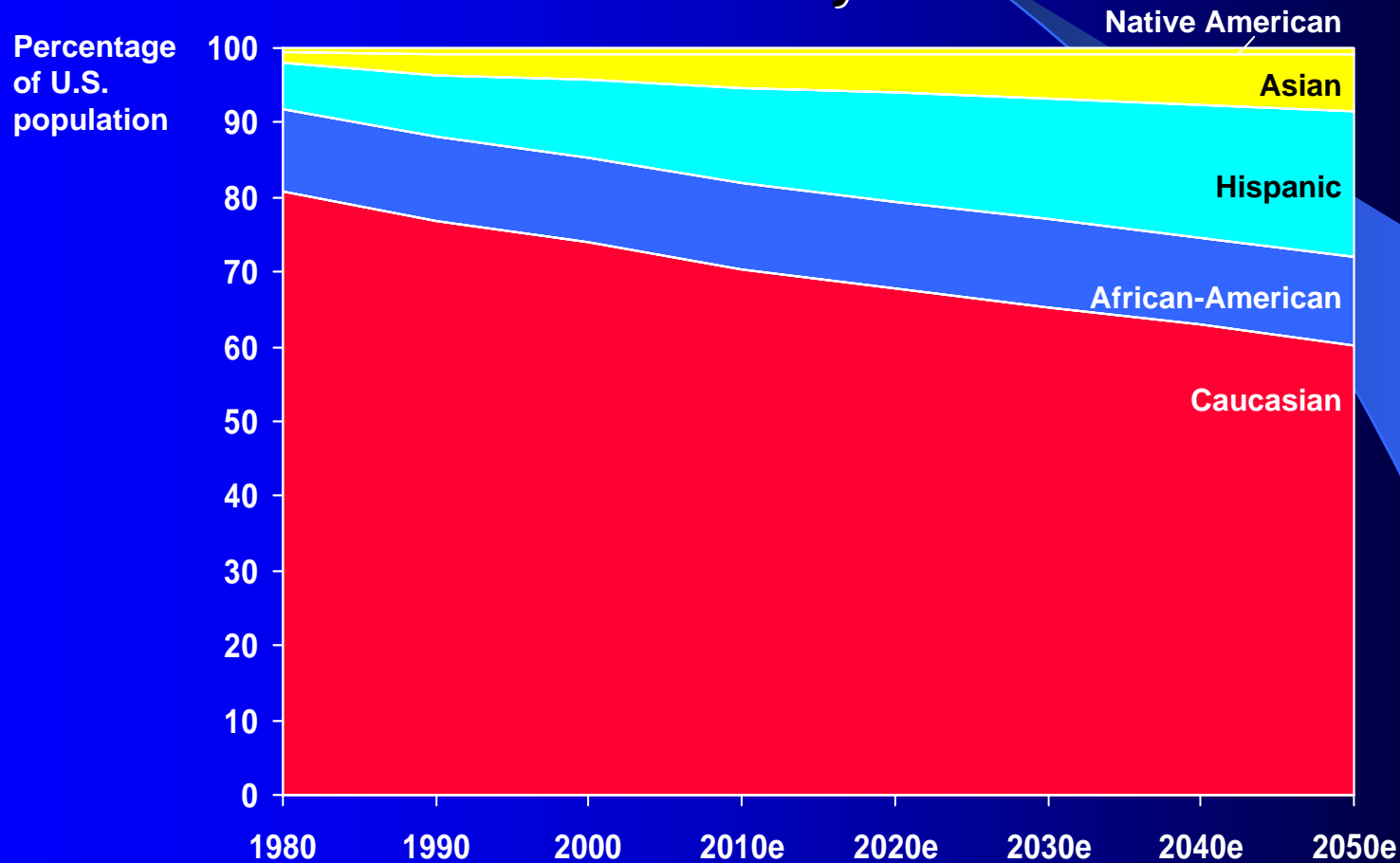
Bidding Advantages

- ***Supplier Diversity is a growing market expectation***
 - Our customers have supplier diversity requirements anywhere from 5%-30%.
 - The supply chain with diversity inclusion wins.

We are not competitive in winning Business without a Supplier Diversity Strategy

Customers: the Demographics are Changing!

Minorities Will Comprise 40% of U.S. Population by 2050, Growing ~5% Annually



Customer Loyalty

- ***Creates Customer Loyalty***

We want our supply chain to be reflective of the communities in which we serve.

- An increasing percentage of U.S. Cellular® customers are minorities and/or women!
- An increasing percentage of U.S. Cellular® customers are Small Businesses!
- The percentage of Americans who identify themselves as members of a minority group is growing at a faster rate than the overall population!
- One out of every 18 women in the United States owns a business!
- Hispanics are the largest minority group in the United States, representing one in every eight people in the country.
- Hispanics accounted for 40 percent of the population growth between the 1990 and 2000 Censuses

- **To maintain customer loyalty:**

- Get involved in communities you serve
- Stimulate economic growth
- Market products in communities

Community Support

Supplier Diversity demonstrates community investment:

- **National Minority Supplier Development Council (NMSDC)**
- **Women's Business Development Council (WBDC)**
- **Small Business Administration (SBA)**
- **Association for Service Disabled Veterans (ASDV)**

Success is...

...creating a competitive advantage
through



With satisfied customers, strong business
partnerships, increased profits and community
support!

Building your Supplier Diversity Program

Expanding/Maximizing your Supply Chain with Diversity Opportunities through



2nd and 3rd Tier Sourcing



**BUSINESS PARTNERSHIPS and
VALUE ADDED RESELLERS**

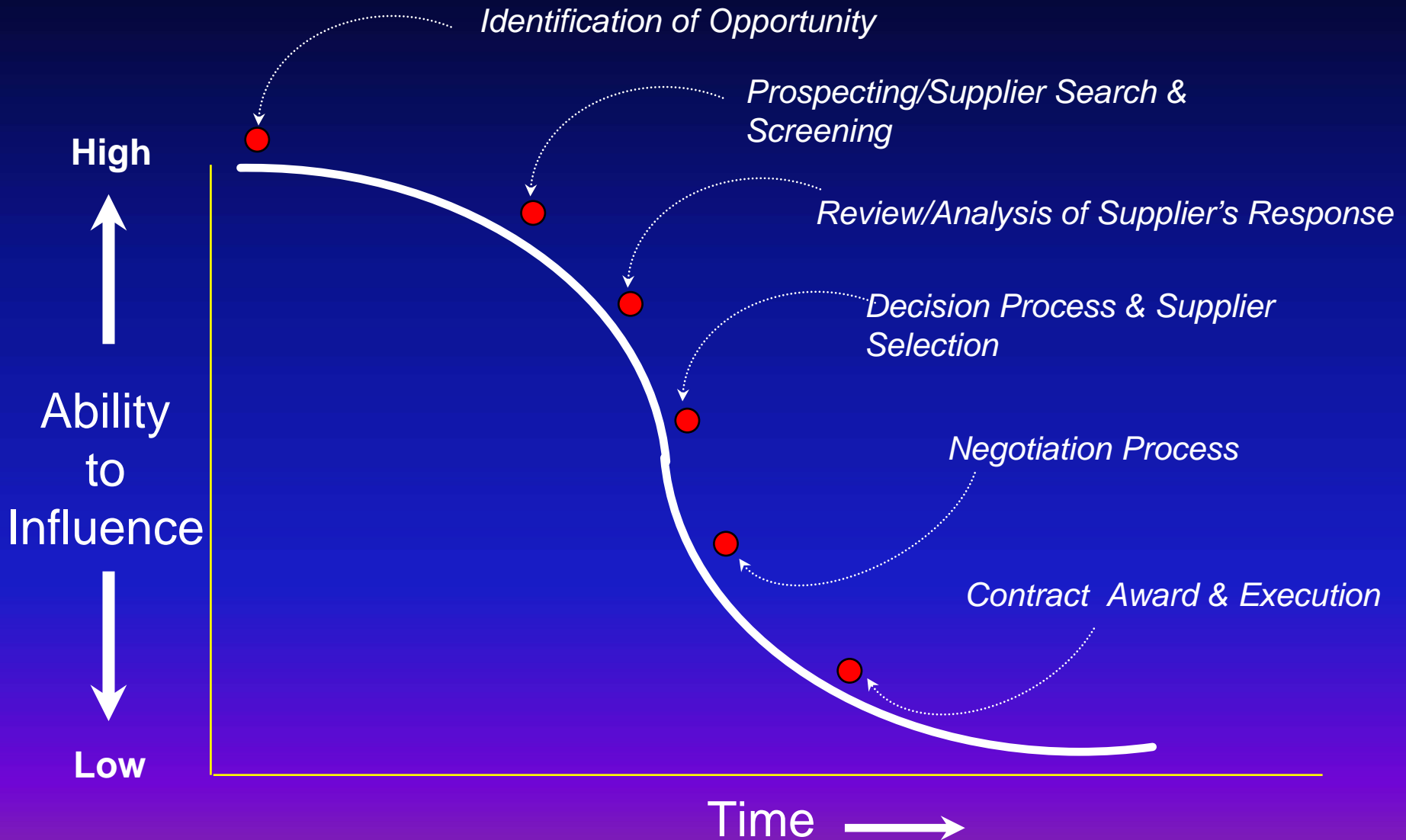
(1st TIER)



SUBCONTRACTING

(2nd or 3rd TIER)

Early Involvement Leads to Greater Success in Identifying a diversity opportunity



Building your Supplier Diversity Program

Importance of Tier 1 and the Value of Tier 2 and 3

- 1st Tier is preferred and the largest contributor to Supplier Diversity (U.S. Cellular pays diversity supplier directly)
 - Historically, direct supplier relationships have maximized participation and fostered long term strategic business relationships
- 2nd Tier opportunities allow us to further expand our supply chain opportunities (prime supplier pays diversity supplier)
 - The large primes must integrate diversity suppliers into their supply chain
 - Potential for diversity suppliers to partner with other diversity suppliers to expand scale and scope
- 3rd Tier Subcontractors extend opportunities to diversity suppliers (subcontractor pays diversity supplier)
 - Used often in the automobile industry
 - Requires clear audit trail/be able to trace product or service back to U.S. Cellular supply chain

Building Your Supplier Diversity Program

U.S. Cellular® will not:

1. **Pay higher cost**
2. **Tolerate delivery/service issues**
3. **Accept lower quality**

To meet its Supplier Diversity Goals

We don't have to!!

Supplier Diversity

=

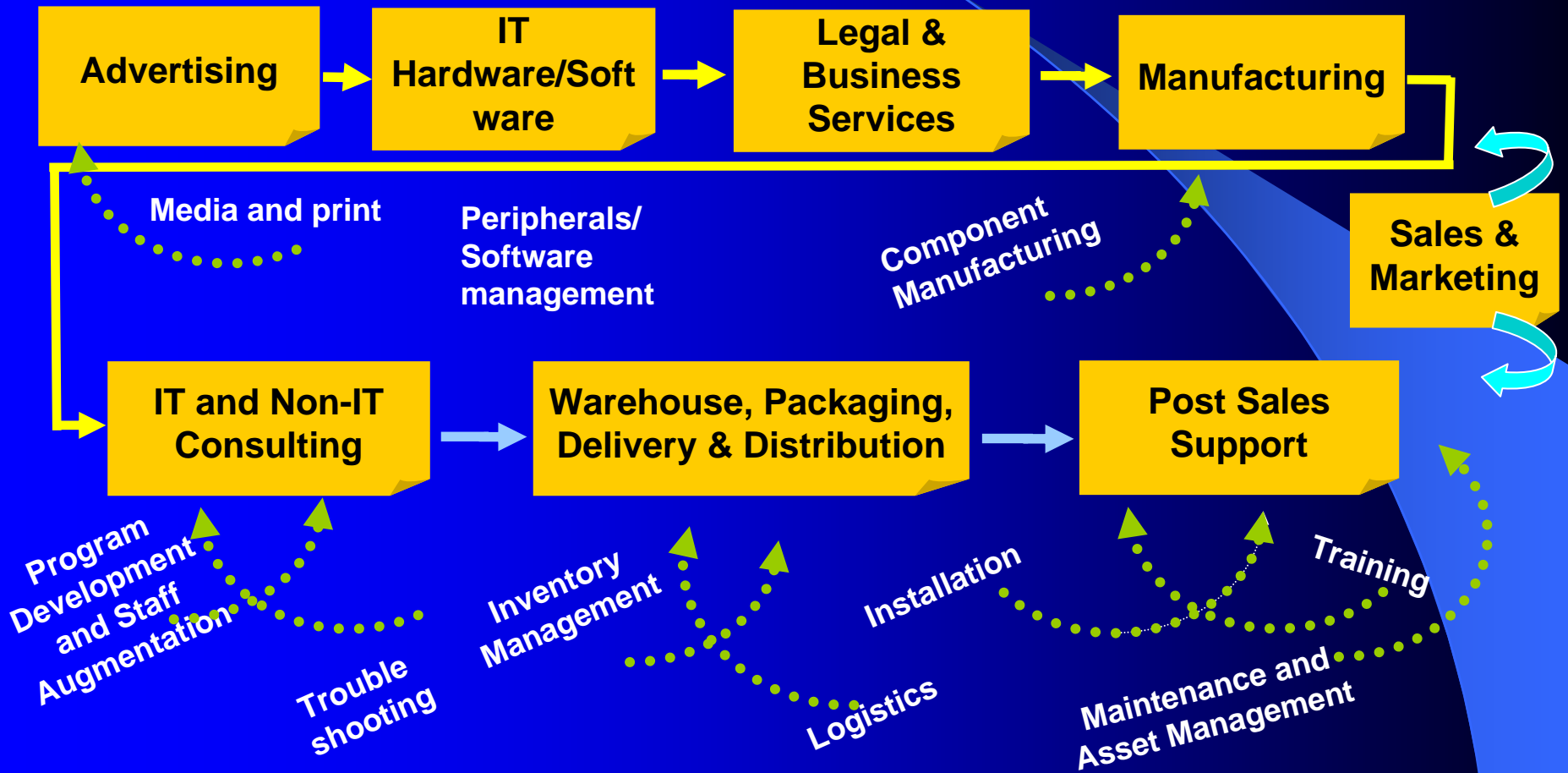
Increased competitiveness for U.S. Cellular

Strong Supplier Diversity is a STRENGTH and ASSET

Supply Chain Analysis

Optimizing the Supply Chain with Diversity Participation

Opportunities within supply chains



Prime Supplier/2nd Tier Participation Program Policy and Requirements

- **Policy**

- All contracts/projects valued at \$100K or greater must contain:

- Standard Supplier Diversity Contract Language
- Annual Plan and Quarterly Results Report

- **As a part of the Contract**

- Prime Supplier Annual Plans
- Prime Supplier Quarterly Reports

Preparing and Submitting Your Annual Plans

- Step 1: estimate your projected sales to U.S. Cellular
- Step 2: establish your Supplier Diversity performance goals
- Step 3: develop your action plan to achieve results
- Step 4: identify opportunities for subcontracting and/or other teaming arrangements.
- Step 5: email annual plan to U.S. Cellular Supplier Diversity Manager at purchasing@uscellular.com for approval

Annual Plan

- Due date:
 - Your initial detailed annual plan should be included as an exhibit in your contract with U.S. Cellular.
 - All subsequent Annual Plans are due by January 15 of each year
- Send to:
 - E-Mail: Attn : Supplier Diversity
 - purchasing@uscellular.com

Preparing and Submitting Your Quarterly Report

- Step 1: Calculate your Actual U.S. Cellular Company Revenue
- Step 2: Determine Your Actual Diversity Participation
- Step 3: Email Your Quarterly Results report to U.S. Cellular® Supplier Diversity manager at purchasing @uscellular.com

Quarterly Reports

- Due date:
 - Quarterly reports are due by the 15 of the month following the end of quarter:
- Send to:
 - E-Mail:Attn: Supplier Diversity
 - Purchasing@uscellular.com.

Approved Agencies

U.S. Cellular will only accept results with suppliers who are certified through recognized agencies.

How U.S. Cellular Evaluates Your Results

- Submission of annual plan and quarterly reports
- Established goals
- Obtaining goals
- Vendor certification
- Evaluated against peers and benchmark data

Key Points to Remember

- Establish a program
- Track program progress
- Continuous improvement
- Submit annual plan and quarterly reports
- Vendor certification
- Email plan and reports
- Contact U.S. Cellular® Supplier Diversity Manager with Questions

Resources for Success

- **National Minority Supplier Development Council**
- **Women Business Enterprise National Council**
- **Association for Service Disabled Veterans**