$500 million facility. These payments totaled $0.5 million, $0.5 million and $0.7 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Information concerning notes payable is shown in the table that follows.

Year Ended December 31,	2003	2002
(Dollars in thousands)		
Balance at end of year	$ —	$460,000
Weighted average interest rate at end of year	—%	1.6%
Maximum amount outstanding during the year	$627,000	$460,000
Average amount outstanding during the year (1)	$490,667	$262,167
Weighted average interest rate during the year (1)	1.5%	2.0%

(1) The average was computed based on month-end balances.

The financial covenants associated with U.S. Cellular's revolving credit facilities require that U.S. Cellular and subsidiaries maintain certain debt to capital and interest coverage ratios. The covenants may prescribe certain terms associated with intercompany loans from TDS to certain subsidiaries.

The restatements discussed in Note 1 – Summary of Significant Accounting Policies resulted in defaults under the revolving credit agreement between U.S. Cellular and certain lenders. U.S. Cellular has not failed to make nor expects to fail to make any scheduled payment of principal or interest under such revolving credit agreement. U.S. Cellular has received waivers from the lenders under which the lenders agreed to waive any defaults that may have occurred as a result of the restatements.

NOTE 14 LONG-TERM DEBT

Zero Coupon Convertible Debentures

U.S. Cellular unsecured 6% yield to maturity zero coupon convertible redeemable notes are due in 2015. This 20-year fixed rate debt, in the form of Liquid Yield Option Notes, is legally or effectively subordinated to all other liabilities of U.S. Cellular.

Each Liquid Yield Option Note is convertible at the option of the holder at any time at a conversion rate of 9.475 U.S. Cellular Common Shares per $1,000 of Liquid Yield Option Notes. Upon notice of conversion, U.S. Cellular may elect to deliver its Common Shares or cash equal to the market value of the Common Shares. U.S. Cellular may redeem the Liquid Yield Option Notes for cash at the issue price plus accrued original issue discount through the date of redemption. Holders have the right to exercise their conversion option prior to the redemption date. There were no Liquid Yield Option Notes retired in 2003 and 2002. In 2001, retirements of such notes totaled $126.2 million face value ($55.1 million carrying value). U.S. Cellular paid $32.0 million in cash and issued 644,000 Common Shares to satisfy these conversions. The Liquid Yield Option Notes converted for cash resulted in a loss of $7.0 million in 2001, reported as (Loss) on extinguishment of debt in the statements of operations.

Unsecured Notes

The $105 million long-term debt-affiliated is an 8.1% note due to TDS on August 7, 2008. Interest is paid quarterly on March 31, June 30, September 30, and December 31. The note may be prepaid at any time without penalty and was subordinated to the $325 million Revolving Credit Facility until December 19, 2003. On January 9, 2004, U.S. Cellular notified TDS of its intent to repay this note on February 9, 2004. Consequently, U.S. Cellular has classified this note as a current liability as of December 31, 2003. The proceeds were used in connection with the acquisition of USCOC of Chicago.

In December 2003, U.S. Cellular sold $444 million of 6.7% Senior Notes due December 15, 2033, priced to yield 6.83% to maturity. Interest is paid semi-annually. U.S. Cellular may redeem the notes, in whole or in part, at any time prior to maturity at a redemption price equal to the greater of (a) 100% of the principal amount of such notes, plus accrued but unpaid interest, or (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date on a semi-annual basis at the Treasury Rate plus .30%. The proceeds were used to repay a portion of short-term debt.

During 1997, U.S. Cellular sold $250.0 million of 7.25% Senior Notes due on August 15, 2007 priced to yield 7.33% to maturity. Interest is payable on February 15 and August 15 of each year. The notes will be redeemable, in whole or in part, at the option of U.S. Cellular at any time on or after August 15, 2004, at a redemption price equal to 100% of the principal amount of such notes to be redeemed, plus accrued interest thereon, if any, to the date of redemption.

In November 2002, U.S. Cellular sold $130.0 million of 8.75% Senior Notes due November 7, 2032. Interest is paid quarterly. U.S. Cellular may redeem the notes beginning in 2007 at the principal amount plus accrued interest. The $129.8 million net proceeds from the sale of the notes (after reimbursement of expenses) were used to purchase a portion of the 9% Series A Notes.

U.S. Cellular issued $175.0 million of 9% Series A Notes due 2032 to PrimeCo in connection with the acquisition of the Chicago market on August 7, 2002. Interest was payable quarterly. The notes were callable by U.S. Cellular after five years at the principal amount plus accrued but unpaid interest. U.S. Cellular repurchased $129.8 million of the notes in 2002. U.S. Cellular repurchased the remaining $45.2 million notes in January 2003 using funds from its revolving credit facilities, and classified these notes as current liabilities at December 31, 2002. As a result of these repurchases, the 9% Series A Notes have been cancelled.

The covenants of long-term debt obligations of U.S. Cellular, among other things, restrict its subsidiaries' ability, subject to certain exclusions, to incur additional liens; enter into sale and leaseback transactions; and sell, consolidate, or merge assets. As of December 31, 2003, U.S. Cellular was in compliance with all of the covenants of its debt obligations.

The annual requirements for principal payments on long-term debt, excluding the $105 million long-term debt-affiliated and the forward contracts, are approximately $3.0 million in 2004 and $250.0 million in 2007.