

UNITED STATES CELLULAR CORP
Form 10-Q
November 06, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2007 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 1-9712

UNITED STATES CELLULAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

62-1147325
(I.R.S. Employer Identification No.)

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

(Address of principal executive offices) (Zip Code)

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

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

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer Accelerated filer Accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Shares, \$1 par value

Outstanding at September 30, 2007
54,707,492 Shares

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Series A Common Shares, \$1 par value

33,005,877 Shares

UNITED STATES CELLULAR CORPORATION

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED SEPTEMBER 30, 2007

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PART I. FINANCIAL INFORMATION**ITEM I. FINANCIAL STATEMENTS****UNITED STATES CELLULAR CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****UNAUDITED**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(Dollars in thousands, except per share amounts)			
OPERATING REVENUES				
Service	\$ 954,540	\$ 821,820	\$ 2,721,341	\$ 2,382,747
Equipment sales	61,294	66,703	200,813	188,289
Total Operating Revenues	1,015,834	888,523	2,922,154	2,571,036
OPERATING EXPENSES				
System operations (excluding Depreciation, amortization and accretion shown separately below)	185,479	165,107	529,172	468,980
Cost of equipment sold	164,662	140,757	470,356	417,489
Selling, general and administrative (including charges from affiliates of \$31.4 million and \$28.2 million for the three months ended September 30, 2007 and 2006, respectively, and \$90.1 million and \$77.8 million for the nine months ended September 30, 2007 and 2006, respectively)	414,978	358,392	1,141,803	1,028,865
Depreciation, amortization and accretion	149,776	146,940	447,889	429,451
Total Operating Expenses	914,895	811,196	2,589,220	2,344,785
OPERATING INCOME	100,939	77,327	332,934	226,251
INVESTMENT AND OTHER INCOME (EXPENSE)				
Equity in earnings of unconsolidated entities	23,782	23,483	69,860	64,923
Interest and dividend income	3,395	601	8,598	10,996
Fair value adjustment of derivative instruments		(21,285)	(5,388)	(17,392)
Gain on sale of investments			131,686	
Interest expense	(19,625)	(23,974)	(64,634)	(70,189)
Other, net	179	(225)	(315)	(163)
Total Investment and Other Income (Expense)	7,731	(21,400)	139,807	(11,825)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST				
Income tax expense	108,670	55,927	472,741	214,426
	41,154	15,510		