

UNITED STATES CELLULAR CORP
 Form 10-Q
 August 01, 2014

UNITED STATES															
SECURITIES AND EXCHANGE COMMISSION															
Washington, D.C. 20549															
FORM 10-Q															
(Mark One)															
<input checked="" type="checkbox"/>	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934														
For the quarterly period ended June 30, 2014															
OR															
<input type="checkbox"/>	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								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															
Indicate by check mark														Yes	No
• 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.														x	o

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<ul style="list-style-type: none"> whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). 														x	o
<ul style="list-style-type: none"> whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. 															
Large accelerated filer		o	Accelerated filer		x	Non-accelerated filer		o	Smaller reporting company				o		
<ul style="list-style-type: none"> whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). 														o	x
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.															
Class														Outstanding at June 30, 2014	
Common Shares, \$1 par value														51,301,351 Shares	
Series A Common Shares, \$1 par value														33,005,877 Shares	

United States Cellular Corporation			
Quarterly Report on Form 10-Q			
For the Quarterly Period Ended June 30, 2014			
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	(Gain) loss on license sales and exchanges		-		-		(91,446)		-
	Total operating expenses		1,008,080		776,038		1,926,066		1,856,318
	Operating income (loss)		(50,307)		219,092		(42,482)		220,558
	Investment and other income (expense)								
	Equity in earnings of unconsolidated entities		33,120		35,602		70,195		62,437
	Interest and dividend income		1,573		969		2,457		1,872
	Gain (loss) on investments		-		18,527		-		18,527
	Interest expense		(14,336)		(10,154)		(29,198)		(21,064)
	Other, net		100		321		186		106
	Total investment and other income		20,457		45,265		43,640		61,878
	Income (loss) before income taxes		(29,850)		264,357		1,158		282,436
	Income tax expense (benefit)		(10,399)		120,682		2,205		128,051
	Net income (loss)		(19,451)		143,675		(1,047)		154,385
	Less: Net income (loss) attributable to noncontrolling interests, net of tax		(662)		284		(1,740)		6,080
	Net income (loss) attributable to U.S. Cellular shareholders		\$ (18,789)		\$ 143,391		\$ 693		\$ 148,305
	Basic weighted average shares outstanding		84,341		83,845		84,277		83,842
	Basic earnings (loss) per share attributable to								
	U.S. Cellular shareholders		\$ (0.22)		\$ 1.71		\$ 0.01		\$ 1.77
	Diluted weighted average shares outstanding		84,341		84,661		85,041		84,655
	Diluted earnings (loss) per share attributable to								
	U.S. Cellular shareholders		\$ (0.22)		\$ 1.69		\$ 0.01		\$ 1.75
	Special dividend per share to U.S. Cellular shareholders		\$ -		\$ 5.75		\$ -		\$ 5.75

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

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United States Cellular Corporation					
<u>Consolidated Statement of Cash Flows</u>					
<u>(Unaudited)</u>					
Six Months Ended					
June 30,					
(Dollars in thousands)			2014		2013
Cash flows from operating activities					
	Net income (loss)		\$ (1,047)		\$ 154,385
	Add (deduct) adjustments to reconcile net income to cash flows from operating activities				
	Depreciation, amortization and accretion		316,090		392,425
	Bad debts expense		49,083		32,715
	Stock-based compensation expense		10,560		6,530
	Deferred income taxes, net		(13,267)		(26,527)
	Equity in earnings of unconsolidated entities		(70,195)		(62,437)
	Distributions from unconsolidated entities		65,565		45,370
	(Gain) loss on asset disposals, net		8,827		14,452
	(Gain) loss on sale of business and other exit costs, net		(17,411)		(242,093)
	(Gain) loss on investments		-		(18,527)
	(Gain) loss on license sales and exchanges		(91,446)		-
	Noncash interest expense		540		526
	Other operating activities		57		489
	Changes in assets and liabilities from operations				
	Accounts receivable		52,471		(1,544)
	Inventory		38,329		(7,644)
	Accounts payable - trade		(34,666)		67,457
	Accounts payable - affiliate		(1,934)		4,734
	Customer deposits and deferred revenues		10,793		8,663
	Accrued taxes		(20,280)		147,566
	Accrued interest		61		176
	Other assets and liabilities		(89,270)		(68,131)
			212,860		448,585
Cash flows from investing activities					
	Cash used for additions to property, plant and equipment		(262,397)		(323,157)
	Cash paid for acquisitions and licenses		(17,245)		(14,150)
	Cash received from divestitures		125,905		480,000
	Cash received for investments		10,000		-

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	Other investing activities		836			3,993
			(142,901)			146,686
Cash flows from financing activities						
	Repayment of long-term debt		(28)			(71)
	Common shares reissued for benefit plans, net of tax payments		830			(2,206)
	Common shares repurchased		(8,298)			(18,425)
	Dividends paid		-			(482,270)
	Distributions to noncontrolling interests		(482)			(3,292)
	Other financing activities		12			56
			(7,966)			(506,208)
Net increase in cash and cash equivalents						
			61,993			89,063
Cash and cash equivalents						
	Beginning of period		342,065			378,358
	End of period		\$ 404,058		\$	467,421