

United States Cellular Corporation
Consolidated Statement of Operations
(Unaudited)

Three Months Ended March 31,

	2016	2015
<small>(Dollars in thousands)</small>		
Operating revenues		
Service Revenues	759,570	828,211
Equipment Sales	198,796	137,034
Total Revenue	958,366	965,245
Operating expenses		
System operations	183,352	190,677
Cost of Goods Sold	256,222	238,301
Selling, General & Administrative	361,873	368,968
Total Depreciation, Amortization and Accretion	152,510	147,085
(Gain) Loss on Property Disposals	5,059	4,251
Total G/L on Sale of Business	(124)	(111,477)
(Gain) Loss on Sale of Intangibles	-	(122,873)
Total Operating Expense	958,892	714,932
Operating Income	(526)	250,313
Total Equity Income	35,065	34,471
Interest and Dividend Income	13,264	7,566
Interest expense	(27,830)	(19,964)
Other, net	151	105
Total investment and other income	20,650	22,178
Income before Income Taxes	20,124	272,491
Income Tax Expense/(Benefit)	10,690	107,501
Net Income	9,434	164,990
Net income attributable to noncontrolling interests	637	4,926
Net Income Attributable to Common	\$8,797	\$160,064

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

Three Months Ended March 31,

	2016	2015
(Dollars in thousands)		
Cash flows from operating activities		
Net income (loss)	9,434	164,990
Add (deduct) adjustments to reconcile net income (loss) to cash flows from operating activities		
Depreciation and amortization	152,510	147,085
Bad debt expense	18,862	29,132
Stock Based Compensation	5,489	5,740
Deferred taxes, net	4,120	(26,166)
Investment income	(35,065)	(34,471)
Distributions from Partnerships	14,467	12,985
Gain/Loss on property disposals	5,059	4,251
Gain/Loss on assets held for sale	(124)	(111,477)
Gain/Loss on intangible assets	-	(122,873)
Noncash interest expense	423	386
Other operating activities	(40)	-
Changes in assets and liabilities from operations		
Change in Accounts receivable	15,251	(1,437)
Change in EIP receivable	(41,163)	(36,498)
Change in inventory	(2,149)	102,167
Change in accounts payable	44,499	(16,763)
Change in accounts payable-affiliate	(789)	(1,928)
Change in unearned revenue	(6,000)	13,419
Change in Accrued taxes	29,800	189,387
Change in Accrued interest	8,697	9,504
Other assets and liabilities	(60,947)	(71,955)
Cash Flows from Operations	<u>162,334</u>	<u>255,478</u>
Cash flows from investing activities		
Capital Expenditures	(103,583)	(116,079)
Acquisitions, excluding cash acquired	-	(279,656)
Divestures and exchanges	1,974	274,111
Other investing activities	(686)	1,151
Cash Flows from Investing	<u>(102,295)</u>	<u>(120,473)</u>
Cash flows from financing activities		
Repayment of long-term debt	(2,816)	(22)
U.S. Cellular Common Shares reissued for benefit plans, net of tax	1,222	487
Stock repurchases-USM	(1,629)	(2,302)
Revolving credit agreement costs	(381)	(3,018)
Acquisition of towers in common control transaction	-	(2,437)
Capital distributions to minority partners	(127)	(225)

Excess tax benefits from stock options	40	-
Other Financing Activities	1	(2,108)
Cash Flows from Financing	(3,690)	(9,625)
Change in Cash	56,349	125,380
Cash, beginning of period	715,376	211,513
Cash, end of period	771,725	336,893

United States Cellular Corporation
Consolidated Balance Sheet
(Unaudited)
Assets

	March 31,	December 31,
	2016	2015
<hr/>		
(Dollars in thousands)		
Current Assets		
Cash and cash equivalents	771,725	715,376
Accounts receivable		
Account Receivable - Customer	605,865	608,202
Accounts Receivable - Roamer	18,142	20,130
Accounts Receivable - Affiliated	1,036	253
Other, less allowances	40,803	43,634
Materials & Supplies	151,456	149,307
Prepaid Expenses	95,828	80,794
Other current assets	23,043	53,946
Total Current Assets	<u>1,707,898</u>	<u>1,671,642</u>
Assets Held for Sale	26,382	-
Investments		
Licenses	1,807,830	1,834,212
Goodwill	369,596	369,596
Investments in unconsolidated entities	384,873	363,383
Total Investments	<u>2,562,299</u>	<u>2,567,191</u>
Property, plant and equipment		
Total Plant	7,693,428	7,668,736
Accumulated depreciation	5,119,986	5,019,803
Net Plant	<u>2,573,442</u>	<u>2,648,933</u>
Total Other Assets	<u>186,904</u>	<u>172,212</u>
Total Assets	<u>\$7,056,925</u>	<u>\$7,059,978</u>

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

	March 31,	December 31,
	2016	2015
<hr/>		
(Dollars in thousands)		
Current liabilities		
Current Portion Long-Term Debt	11,327	11,313
Accounts Payable - Affiliated	9,549	10,170
Accounts Payable-Trade	295,535	274,807
Customer deposits and deferred revenues	244,983	250,983
Accrued Taxes	23,989	28,448
Accrued Compensation	40,548	67,770
Other Current Liabilities	96,594	104,447
Total Current Liabilities	<u>722,525</u>	<u>747,938</u>
Deferred Tax Liability-Noncurrent	824,850	820,731
Other deferred liabilities and credits	297,475	290,949
Total Long-Term Debt	1,625,912	1,628,507
Noncontrolling Interest - Temp	1,770	1,097
Equity		
Series A Common and Common Shares	88,074	88,074
Additional Paid-in Capital	1,501,221	1,496,453
Treasury Stock	(154,703)	(156,535)
Total Retain Earnings	2,139,721	2,132,521
Total Shareholders' Equity	<u>3,574,313</u>	<u>3,560,513</u>
Noncontrolling Interest	<u>10,080</u>	10,243
Total Common Equity	<u>3,584,393</u>	3,570,756
Total Equity & Liabilities	<u>\$7,056,925</u>	<u>\$7,059,978</u>