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## U.S. Cellular Q3 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). Your first question comes from Ric Prentiss.

#### Ric Prentiss

Yeah, good morning, guys. Couple of questions on the U.S. Cellular side. First, you guys have talked about how you're getting the higher equipment subsidy to get the higher data revenue and the increased competition on the handset promotions. Give us a little thought on your trends there. They are obviously data's got a lot of room to grow.

But do you think we should expect higher handset subsidies for the foreseeable future? And then I'll come back with a couple others.

#### Jay Ellison

Ric, this is Jay Ellison. It seems to be the trend in this industry as Steve mentioned in his comments. We've seen it in virtually across the enterprise. We've seen a very shift in mix, and we kind of classify handsets good, better, and best, and we've seen a very strong shift out of the good into the better and best categories.

Steve also mentioned we launched the Q which is our first windows operating system. We've just had tremendous success across the enterprise with that handset which is a higher cost and higher subsidy phone. But along with that we are seeing tremendous utilization of all our data services, not only text messaging growing but we've seen tremendous legs around picture messaging, which I think we have commented on earlier this year continue.

We are seeing very good data revenues on all of those smartphone devices, and we're putting significant effort around and that many of the products that Steve mentioned earlier of the Tone Room and location based services have contributed as well to higher ARPU. So, albeit we are seeing higher handset subsidies, we also feel very confident that that is also contributing too much greater functionality and utilization of our data services.

#### Ric Prentiss

As we think of CPGA versus ARPU, where is CPGA kind of headed? What kind of level?

#### Jay Ellison

That's almost too hard to predict. We committed to be competitive for our customers. That has implications on activations and retention. But there's five or six players in every market, and we're going to stay right up where we can be competitive to get high quality customers.

**Ric Prentiss**

Okay. I usually wait for the queue, but what was CPGA within the quarter in that ARPU was up pretty high?

**Steve Campbell**

For the third quarter, it was about \$500.

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