

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 29, 2001

CELLULAR TECHNICAL SERVICES COMPANY, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

0-19437

(Commission
File No.)

11-2962080

(IRS Employer
Identification No.)

2815 Second Avenue, Suite 100, Seattle, Washington

98121

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (206) 443-6400

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

ITEM 5. OTHER EVENTS

On June 29, 2001, Cellular Technical Services Company, Inc. (the "Company") received approximately \$1,000,000, plus attorney's fees, from a former customer of the Company in satisfaction of an arbitration award (the "Award") in favor of the Company. The Company issued a press release regarding the Award on June 26, 2001 that is filed herewith as an exhibit. The receipt of the Award will be reflected in the Company's financial statements for the quarter ending June 30, 2001.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Exhibits

99.1

Press Release dated June 26, 2001

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 10, 2001

Cellular Technical Services Company, Inc.

By: /s/ Bruce R. York

Name: Bruce R. York
Title: Vice President and Chief
Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated June 26, 2001

FOR IMMEDIATE RELEASE

Company Contact: Bruce R. York
Vice President and CFO
(206) 733-8180

CELLULAR TECHNICAL SERVICES ANNOUNCES FAVORABLE ARBITRATION AWARD

Seattle, June 26, 2001 - Cellular Technical Services Company, Inc. (Nasdaq NM Symbol CTSC) ("CTS"), a leading provider of products and services for the telecommunications industry, today announced the conclusion of an arbitration proceeding it had initiated against a former customer. Under the terms of the arbitration award, which is subject to appeal, CTS is to receive damages and interest totaling approximately \$1.0 million or approximately \$0.44 cents per share, plus attorney's fees.

Stephen Katz, CTS Chairman and CEO stated, "A negotiated settlement would have been preferred, but unfortunately that was not possible. The timing for recognition of the income will be determined by the finalization of all events of the award including the timing of the payment to be received and any appeals process."

CTS provides real-time information processing and management solutions for the telecommunications industry. Over the past 12 years, CTS has used its extensive experience with real-time wireless call processing to create technologically advanced solutions for this industry, including integrated solutions for fraud management. Today, CTS is building a more diversified, vertically structured organization with a focus on providing a wide range of products and services.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS: This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties that could cause actual results for CTS or its affiliates to differ materially from those expressed or implied in the applicable statements. These risks and uncertainties include but are not limited to: dependence on analog cellular networks for certain products and services; vulnerability to rapid industry change and technological obsolescence; limited customer base and reliance on a relatively small number of customers and customer contracts; dependence on a limited number of existing products and services; uncertainty of continued demand for and market penetration of its existing products and services under existing and future contracts; uncertainty in its ability to timely develop, introduce and gain acceptance of new products and services; uncertainty of the demand for and market penetration of new products and services; the possible impact of competitive products and pricing; the risk that its current and future products may contain errors or be affected by technical problems that would be difficult and costly to detect and correct; manufacturing difficulties, including reliance on a limited number of outside vendors for key components and processes; potential difficulties in managing changing business conditions; dependence on key personnel; the availability of financing; and other risks described in CTS' filings with the Securities and Exchange Commission.