

TELEPHONE & DATA SYSTEMS INC /DE/

Form 10-Q

August 06, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2009

OR

- o 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 001-14157

TELEPHONE AND DATA SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

36-2669023
(I.R.S. Employer Identification No.)

30 North LaSalle Street, Chicago, Illinois 60602
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(312) 630-1900**

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 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). Yes No

Indicate by check mark 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

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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	Outstanding at June 30, 2009
Common Shares, \$.01 par value	51,651,691 Shares
Special Common Shares, \$.01 par value	50,959,100 Shares
Series A Common Shares, \$.01 par value	6,477,322 Shares

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Telephone and Data Systems, Inc.

Quarterly Report on Form 10-Q

For the Period Ended June 30, 2009

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Table of Contents**Part I. Financial Information****Item 1. Financial Statements****Telephone and Data Systems, Inc.****Consolidated Statement of Operations****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(Dollars and shares in thousands, except per share amounts)			
Operating revenues	\$ 1,242,477	\$ 1,274,351	\$ 2,499,123	\$ 2,523,452
Operating expenses				
Cost of services and products (excluding Depreciation, amortization and accretion expense reported below)	431,119	456,796	898,526	903,187
Selling, general and administrative expense	470,913	473,348	938,761	932,639
Depreciation, amortization and accretion expense	183,349	188,026	366,115	374,184
Loss on asset disposals, net	2,496	6,438	4,912	10,090
Total operating expenses	1,087,877	1,124,608	2,208,314	2,220,100
Operating income	154,600	149,743	290,809	303,352
Investment and other income (expense)				
Equity in earnings of unconsolidated entities	18,363	22,909	43,700	44,379
Interest and dividend income	2,902	17,455	4,974	27,201
Interest expense	(32,245)	(35,570)	(62,350)	(76,950)
Gain (loss) on investments and financial instruments		3,088		(402)
Other, net	(25)	1,902	474	1,703
Total investment and other income (expense)	(11,005)	9,784	(13,202)	(4,069)
Income before income taxes	143,595	159,527	277,607	299,283
Income tax expense	53,036	53,261	93,674	102,512
Net income	90,559	106,266	183,933	196,771
Less: Net income attributable to noncontrolling interests, net of tax	(20,828)	(18,509)	(42,194)	(35,527)
Net income attributable to TDS	69,731	87,757	141,739	161,244
Preferred dividend requirement	(13)	(13)	(26)	(26)
Net income available to common	\$ 69,718	\$ 87,744	\$ 141,713	\$ 161,218
Basic weighted average shares outstanding	110,741	116,267	111,486	116,919
Basic earnings per share attributable to TDS shareholders	\$ 0.63	\$ 0.75	\$ 1.27	\$ 1.38
Diluted weighted average shares outstanding	110,971	116,814	111,698	117,500

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Diluted earnings per share attributable to TDS shareholders	\$	0.63	\$	0.75	\$	1.27	\$	1.37
Dividends per share	\$	0.1075	\$	0.1025	\$	0.2150	\$	0.2050

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

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Telephone and Data Systems, Inc.

Consolidated Statement of Cash Flows(Unaudited)

	Six Months Ended June 30,	
	2009	2008
	(Dollars in thousands)	
Cash flows from operating activities		
Net income	\$ 183,933	\$ 196,771
Add (deduct) adjustments to reconcile net income to net cash flows from operating activities		
Depreciation, amortization and accretion	366,115	374,184
Bad debts expense	42,761	36,806
Stock-based compensation expense	14,394	9,022
Deferred income taxes, net	16,237	(316,269)
Loss on investments and financial instruments, net		402
Equity in earnings of unconsolidated entities	(43,700)	(44,379)
Distributions from unconsolidated entities	13,239	45,810
Loss on asset disposals, net	4,912	10,090
Noncash interest expense	2,170	7,930
Excess tax benefit from stock awards	(4)	(1,706)
Other operating activities	(41)	(2,103)
Changes in assets and liabilities from operations		
Accounts receivable	(62,870)	(59,440)
Inventory	(9,928)	(20,830)
Accounts payable	(63,963)	(4,171)
Customer deposits and deferred revenues	(4,824)	10,303
Accrued taxes	56,741	304,231
Accrued interest	513	(3,780)
Other assets and liabilities	(71,724)	(47,432)
	443,961	495,439
Cash flows from investing activities		
Additions to property, plant and equipment	(290,821)	(299,061)
Cash paid for acquisitions and licenses	(15,042)	(334,350)
Cash received from divestitures	50	6,838
Proceeds from disposition of investments		226,644
Cash paid to settle derivative liabilities		(17,404)
Cash paid for short-term investments	(109,055)	
Other investing activities	1,990	(934)
	(412,878)	(418,267)
Cash flows from financing activities		
Issuance of notes payable		100,000
Repayment of notes payable		(50,000)
Repayment of variable prepaid forward contracts		(47,357)
Repayment of long-term debt	(1,655)	(6,442)
TDS Common Shares and Special Common Shares reissued for benefit plans, net of tax payments	743	1,494

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U.S. Cellular Common Shares reissued for benefit plans, net of tax payments	(405)	(1,878)
Excess tax benefit from stock awards	4	1,706
Repurchase of TDS Special Common Shares	(86,565)	(83,013)
Repurchase of U.S. Cellular Common Shares	(19,332)	(14,516)
Dividends paid	(23,814)	(23,922)
Payment of debt issuance costs	(9,959)	
Distributions to noncontrolling interests	(3,417)	(4,594)
Other financing activities	765	2,067
	(143,635)	(126,455)
Net decrease in cash and cash equivalents	(112,552)	(49,283)
Cash and cash equivalents -		
Beginning of period	777,309	1,174,446
End of period	\$ 664,757	\$ 1,125,163

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

Table of Contents**Telephone and Data Systems, Inc.****Consolidated Balance Sheet Assets**

	June 30, 2009 (Unaudited)	December 31, 2008
	(Dollars in thousands)	
Current assets		
Cash and cash equivalents	\$ 664,757	\$ 777,309
Short-term investments	136,495	27,705
Accounts receivable		
Due from customers, less allowances of \$12,250 and \$12,822, respectively	390,211	377,054
Other, principally connecting companies, less allowances of \$5,935 and \$6,380, respectively	151,017	139,795
Inventory	130,963	122,377
Net deferred income tax asset	27,758	27,758
Prepaid expenses	83,457	93,382
Other current assets	71,144	63,556
	1,655,802	1,628,936
Investments		
Licenses	1,453,526	1,441,440
Goodwill	707,840	707,079
Customer lists, net of accumulated amortization of \$103,734 and \$97,891, respectively	28,189	34,032
Investments in unconsolidated entities	234,409	205,768
Other investments	10,177	10,623
	2,434,141	2,398,942
Property, plant and equipment		
In service and under construction	8,447,510	8,680,388
Less: accumulated depreciation	4,944,900	5,111,464
	3,502,610	3,568,924
Other assets and deferred charges		
	65,179	55,614
Total assets	\$ 7,657,732	\$ 7,652,416

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

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Telephone and Data Systems, Inc.

Consolidated Balance Sheet - Liabilities and Stockholders' Equity

	June 30, 2009 (Unaudited)	December 31, 2008
	(Dollars in thousands)	
Current liabilities		
Current portion of long-term debt	\$ 17,427	\$ 15,337
Accounts payable	258,484	319,575
Customer deposits and deferred revenues	169,277	174,101
Accrued interest	14,749	14,236
Accrued taxes	39,618	25,192
Accrued compensation	66,492	90,512
Other current liabilities	114,915	134,334
	680,962	773,287
Deferred liabilities and credits		
Net deferred income tax liability	485,290	471,623
Other deferred liabilities and credits	383,507	368,045
	868,797	839,668
Long-term debt	1,619,341	1,621,422
Commitments and contingencies		
Noncontrolling interests with mandatory redemption features	640	589
Equity		
TDS stockholders' equity		
Common Shares, par value \$.01 per share; authorized 100,000,000 shares; issued 57,082,000 shares	571	571
Special Common Shares, par value \$.01 per share; authorized 165,000,000 shares; issued 63,442,000 shares	634	634
Series A Common Shares, par value \$.01 per share; authorized 25,000,000 shares; issued and outstanding 6,477,000 and 6,461,000 shares, respectively	65	65
Capital in excess of par value	2,075,420	2,066,597
Treasury shares at cost:		
Common Shares, 5,430,000 and 5,435,000 shares, respectively	(162,713)	(163,017)
Special Common Shares, 12,483,000 and 9,352,000 shares, respectively	(433,440)	(350,091)
Accumulated other comprehensive loss	(13,309)	(16,812)
Retained earnings	2,346,702	2,229,540
Total TDS stockholders' equity	3,813,930	3,767,487
Nonredeemable preferred shares	852	852
Noncontrolling interests	673,210	649,111
Total equity	4,487,992	4,417,450
Total liabilities and equity	\$ 7,657,732	\$ 7,652,416

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

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Telephone and Data Systems, Inc.

Consolidated Statement of Changes in Equity

(Unaudited)

(Dollars in thousands)					TDS Shareholders			Retained Earnings	Total Shareholder Equity	Non		Total Equity
	Common Shares	Special Common Shares	Series A Common Shares	Capital in Excess of Par Value	Treasury Common Shares	Treasury Special Shares	Accumulated Other Comprehensive Loss			redeemable Shares	Noncontrolling Interests	
December 31, 2008	\$ 571	\$ 634	\$ 65	\$ 2,066,597	\$ (163,017)	\$ (350,091)	\$ (16,812)	\$ 2,229,540	\$ 3,767,487	\$ 852	\$ 649,111	\$ 4,417,450
Net income excluding portion attributable to noncontrolling interests with mandatory redemption features								141,739	141,739		42,143	183,882
Net unrealized losses on equity investments							(501)		(501)			(501)
Changes in plan assets and projected benefit obligation related to retirement plans							4,004		4,004			4,004
Dividends:												
Common, Special Common and Series A Common Shares								(23,788)	(23,788)			(23,788)
Preferred shares								(26)	(26)			(26)
Repurchase of shares							(86,018)		(86,018)			(86,018)
Dividend reinvestment plan				(13)	278	450		79	794			794
Incentive and compensation plans				(53)	26	2,219		(842)	1,350			1,350
Adjust investment in subsidiaries for repurchases, issuances and other compensation plans				2,545					2,545		(14,627)	(12,082)

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Stock-based compensation awards		6,420		6,420	6,420							
Tax windfall (shortfall) from stock awards		(76)		(76)	(76)							
Distributions to noncontrolling interests				(3,417)	(3,417)							
June 30, 2009	\$ 571	\$ 634	\$ 65	\$ 2,075,420	\$ (162,713)	\$ (433,440)	\$ (13,309)	\$ 2,346,702	\$ 3,813,930	\$ 852	\$ 673,210	\$ 4,487,992

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

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Telephone and Data Systems, Inc.

Consolidated Statement of Changes in Equity

(Unaudited)

(Dollars in thousands)					TDS Shareholders			Retained Earnings	Total Shareholder Equity	Non		Total Equity
	Common Shares	Series A Common Shares	Common Shares	Capital in Excess of Par Value	Treasury Common Shares	Treasury Special Shares	Accumulated Other Comprehensive Income			redeemable Preferred Shares	Noncontrolling Interests	
December 31, 2007	\$ 571	\$ 634	\$ 64	\$ 2,048,110	\$ (120,549)	\$ (204,919)	\$ 511,776	\$ 1,690,651	\$ 3,926,338	\$ 860	\$ 654,971	\$ 4,582,169
Net income excluding portion attributable to noncontrolling interests with mandatory redemption features								161,244	161,244		36,613	197,857
Net unrealized gains on securities							399		399		8	407
Adoption of FAS 159							(502,677)	502,677				
Changes in plan assets and projected benefit obligation related to retirement plans							48		48			48
Dividends:												
Common, Special Common and Series A Common Shares								(23,896)	(23,896)			(23,896)
Preferred shares								(26)	(26)			(26)
Repurchase of shares							(84,679)		(84,679)			(84,679)
Dividend reinvestment plan			1	1,078					1,079			1,079
Incentive and compensation plans				(145)	2,038	5,912		(5,836)	1,969			1,969
Adjust investment in subsidiaries for repurchases, issuances and other				3,068					3,068		(4,164)	(1,096)

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compensation plans			
Stock-based compensation awards	2,541	2,541	2,541
Tax windfall (shortfall) from stock awards	1,025	1,025	1,025
Distributions to noncontrolling interests		(4,594)	(4,594)
June 30, 2008	\$ 571	\$ 634	\$ 65
	\$ 2,055,677	\$ (118,511)	\$ (283,686)
	\$ 9,546	\$ 2,324,814	\$ 3,989,110
	\$ 860	\$ 682,834	\$ 4,672,804

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

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Telephone and Data Systems, Inc.

Notes to Consolidated Financial Statements

1. Basis of Presentation

The accounting policies of Telephone and Data Systems, Inc. (TDS) conform to accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements include the accounts of TDS and its majority-owned subsidiaries, including TDS 81%-owned wireless telephone subsidiary, United States Cellular Corporation (U.S. Cellular®), TDS 100%-owned wireline telephone subsidiary, TDS Telecommunications Corporation (TDS Telecom®) and TDS 80%-owned printing and distribution company, Suttle-Straus, Inc. In addition, the consolidated financial statements include all entities in which TDS has a variable interest that requires TDS to recognize a majority of the entity's expected gains or losses. All material intercompany accounts and transactions have been eliminated. Certain prior year amounts have been reclassified to conform to the 2009 presentation.

The consolidated financial statements included herein have been prepared by TDS, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. However, TDS believes that the disclosures included herein are adequate to make the information presented not misleading. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in TDS Annual Report on Form 10-K for the year ended December 31, 2008.

The accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring items unless otherwise disclosed) necessary to present fairly the financial position as of June 30, 2009 and December 31, 2008, the results of operations for the three and six months ended June 30, 2009 and 2008, and cash flows and changes in equity for the six months ended June 30, 2009 and 2008. The results of operations for the three and six months, and cash flows and changes in equity for the six months ended June 30, 2009 are not necessarily indicative of the results to be expected for the full year.

2. Summary of Significant Accounting Policies

Postretirement Benefits

TDS sponsors two contributory defined benefit postretirement plans that cover most employees of TDS Corporate, TDS Telecom and the subsidiaries of TDS Telecom. One plan provides medical benefits and the other plan provides life insurance benefits.

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Net periodic benefit costs for the defined benefit postretirement plans include the following components:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(Dollars in thousands)			
Service cost	\$ 535	\$ 499	\$ 1,070	\$ 998
Interest on accumulated benefit obligation	890	863	1,779	1,726
Expected return on plan assets	(643)	(948)	(1,328)	(1,896)
Amortization of:				
Prior service cost	(200)	(207)	(400)	(414)
Net loss	451	242	903	484
Net postretirement cost	\$ 1,033	\$ 449	\$ 2,024	\$ 898

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TDS contributed \$2.9 million to the postretirement plans during the six months ended June 30, 2009.

Amounts Collected from Customers and Remitted to Governmental Authorities

If the tax is assessed upon the customer and TDS merely acts as an agent in collecting the tax on behalf of the governmental authority imposing such tax, the amounts collected from customers and remitted to governmental authorities are recorded net in Accrued taxes in the Consolidated Balance Sheet. If the tax is assessed upon TDS, the amounts collected from customers as recovery of the tax are recorded in Operating revenues and the amounts remitted to governmental authorities are recorded in Selling, general and administrative expenses in the Consolidated Statement of Operations. The amounts recorded in Operating revenues that are billed to customers and remitted to governmental authorities totaled \$31.0 million and \$60.2 million for the three and six months ended June 30, 2009, respectively, and \$40.4 million and \$77.2 million for the three and six months ended June 30, 2008, respectively.

Implementation of SFAS No. 141(R)

Effective January 1, 2009, TDS adopted the provisions of FASB Statement of Financial Accounting Standards No. 141 (revised 2007), *Business Combinations* a replacement of FASB Statement No. 141 (SFAS 141(R)), which replaces SFAS No. 141, *Business Combinations* (SFAS 141). Although SFAS 141(R) retains the underlying concept of SFAS 141 in that all business combinations are still required to be accounted for at fair value in accordance with the acquisition method, SFAS 141(R) requires TDS to revise its application of the acquisition method in a number of significant aspects, such as requiring the expensing of transaction costs and requiring the acquirer to recognize 100% of the acquiree's assets and liabilities, rather than a proportional share, for acquisitions of less than 100% of a business. In addition, SFAS 141(R) eliminates the step acquisition model and provides that all business combinations, whether full, partial or step acquisitions, will result in all assets and liabilities of an acquired business being recorded at their fair values at the acquisition date.

In April 2009, the FASB issued FASB Staff Position FAS 141(R)-1, *Accounting for Assets and Liabilities Assumed in a Business Combination That Arise from Contingencies* (FSP FAS 141(R)-1), which amends the initial and subsequent measurement guidance and disclosure requirements in SFAS 141(R) for assets and liabilities arising from contingencies in a business combination. FSP FAS 141(R)-1 is effective on a prospective basis for all business combinations for which the acquisition date is on or after January 1, 2009. TDS did not have any business combinations accounted for under SFAS 141(R) during the six months ended June 30, 2009.

Implementation of SFAS No. 160

See Note 3 Noncontrolling Interests for information related to TDS' adoption of SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* an amendment of ARB No. 51 (SFAS 160).

Recent Accounting Pronouncements

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In December 2008, the FASB issued FASB Staff Position FAS 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets* (FSP FAS 132(R)-1). FSP FAS 132(R)-1 provides guidance on disclosing information about assets held in a defined benefit pension or other postretirement plan. The guidance addresses disclosures relating to (a) categories of plan assets, (b) concentrations of risk arising within or across categories of plan assets, and (c) fair value measurements of plan assets. FSP FAS 132(R)-1 is effective for TDS on December 31, 2009 and will impact TDS' financial statement year-end disclosures related to its defined benefit postretirement plans.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167). SFAS 167 changes how TDS will determine when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. TDS has several variable interest entities within the scope of SFAS 167 (see Note 6 - Variable Interest Entities). SFAS 167 is effective for TDS on January 1, 2010. TDS is currently reviewing the requirements of SFAS 167 and has not yet determined the impact of adoption, if any, on its financial position or results of operations.

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3. Noncontrolling Interests

Implementation of SFAS No. 160

Effective January 1, 2009, TDS adopted the provisions of SFAS 160.

Pursuant to SFAS 160, the following provisions were applied retrospectively to all periods presented in the financial statements:

- TDS reclassified noncontrolling interests, formerly known as minority interests, from a separate caption between liabilities and stockholders' equity (mezzanine section) to a component of equity, with the exception of noncontrolling interests with redemption features, which require mezzanine section presentation in accordance with Emerging Issues Task Force Topic No. D-98, *Classification and Measurement of Redeemable Securities*. Previously, minority interests generally were reported in the balance sheet in the mezzanine section.
- Consolidated net income and comprehensive income include amounts attributable to both TDS and the noncontrolling interests. Previously, net income attributable to the noncontrolling interests was reported as a deduction in arriving at consolidated net income. This presentation change does not impact the calculation of basic or diluted earnings per share, which continue to be calculated based on Net income attributable to TDS.
- Shares of TDS held by its subsidiary are reflected as treasury shares in the consolidated financial statements. Previously, these shares were not reflected as issued shares and treasury shares in the consolidated financial statements. As a result, 484,012 Common Shares and 484,012 Special Common Shares were added to both Common and Special Common Shares issued and Treasury Shares in the Consolidated Balance Sheets as of June 30, 2009 and December 31, 2008.

Pursuant to SFAS 160, the following provisions were applied prospectively effective January 1, 2009:

- SFAS 160 provides that all earnings and losses of a subsidiary should be attributed to the parent and the noncontrolling interest, even if the losses attributable to the noncontrolling interest result in a deficit noncontrolling interest balance. Previously, any losses exceeding the noncontrolling interest's investment in the subsidiary were attributed to the parent. This change did not have a significant impact on TDS financial statements for the six months ended June 30, 2009.

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- SFAS 160 establishes that once control of a subsidiary is obtained, changes in ownership interests in that subsidiary that do not result in a loss of control shall be accounted for as equity transactions. Previously, decreases in ownership interest in a subsidiary were accounted for as equity transactions, while increases in ownership interests in a subsidiary were accounted for as step acquisitions under the provisions of SFAS 141. Therefore, U.S. Cellular's repurchases of U.S. Cellular Common Shares during the six months ended June 30, 2009 were accounted for as equity transactions in TDS' financial statements, whereby the difference between the fair value of the consideration paid and the related carrying value of the noncontrolling interests was recorded as Capital in excess of par value in TDS' Consolidated Balance Sheet. Previously, these transactions had been recorded as step acquisitions in TDS' financial statements. The following schedule discloses the effects of net income and changes in TDS' ownership interest in U.S. Cellular on TDS' equity for the six months ended June 30, 2009 and 2008:

	Six Months Ended June 30,	
	2009	2008 (1)
	(Dollars in thousands)	
Net income attributable to TDS	\$ 141,739	\$ 161,244
Transfer (to) from the noncontrolling interests		
Change in TDS' Capital in excess of par value from U.S. Cellular's issuance of U.S. Cellular shares	(3,277)	(7,800)
Change in TDS' Capital in excess of par value from U.S. Cellular's repurchase of U.S. Cellular shares	(405)	
Net transfers (to) from noncontrolling interests	(3,682)	(7,800)
Change from net income attributable to TDS and transfers (to) from noncontrolling interests	\$ 138,057	\$ 153,444

(1) During the six months ended June 30, 2008, U.S. Cellular repurchased U.S. Cellular Common Shares and also purchased noncontrolling interests in a consolidated subsidiary. TDS accounted for these transactions as step acquisitions under the provisions of SFAS 141. The amounts recorded in these transactions are reflected in the changes in the balances of Licenses, Goodwill and Customer lists.

Mandatorily Redeemable Noncontrolling Interests in Subsidiaries