

TELEPHONE & DATA SYSTEMS INC /DE/
Form 10-Q/A
February 17, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

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

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

For the quarterly period ended June 30, 2003

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)

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**

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Not Applicable

(Former address of principal executive offices) (Zip Code)

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 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, 2003
Common Shares, \$.01 par value	50,934,645 Shares
Series A Common Shares, \$.01 par value	6,430,365 Shares

EXPLANATORY NOTE

Telephone and Data Systems, Inc. (TDS) is filing this Amendment No. 1 to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, which was originally filed with the Securities and Exchange Commission (the SEC) on August 8, 2003 (the Quarterly Report), to amend Item 1 Financial Statements, Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations, Item 3 Quantitative and Qualitative Disclosures About Market Risk and Item 4 Controls and Procedures contained in Part I Financial Information of the Quarterly Report and Item 6 Exhibits and Reports of Form 8-K contained in Part II Other Information of the Quarterly Report.

TDS is filing this amendment in response to a comment letter received from the Division of Corporation Finance of the Securities and Exchange Commission (the SEC). This report revises the disclosures related to TDS s adoption of Statement of Financial Accounting Standards (SFAS) No. 143 Accounting for Asset Retirement Obligations and restates the financial statements in response to such comments. The SEC also requested additional disclosures be included in future filings which have been incorporated into this amendment. Such additional disclosures include, but are not limited to, defining the calculation of certain statistics, defining equivalent access lines, deleting acronyms, including total dollars in narratives, revising the captions of the statement of operations, disclosing the composition of selling and marketing cost per gross customer activation and disclosing additional information on critical accounting policies and estimates.

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by the TDS principal executive officer and principal financial officer are being filed with this Form 10-Q/A.

Except as expressly stated herein, this amendment does not update any of the disclosures contained in the original filing to reflect any events that occurred after the original filing date of August 8, 2003. The filing of this Form 10-Q/A shall not be deemed an admission that the original filing, when made, included any untrue statement of a material fact or omitted to state a material fact necessary to make a statement not misleading.

TELEPHONE AND DATA SYSTEMS, INC.

2nd QUARTER REPORT ON FORM 10-Q/A

INDEX

	Page No.	
<u>Part I.</u>	<u>Financial Information</u>	
<u>Item 1.</u>	<u>Financial Statements (unaudited)</u>	
	<u>Consolidated Statements of Operations - Three and Six Months Ended June 30, 2003 and 2002 (as restated)</u>	4
	<u>Consolidated Statements of Cash Flows - Six Months Ended June 30, 2003 and 2002 (as restated)</u>	5
	<u>Consolidated Balance Sheets - June 30, 2003 (as restated) and December 31, 2002</u>	6-7
	<u>Notes to Consolidated Financial Statements</u>	8-24
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Results of Operations and Financial Condition</u>	25-27
	<u>Six Months Ended June 30, 2003 and 2002</u>	
	<u>U.S. Cellular Operations</u>	28-32
	<u>TDS Telecom Operations</u>	32-34
	<u>Three Months Ended June 30, 2003 and 2002</u>	35-36
	<u>Recent Accounting Pronouncements</u>	36-37
	<u>Financial Resources</u>	37-38
	<u>Liquidity and Capital Resources</u>	38-42
	<u>Application of Critical Accounting Policies and Estimates</u>	42-46
	<u>Outlook</u>	47
	<u>Certain Relationships and Related Transactions</u>	47
	<u>Safe Harbor Cautionary Statement</u>	48
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	49-50
<u>Item 4.</u>	<u>Controls and Procedures</u>	51
<u>Part II.</u>	<u>Other Information</u>	

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<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>52</u>
<u>Item 4.</u>	<u>Submission of Matters to Vote of Security-Holders</u>	<u>52</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>52</u>
<u>Item 6.</u>	<u>Exhibits and Reports on Form 8-K</u>	<u>53</u>
<u>Signatures</u>		<u>54</u>

PART I. FINANCIAL INFORMATIONITEM 1. FINANCIAL STATEMENTSTELEPHONE AND DATA SYSTEMS, INC. AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF OPERATIONSUnaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003 (As Restated)	2002 (As Restated)	2003 (As Restated)	2002 (As Restated)
	(Dollars in thousands, except per share amounts)			
OPERATING REVENUES	\$ 851,287	\$ 720,443	\$ 1,658,705	\$ 1,385,640
OPERATING EXPENSES				
Cost of services and products (exclusive of depreciation, amortization and accretion expense shown below)	263,188	209,608	525,586	399,430
Selling, general and administrative expense	347,575	271,907	684,076	530,016
Depreciation, amortization and accretion expense	144,902	115,636	296,129	227,535
(Gain) Loss on assets held for sale	3,500		27,000	
	759,165	597,151	1,532,791	1,156,981
OPERATING INCOME	92,122	123,292	125,914	228,659
INVESTMENT AND OTHER INCOME (EXPENSE)				
Interest and dividend income	6,069	48,167	10,397	50,234
Investment income	13,517	7,752	26,267	18,789
Gain (loss) on marketable securities and other investments	(5,000)	(1,719,126)	(8,500)	(1,756,526)
Interest expense	(43,996)	(29,095)	(87,353)	(58,719)
Minority interest in income of subsidiary trust	(6,202)	(6,202)	(12,405)	(12,405)
Other (expense), net	(7,097)	(1,223)	(5,938)	(17)
	(42,709)	(1,699,727)	(77,532)	(1,758,644)
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST	49,413	(1,576,435)	48,382	(1,529,985)
Income tax expense (benefit)	23,623	(609,530)	27,447	(587,118)
INCOME (LOSS) BEFORE MINORITY INTEREST	25,790	(966,905)	20,935	(942,867)
Minority Share of (Income) Loss	(6,294)	15,115	(6,451)	5,087
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	19,496	(951,790)	14,484	(937,780)

Cumulative effect of accounting changes, net of
tax and minority interest

(11,789)