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Excellence in Communications Services

Telephone and Data Systems, Inc.

May 30, 2007

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116



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LETTER OF COMMENT NO. 50

Re: File Reference 1205-001
Exposure Draft - Consolidated Financial Statements, Including Accounting and
Reporting of Noncontrolling Interests in Subsidiaries, a replacement of ARB
No. 51

Dear Sir/Madam:

This letter is being written on behalf of Telephone and Data Systems, Inc. ("TDS") regarding the FASB's project on accounting for noncontrolling interests in subsidiaries. We realize that the official comment period has ended on the above-referenced exposure draft. However, we would like to provide input on certain provisions and transition guidance of that exposure draft based on our experience with this topic at TDS.

TDS is a diversified telecommunications corporation founded in 1969. Through its business units, U.S. Cellular and TDS Telecom, TDS operates primarily by providing wireless, local telephone and broadband services. As of December 31, 2006, the Company employed 11,800 people and served 7 million customers/units in 36 states.

TDS has owned approximately 80% - 83% of the outstanding shares of U.S. Cellular Corporation (USCC) since the USCC initial public offering (IPO) in 1988. Prior to the USCC IPO, USCC was a 100% owned subsidiary of TDS. TDS has always had a controlling interest in USCC and has always consolidated the USCC financial statements within the TDS consolidated financial statements. Periodically, USCC repurchases its own shares on the open market from minority interest holders primarily for use in meeting its share needs related to exercises of stock options or stock-based awards or in satisfying conversion features of public debt to equity. These repurchases were not substantive acquisitions by TDS; they merely maintained TDS's ownership percentage in USCC. TDS historically accounted for these USCC share repurchases by recording an adjustment to the TDS additional paid-in capital account consistent with the guidance in paragraph 23 of the exposure draft on this topic. However, current accounting guidance

requires these share transactions executed by USCC (the subsidiary) to be accounted for as “step acquisitions” by applying the purchase accounting method at TDS (the parent). TDS did not apply purchase accounting to past USCC share repurchases, and as a result, TDS is currently in the process of restating its consolidated financial statements to correct this misapplication of generally accepted accounting principles.

We agree with the FASB’s position and believe that the guidance in the exposure draft (i.e. incremental increases in TDS’s ownership of USCC due to share repurchases should be recorded as equity adjustments at TDS) is the appropriate accounting for this type of transaction. We anticipate that USCC will continue repurchasing its shares to satisfy stock option exercises and other stock-based awards. Prior to new FASB guidance related to these transactions, TDS will be required to increase its net assets (primarily intangible license assets and goodwill) and then subject them to impairment tests which may result in their subsequent write down. We do not believe these potential fluctuations in the balance sheet and income statement resulting from “step acquisitions” of USCC are representative of the actual financial position of TDS, and in fact, the fluctuations may be misleading to users of our financial statements. Therefore, in order to apply the new guidance related to accounting for non-controlling interests in subsidiaries, which we believe is better accounting, as early as possible, we are requesting that companies have the option to early adopt provisions of paragraph 23 of the exposure draft as of the issuance date of the final FASB Statement.

We would appreciate your consideration of this matter. If you have any questions or would like to discuss this matter further, please call me at (608) 664–8316.

Sincerely,



D. Michael Jack
Chief Accounting Officer
Senior Vice President and Corporate Controller