November 29, 2012

Submission by Email to director@fasb.org

Technical Director
File Reference No. 2012-220
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: File Reference Number: 2012-220
Invitation to Comment – Disclosure Framework

Dear Sir/Madam:

This letter is being written on behalf of Telephone and Data Systems, Inc. ("TDS" or the "Company") regarding the project of the Financial Accounting Standards Board ("FASB" or "Board") on the disclosure framework. TDS is a diversified telecommunications corporation founded in 1969. Through its business units, U.S. Cellular® and TDS Telecommunications Corporation, TDS operates primarily by providing wireless, local telephone and broadband services. The Company's 2011 revenues were approximately $5.2 billion. TDS employs approximately 12,300 people and serves approximately 6.8 million customers.

The Company appreciates the opportunity to comment on the FASB's Invitation to Comment regarding the Disclosure Framework. We have evaluated the Invitation to Comment as it relates to the Company and the Company's investors and our comments are summarized below.

Chapter 2—The Board’s Decision Process

The decision questions in Chapter 2 present a comprehensive and seemingly complete framework for disclosure decision-making that could be embodied in a financial accounting concept statement. This baseline should allow for a consistent standard setting process when used as a foundation in developing various financial statement disclosure requirements. However, the framework should be modified to 1) differentiate for interim versus annual reporting and 2) consider other disclosures required by public filers. More specifically, the framework is comprehensive and applicable to annual reporting but the goals and objectives of interim reporting should be introduced. Further, the framework looks at all disclosures but does not contemplate those disclosures required by public filers in their 10-K or 10-Q filings. As such, duplication in disclosure between the financial statements and MD&A (for example) is not addressed. This is an area where great improvement in the presentation and understandability of financial statement disclosures could be made. The Board should work with the SEC to identify ways to eliminate the duplication of information reported as required by US GAAP and the SEC.

If the Board shifted the responsibility to interpret this framework for each project to the reporting entities, it is likely that further variation in reporting would result making financial statements less comparable and consistent. Further, if the individual projects excluded disclosure requirements, the value achieved from the collaborative due process efforts as it relates to disclosure requirements would be lost. Therefore, it seems most appropriate for the framework to serve as a foundational resource, such as in a financial accounting concept, to support the standard setting process. Alternatively, if the Board elected to establish a single overall requirement, interpretative guidance would be necessary to apply the framework to the various projects.
Chapter 3—Making Disclosure Requirements Flexible
Chapter 3 presents concepts that would allow for flexible disclosure requirements but these must be carefully considered in light of the potential for increased variation in reporting and excessive costs for reporting entities. It is necessary to strike a balance between the Board taking full responsibility for disclosure selectivity and the reporting entities having the ability to apply discretion to present relevant disclosures that preserve the usefulness of financial reporting. The idea of minimum and expanded disclosures set by the Board in Section 3.11 c) has appeal in that reporting entities must apply judgment to determine the most relevant disclosure for their financial statement users but are subject to a minimum threshold that would drive comparability across organizations. Combining this option with less prescriptive wording discussion in Section 3.11 a) would seem useful if care is applied as to not shift too much burden on the reporting entities to identify the basic requirements of the disclosure. It is also necessary to include an evaluation of materiality (as discussed below) for reporting entities to apply to determine if the minimum and expanded disclosures would be required.

Chapter 4—Reporting Entities’ Decisions about Disclosure Relevance
The components of disclosure relevance are discussed in Chapter 4; namely materiality, probability and timing. The factors of probability (i.e., more likely than not) and timing (i.e. discounting) are less controversial, easier to apply and, although involving judgment, the profession has experience with these concepts. The concept of materiality warrants more discussion since this is perhaps the leading factor causing unneeded disclosures today. The concept of materiality has never clearly been demonstrated to apply to disclosures. Although the Board discussed this concept, practical application is challenging. Reporting entities would benefit from a structure for assessing materiality in terms of financial statement disclosures and such a structure would provide support for the determination of what has been defined as relevant. Take for instance the materiality concept that is incorporated in SOX 404 testing. A reporting entity’s financial statements and related assertions are used to assess where SOX 404 testing should be focused. It is a comprehensive review of the financial statements and encompasses the concept of materiality coupled with the financial statement assertions. If the disclosure framework as discussed in Chapter 2 were layered on this type of structure, reporting entities would have a systematic approach for identifying the universe of disclosures that could apply to their entity. Further, they would have an avenue for applying materiality concepts to ascertain which disclosures would then be required or relevant to financial statement users. This approach would result in useful documentation of which disclosures have been provided and would be subject to review by auditors.

In Chapter 4 the Board also contemplates the role of auditors, legal advisors, and regulators in objecting to the inclusion of disclosures that the Company feels are relevant. The structure discussed above provides a forum for this discussion, which is necessary to provide an objective and alternate view what has been defined as relevant. The reporting entity has the sole obligation to determine relevance but the value of this is only enhanced when input is obtained from other informed but objective parties.

Section 4.33 also states “If the disclosures relate to uncertainties or contingencies that have been resolved or to transactions or balances that are not in the financial statements for the most recent period presented, those disclosures probably are no longer necessary.” Disclosures should generally be maintained in financial statements for all periods presented to preserve the comparability of the financial statements. If a significant change that occurred in a prior period is not discussed, a user may question why the change occurred and if they could reasonably expect it to recur. Although the information is presumably presented in the prior filing, having the footnotes match the periods presented is a user-friendly way of reporting.

Chapter 5—Format and Organization
Chapter 5 presented four tools to enhance the understandability of notes; namely tables, headings, cross references and highlighting. Application of these tools should be left to the discretion of the reporting entities.

- Although tables may in some cases streamline the presentation of information, it is not always practical and some value from a narrative discussion can be lost. Albeit in some cases this would be useful, it is arguably not going to make a significant impact for the typical user. Further, with the use of XBRL tagging, users comparing large amounts of data across companies can easily pull this data from XBRL, making tables less critical.
- As we reviewed our filings, the use of subheadings could be enhanced to ease the location of information, which would provide some additional benefit to the user. However, the additional value offered by subheadings is inconsequential.
• Cross referencing has merit and may serve to assist users in better understanding financial statements. TDS currently cross-references between footnotes when appropriate. Cross referencing on the face of the financial statements could provide some value in ease of review by users. It is important to note that the value added by cross-referencing is limited if relevant information is not disclosed in the notes and therefore that is where the Board should focus its efforts.
• Highlighting seems to place another element of discretion in the hands of the reporting entities. The reporting entities are already deciding what is relevant to report and by highlighting, they are adding another filter on what they feel is most relevant. This filter would best be left to the users to determine what is most relevant in their decision-making.

All of the methods of organization discussed in Chapter 5 have benefits and costs and ultimately these methods should be left to the discretion of the reporting entities. Preference depends on what users of the statements most value, which varies considerably. Requiring the reporting entities to add a level of relevance in ordering the notes serves to sway the users in what to focus on and isn’t always practical given the interrelation of the notes. The most important thing is that relevant information is in the notes to the statements, and preferably without duplication. Although not a suggestion of this Invitation to Comment, eliminating the duplication of reported information between MD&A and the financial statements is arguably the most impactful measure that could be taken to enhance the understandability of financial statement disclosures (see additional discussion under Chapter 2 above). By eliminating the redundancy of information presented, a public filing may be dramatically reduced in size making the statements as a whole more understandable by an investor.

Chapter 6—Disclosures for Interim Financial Statements
The first step in improving the interim financial statement disclosures would be to modify the disclosure framework discussed in Chapter 2. This would provide the foundation for what these statements serve to achieve. The biggest challenge may be agreeing on this purpose but the assumptions discussed in Section 6.7 would serve to ground the deliberation. The framework should be based on the annual framework from Chapter 2 but modified to consider the elements of Section 6.7. The interim framework should guide companies to utilize the interim statements as an update to the annual statements and not a means to repeat information that is presented annually. Focus should be given on significant changes from the prior annual report to accounting policies and methods or financial activity.

Chapter 7—Other Matters for Discussion
The most significant change would be to eliminate the redundancies between the Critical Accounting Policies disclosure in MD&A and that in the notes. One set of policies should be discussed. Perhaps having a policy section following the notes to the statements would isolate them and streamline the presentation. Further, we agree that reporting entities should simplify disclosures about accounting policies to focus more on areas where there is a choice in policy. Industry-specific policies should also be discussed when relevant and useful to the user. By far the more significant area for improvement would be to eliminate redundancies with MD&A requirements.

We would appreciate your consideration of these issues in your deliberations on this Invitation to Comment. If you have any questions or would like to discuss any of these matters further, please call me at (773) 355-3400.

Sincerely,

Douglas D. Shuma
Chief Accounting Officer
Senior Vice President and Corporate Controller