



Excellence in Communications Services

TELEPHONE AND DATA SYSTEMS™

Mailing Address: P.O. Box 628010, Middleton, WI 53562-8010
Street Address: 8401 Greenway Blvd., Suite 230, Middleton, WI 53562
Office: 608-664-8600 • Fax: 608-664-8288

January 28, 2011

Submission by Email to director@fasb.org

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

Re: File Reference Number: 1890-100
Discussion Paper – Effective Dates and Transition Methods

Dear Sir/Madam:

This letter is being written on behalf of Telephone and Data Systems, Inc. ("TDS" or the "Company") regarding the discussion paper on Effective Dates and Transition Methods. TDS is a diversified telecommunications corporation founded in 1969. Through its business units, U.S. Cellular® and TDS Telecommunications Corporation ("TDS Telecom®"), it operates primarily by providing wireless, local telephone and broadband services. The Company's 2009 revenues were approximately \$5.0 billion. TDS employs approximately 12,300 people and serves approximately 7.2 million customers in 36 states as of September 30, 2010.

The Company appreciates the opportunity to comment on the FASB's Discussion Paper. We have evaluated this discussion paper as it relates to the Company and the Company's investors. Our comments with respect to the proposed Discussion Paper are summarized below. The Company supports the FASB's and IASB's continuing efforts to converge United States generally accepted accounting principles ("U.S. GAAP") and International Financial Reporting Standards ("IFRS") accounting guidance into a single set of global accounting standards. Moreover, the Company generally agrees with the proposed standards and the direction they are headed. The Company, however, urges the Boards to be cognizant of the costs and efforts that adoption of these standards will require. We believe adoption of the proposed revenue and lease standards retrospectively will be extremely burdensome and costly. We also believe that the staggered adoption approach will result in lower costs to companies, prevent errors, and be more advantageous to the investor.

Transition Guidance

Under the proposed revenue recognition guidance, the provisions must be applied retroactively. The Boards have stated that this approach will ensure comparability. While the Company agrees that comparable financial information is important, we believe the new standard will cause a fundamental change in the Company's revenue recognition, even though the underlying economics and cash flows of the Company remain the same. Much of the data required to implement the new standard retrospectively does not exist in our current systems. As such, to apply this standard retroactively will be extremely costly and time-consuming, assuming it is even feasible given the high volume of revenue transactions the Company enters into. We therefore suggest applying the new guidance on a prospective basis only. However, if the Board maintains this transition approach in the final standard, we strongly encourage the Board to provide at least a five-year transition period for implementation. This will provide the Company with ample time to perform all the necessary analysis and system modifications that would be required to comply with the new requirements.

The proposed lease guidance also requires retroactive treatment. Although the Company agrees with the merits of this proposal, it strongly urges the Board to consider the significant time commitment required to apply these provisions retroactively when determining an effective date for this standard. Our Company has in excess of 10,000 leases that would require detail review and accounting analysis under the new standard. It will take the Company a significant amount of time to re-review these contracts and agreements to ascertain the proper information needed to apply the new accounting provisions. To obtain this information, the Company will also be required to educate and train members of its real estate, legal, treasury, and accounting teams. Furthermore, since the new standard contains requirements that the existing systems are not able to accommodate, migration to the proposed guidance will likely entail implementation of a new system. Given the aforementioned factors, the Company believes it is prudent for the Board to provide companies with several years to implement this standard. An implementation date in the near term (i.e., 5 years or less), would be very costly to accommodate and may be prone to error.

For the remaining proposed standards, not mentioned above, we generally agree with the transition approach recommended by the Board. However, in those instances where retrospective application is proposed, we think special consideration must be given to the time and cost required to gather the data and information to accommodate such a request. Regardless of the standard, retroactive application will likely result in companies, such as our own, revisiting and reviewing agreements from prior periods. To achieve the level of precision that will likely be required, this kind of review will require many man hours and will likely be very costly.

To ensure that the cost of adoption does not outweigh the benefit to the investor, this fact needs to be carefully considered when determining how much time is allotted to registrants for adopting these standards. Obviously aggressive implementation dates will result in excessive effort and the possible dependency on external consultants rather than the use of internal personnel, which would be costly to the Company and its investors.

Costs

In its discussion paper, the Board asked companies to comment on the nature of costs likely to be incurred to implement the proposed standards. For our Company, both the proposed revenue and lease standards will require modifications to current systems or, more likely, entirely new systems. This endeavor will be extremely costly for the Company.

The Company will also incur additional costs to mine the data. Namely, with those standards that require retroactive application, as alluded to above, the Company will have to allocate resources to reviewing documents and agreements to obtain the additional or new data that is required by the new standards.

The Company will also incur costs associated with change management. Namely, the Company will need to update Company policies and procedures and will need to educate those parties impacted by the standards. For several of the standards, the education and training will not be limited to accounting personnel, but will likely extend to those individuals in the Company that deal with contracts and serve in treasury, marketing, and legal capacities.

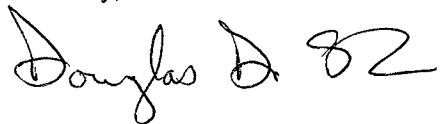
In addition to the aforementioned costs, the Company would need to allocate resources to reconcile the gap that would be inevitable between regulatory and book reporting, as well as tax and book accounting. The guidance proposed for leases and revenues does not in all instances approximate the accounting prescribed by our regulatory bodies and taxing authorities. Accordingly, the Company will incur costs to educate these governing bodies. The Company will likely be required to spend time and effort discussing and educating these groups to try to eliminate these differences. Before such changes are made by these bodies and the differences are eliminated (assuming that happens), the Company would likely need to maintain dual records (i.e., GAAP vs. regulatory books). This would also be a cost of adoption.

Approach

The Board also asked that we comment on the approach the Board should employ to adopt these standards. Namely, the Board mentioned a staggered or single implementation date. It is our belief that a staggered or sequential approach is most advantageous. From a resource perspective, it would be less costly to have the Company's accounting, IT, and finance personnel working on a singular project vs. several. In addition, a single implementation approach will require the use of many more external resources rather than the use of existing internal personnel and would thus be much more costly. More importantly, we believe a staggered approach would be most beneficial for the Company's investors. By introducing a single standard at a time, the investor will be able to be better educated about the given standard. Moreover, the impact of the given standard on the financial statements will be more transparent to the investor. If the Board were to require a single adoption date, it is likely that the impacts of each standard would be masked, unclear, and cloudy at best. Several of the proposed standards are highly complicated and we believe it is prudent to the investor that they are introduced in a singular and methodical fashion.

In closing, we would appreciate your consideration of these issues in your deliberations on the guidance contained in this discussion paper. If you have any questions or would like to discuss any of these matters further, please call me at (608) 664-6122.

Sincerely,

A handwritten signature in black ink that reads "Douglas D. Shuma". The signature is written in a cursive style with a large, stylized "D" and "S".

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