

TELEPHONE & DATA SYSTEMS INC /DE/
Form 10-Q
July 31, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

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 36-2669023
(State or other
jurisdiction of (IRS Employer
incorporation or Identification No.)
organization)

30 North LaSalle Street, Suite 4000, Chicago, Illinois
60602
(Address of principal executive offices) (Zip code)

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

Indicate by check mark Yes No
• 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.

- 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).

- 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

- whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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, 2015
Common Shares, \$0.01 par value	101,363,899 Shares
Series A Common Shares, \$0.01 par value	7,196,018 Shares

Telephone and Data Systems, Inc.

Quarterly Report on Form 10-Q
For the Quarterly Period Ended June 30, 2015

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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,	
(Dollars and shares in thousands, except per share amounts)	2015	2014	2015	2014
Operating revenues				
Service	\$1,070,650	\$1,072,179	\$2,143,741	\$2,152,421
Equipment and product sales	205,745	164,213	384,247	279,933
Total operating revenues	1,276,395	1,236,392	2,527,988	2,432,354
Operating expenses				
Cost of services (excluding Depreciation, amortization and accretion reported below)	300,152	286,488	593,799	562,446
Cost of equipment and products	298,450	313,011	570,431	619,658
Selling, general and administrative	435,430	470,902	873,470	934,571
Depreciation, amortization and accretion	211,104	204,567	417,679	429,486
(Gain) loss on asset disposals, net	4,752	7,903	10,129	10,333
(Gain) loss on sale of business	(5,589)	2,611	(129,372)	(4,289)

and other exit costs, net				
(Gain) loss on license sales and exchanges, net	(25)	–	(122,898)	(91,446)
Total operating expenses	1,244,274	1,285,482	2,213,238	2,460,759
Operating income (loss)	32,121	(49,090)	314,750	(28,405)
Investment and other income (expense)				
Equity in earnings of unconsolidated entities	35,412	34,790	70,053	72,117
Interest and dividend income	10,117	2,751	18,502	5,237
Interest expense	(33,919)	(27,898)	(67,749)	(56,605)
Other, net	202	50	198	210
Total investment and other income	11,812	9,693	21,004	20,959
Income (loss) before income taxes	43,933	(39,397)	335,754	(7,446)
Income tax expense (benefit)	17,433	(13,671)	133,453	(2,014)
Net income (loss)	26,500	(25,726)	202,301	(5,432)
Less: Net income (loss) attributable to noncontrolling interests, net of tax	3,454	(3,688)	33,515	(1,648)
Net income (loss) attributable to TDS shareholders	23,046	(22,038)	168,786	(3,784)
TDS Preferred dividend requirement	(12)	(12)	(25)	(25)
Net income (loss) available to common shareholders	\$23,034	\$(22,050)	\$168,761	\$(3,809)
Basic weighted average shares	108,484	108,719	108,327	108,853

outstanding				
Basic earnings (loss)				
per share				
attributable to TDS	\$0.21	\$(0.20)	\$1.56	\$(0.04)
shareholders				
Diluted weighted				
average shares	109,785	108,719	109,380	108,853
outstanding				
Diluted earnings				
(loss) per share				
attributable to TDS	\$0.21	\$(0.20)	\$1.53	\$(0.04)
shareholders				
Dividends per share				
to TDS shareholders	\$0.141	\$0.134	\$0.282	\$0.268