

TELEPHONE & DATA SYSTEMS INC /DE/
 Form DEFA14A
 May 02, 2014

UNITED STATES	
SECURITIES AND EXCHANGE COMMISSION	
Washington, D.C. 20549	
SCHEDULE 14A	
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)	
Filed by the Registrant <input checked="" type="checkbox"/>	
Filed by a Party other than the Registrant <input type="checkbox"/>	
Check the appropriate box:	
<input type="checkbox"/>	Preliminary Proxy Statement
<input type="checkbox"/>	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
<input type="checkbox"/>	Definitive Proxy Statement
<input checked="" type="checkbox"/>	Definitive Additional Materials
<input type="checkbox"/>	Soliciting Material Pursuant to §240.14a-12
Telephone and Data Systems, Inc.	
(Name of Registrant as Specified In Its Charter)	
(Name of Person(s) Filing Proxy Statement, If other than the Registrant)	
Payment of Filing Fee (Check the appropriate box):	
<input checked="" type="checkbox"/>	No fee required.
<input type="checkbox"/>	Fee computed on table below per Exchange Act Rules 14a 6(i)(1) and 0-11.
(1)	Title of each class of securities to which transaction applies:
(2)	Aggregate number of securities to which transaction applies:
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<input type="checkbox"/>	Fee paid previously with preliminary materials.
<input type="checkbox"/>	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1)	Amount Previously Paid:

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		(2)	Form, Schedule or Registration Statement No.:
		(3)	Filing Party:
		(4)	Date Filed:

EXPLANATORY NOTE

The purpose of this Schedule 14A is to file a press release issued by Telephone and Data Systems, Inc. (“TDS”) on May 2, 2014 relating to earnings for the first quarter of 2014.

IMPORTANT INFORMATION: TDS and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from the shareholders of TDS in connection with the TDS 2014 annual meeting of shareholders. Information regarding TDS directors and executive officers and other participants that may be soliciting proxies on behalf of the TDS board of directors and their respective interests in TDS by security holdings or otherwise is set forth in TDS’s definitive proxy statement relating to its 2014 annual meeting, as filed with the Securities and Exchange Commission (“SEC”) on April 18, 2014. The 2014 proxy statement, other solicitation material and other reports that TDS files with the SEC, when available, can be obtained free of charge at the SEC’s web site at www.sec.gov or from TDS as provided on its website at www.teldta.com. TDS SHAREHOLDERS ARE ADVISED TO READ CAREFULLY THE PROXY STATEMENT AND OTHER SOLICITATION MATERIAL FILED BY TDS IN CONNECTION WITH THE TDS 2014 ANNUAL MEETING OF SHAREHOLDERS BEFORE MAKING ANY VOTING DECISION BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION RELATING TO THE ELECTION OF DIRECTORS OF TDS.

Exhibit 99.1 NEWS RELEASE

As previously announced, TDS will hold a teleconference May 2, 2014 at 9:30 a.m. CDT. Interested parties may listen to the call live via the Events & Presentations page of investors.teldta.com.

FOR IMMEDIATE RELEASE

TDS reports first quarter 2014 results

CHICAGO, (May 2, 2014) — Telephone and Data Systems, Inc. (NYSE:TDS) reported operating revenues of \$1,196.0 million for the first quarter of 2014, versus \$1,308.6 million for the comparable period one year ago. Net income attributable to TDS shareholders and related diluted earnings per share were \$18.3 million and \$0.16 respectively, for the first quarter of 2014, compared to \$1.4 million and \$0.01, respectively, in the comparable period one year ago.

Year-over-year comparisons are affected by U.S. Cellular's divestiture transaction, the deconsolidation of certain U.S. Cellular partnerships, and acquisitions at TDS Telecom, in 2013.

"Our businesses made significant progress in the quarter to execute on their customer strategies and improve operating efficiency," said LeRoy T. Carlson, Jr., TDS president and CEO. "While we have considerable work to do to improve our financial and operating performance, I believe we're focused on the right areas.

"U.S. Cellular continues to attract new customers and drive smartphone adoption and data use, leading to higher average revenue per customer. Substantial progress has been made to restore high standards of service following the billing system conversion, and U.S. Cellular has already leveraged the system to deliver new services like our Shared

Connect Plans and no contract Simple Connect Plans.

“TDS Telecom increased average revenue per customer for both residential and commercial wireline customers, with higher-tier TDS TV packages and faster broadband speeds, and new *managed*IP plans. We also continued to improve the overall efficiency of the wireline business. Revenues increased 77 percent at OneNeck IT Solutions, our hosted and managed services business, driven by revenues from acquisitions and increased revenues for recurring services.

“As we continued to execute our integration and customer strategies for Baja Broadband, we also agreed to acquire Bend Broadband, a premier cable and broadband provider to residential and business customers in Central Oregon. BendBroadband’s high-capacity, all-digital network, technology leadership, and customer-centered approach will be tremendous assets as we develop a premier cable broadband business.”

2014 Estimated Results

U.S. Cellular capital expenditures for 2014 are expected to be approximately \$640 million, down from \$738 million in 2013.

TDS Telecom estimates for full-year 2014 results are shown below. Such estimates represent management's view as of May 2, 2014. Such forward-looking statements should not be assumed to be current as of any future date. TDS undertakes no duty to update such information, whether as a result of new information, future events or otherwise. There can be no assurance that final results will not differ materially from such estimated results.

		TDS Telecom 2014 Estimated Results (1)		
		Current		Previous
(Dollars in millions)				
Operating revenues		\$1,050-\$1,100		Unchanged
Adjusted income before income taxes (2)		\$250-\$280		Unchanged
Capital expenditures		\$200		Unchanged

(1) These estimates do not reflect the effects of the acquisition of BendBroadband.

(2) Adjusted income before income taxes is defined as income before income taxes, adjusted for the items set forth in the reconciliation below. Adjusted income before income taxes excludes these items in order to show operating results on a more comparable basis from period to period. In addition, TDS may exclude other items from adjusted income before income taxes if such items help reflect operating results on a more comparable basis. TDS does not intend to imply that any such amounts that are excluded are non-recurring, infrequent or unusual; such amounts may occur in the future. Adjusted income before income taxes is not a measure of financial performance under Generally Accepted Accounting Principles in the United States ("GAAP") and should not be considered as an alternative to income before income taxes as an indicator of the company's operating performance or as an alternative to cash flows from operating activities, determined in accordance with GAAP, as an indicator of cash flows or as a measure of liquidity. TDS believes adjusted income before income taxes is a useful measure of TDS' operating results before significant recurring non-cash charges, discrete gains and losses, and financing charges (interest expense). The following table provides a reconciliation of income before income taxes to adjusted income before income taxes for 2014 estimated results, three months ended March 31, 2014, and 2013 actual results:

		TDS Telecom			
			Actual Results		
		2014 Estimated Results	Three Months Ended		Year Ended

			March 31, 2014		December 31, 2013
(Dollars in millions)					
Income before income taxes	\$25-\$55		\$19		\$49
Depreciation, amortization and accretion expense	\$225		\$54		\$203
(Gain) loss on investments					(\$1)
Interest expense					(\$2)
Adjusted income before income taxes	\$250-\$280		\$73		\$249

Stock repurchase summary

TDS began repurchasing under its \$250 million repurchase authorization on Aug. 5, 2013. The following represents repurchases of TDS Common Shares.

Repurchase Period	# Shares	Cost (in millions)	
2014 (first quarter)	157,891	\$	3.8
2013 (full year)	338,851	\$	9.7
Total	496,742	\$	13.5

Conference Call Information

TDS will hold a conference call on May 2, 2014 at 9:30 a.m. CST.

- Access the live call on the Events & Presentations page of investors.teldta.com or at <http://www.videonewswire.com/event.asp?id=99006>.
- Access the call by phone at 877-407-8029 (US/Canada), no pass code required.

Before the call, certain financial and statistical information to be discussed during the call will be posted to investors.teldta.com. The call will be archived on the Events & Presentations page of investors.teldta.com.

About TDS

Telephone and Data Systems, Inc. (TDS), a Fortune 500® company, provides wireless; cable and wireline broadband, TV and voice; and hosted and managed services to approximately 5.8 million customers nationwide through its business units, U.S. Cellular, TDS Telecom, OneNeck IT Solutions and Baja Broadband. Founded in 1969 and headquartered in Chicago, TDS employed 10,600 people as of March 31, 2014.

Visit www.teldta.com for comprehensive financial information, including earnings releases, quarterly and annual filings, shareholder information and more.

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Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: All information set forth in this news release, except historical and factual information, represents forward-looking statements. This includes all statements about the company's plans, beliefs, estimates, and expectations. These statements are based on current estimates, projections, and assumptions, which involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Important factors that may affect these forward-looking statements include, but are not limited to: impacts of any pending acquisition and divestiture transactions, including, but not limited to, the ability to obtain regulatory approvals, successfully complete the transactions and the financial impacts of such transactions; the ability of the company to successfully manage and grow its markets; the overall economy; competition; the access to and pricing of unbundled network elements; the ability to obtain or maintain roaming arrangements with other carriers on acceptable terms; the state and federal telecommunications regulatory environment; the value of assets and investments; adverse changes in the ratings afforded TDS and U.S. Cellular debt securities by accredited ratings organizations; industry consolidation; advances in telecommunications technology; uncertainty of access to the capital markets; pending and future litigation; changes in income tax rates, laws, regulations or rulings; acquisitions/divestitures of properties and/or licenses; changes in customer growth rates, average monthly revenue per user, churn rates, roaming revenue and terms, the availability of handset devices, or the mix of products and services offered by U.S. Cellular and TDS Telecom. Investors are encouraged to consider these and other risks and uncertainties that are discussed in the Form 8-K Current Report used by TDS to furnish this press release to the Securities and Exchange Commission ("SEC"), which are incorporated by reference herein.

For more information about TDS and its subsidiaries, visit:

TDS: www.teldta.com

U.S. Cellular: www.uscellular.com

TDS Telecom: www.tdstelecom.com

OneNeck IT Solutions: www.oneneck.com

United States Cellular Corporation												
Total Markets* Summary Operating Data (Unaudited)												
<u>As of or for the Quarter Ended</u>		3/31/2014	12/31/2013	9/30/2013	6/30/2013	3/31/2013						
Retail Customers												
Postpaid												
	Total at end of period	4,174,000	4,267,000	4,343,000	4,412,000	5,060,000						
	Gross additions	197,000	176,000	165,000								