CONVERGYS CORP

FORM 10-K/A
(Amended Annual Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

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

For the fiscal year ended December 31, 2009

Commissions file number 1-14379

CONVERGYS CORPORATION

An Ohio Corporation	I.R.S. Employer No. 31-1598292

201 East Fourth Street, Cincinnati, Ohio 45202
Telephone Number (513) 723-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares (no par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes _X_ No ___

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ___ No _X_

Indicate by check mark 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. Yes _X_ No ___

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ____ No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ___

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer _X_ Accelerated filer ____ Non-accelerated filer ____ Smaller reporting company ___

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ____ No _X_

The aggregate market value of the voting shares held by non-affiliates of the registrant was $1,139,860,863, computed by reference to the closing sale price of the stock on the New York Stock Exchange on June 30, 2009, the last business day of the registrant's most recently completed second fiscal quarter.

At January 31, 2010, there were 123,170,011 common shares outstanding, excluding amounts held in treasury of 60,163,838.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2010 Annual Meeting of Shareholders to be held on April 20, 2010 are incorporated by reference into Part III of this report.

Explanatory Note

This Form 10-K/A is being filed by Convergys Corporation (“the Company”) to include audited financial statements of Cincinnati SMSA Limited Partnership (the “Partnership”) as an exhibit to the Company’s Form 10-K for 2009. The Company owns a 33.8% limited partnership interest in the Partnership. A consent of Ernst & Young LLP, independent auditors for the Partnership, is also being filed as an exhibit hereto.

PART IV

Item 15. Exhibits, Financial Statement Schedule

Item 15(a)(1) and (2). List of Financial Statements and Financial Statement Schedule

The following consolidated financial statements of Convergys are included in Item 8:

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(1)	**Consolidated Financial Statements:**	
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(2)	**Financial Statement Schedule:**	
	II - Valuation and Qualifying Accounts	80
	Audited Financial Statements for Cincinnati SMSA Limited Partnership are filed herewith as Exhibit 99, which is incorporated herein by reference.	

Financial statement schedules other than that listed above have been omitted because the required information is not required or applicable.

(3) Exhibits:
Exhibits identified in parenthesis below, on file with the Securities and Exchange Commission (SEC), are incorporated herein by reference as exhibits hereto.

Exhibit Number

3.1 Amended Articles of Incorporation of Convergys Corporation. (Incorporated by reference from Exhibit 3.1 to Form S-3 Registration Statement (File No. 333-43404) filed on August 10, 2000.)

3.2 Amended and Restated Code of Regulations of Convergys Corporation. (Incorporated by reference from Exhibit 3.2 to Form 10-Q filed on May 5, 2009.)

4.1 Indenture, dated October 13, 2009, by and between Convergys Corporation and U.S. Bank National Associated, as trustee, relating to Convergys Corporation's 5.75% Junior Subordinated Convertible Debentures due 2029. (Incorporated by reference from Exhibit 4.1 to Form 8-K filed October 13, 2009.)

4.2 Form of 5.75% Junior Subordinated Convertible Debenture due 2029. (Incorporated by reference from Exhibit 4.1 to Form 8-K filed October 13, 2009.)

10.1 Employment Letter between Convergys Corporation and Andrea J. Ayers dated June 4, 1998.

10.2 Change-in-control Agreement between Convergys Corporation and Andrea J. Ayers dated June 8, 2008.

10.3 Offer of Employment Letter between Convergys Corporation and James P. Boyce dated February 22, 2000.

10.4 Change-in-control Agreement between Convergys Corporation and James P. Boyce dated June 8, 2008.

10.5 Employment Agreement between Convergys Corporation and Robert A. Lento dated September 1, 2002.

10.6 Amendment to Employment Agreement dated September 1, 2002 between Convergys Corporation and Robert A. Lento dated December 29, 2008.

10.8 Offer Letter, dated February 9, 2010, between Convergys Corporation and Jeffrey Fox (Incorporated by reference from Exhibit 10.1 to Form 8-K filed on February 12, 2010).

10.9 Convergys Corporation Deferred Compensation and Long-Term Incentive Plan Award Deferral Plan for Non-Employee Directors as amended and restated effective February 24, 2004. (Incorporated by reference from Exhibit 10.24 to Form 10-Q filed on August 9, 2004.) *

10.10 Convergys Corporation Deferred Compensation Plan for Non-Employee Directors dated August 26, 2008. (Incorporated by reference from Exhibit 10.2 to Form 10-Q filed on November 5, 2008.) *

10.11 Convergys Corporation Long-Term Incentive Plan as amended and restated effective as of April 22, 2008. (Incorporated by reference from Exhibit 10.4 to Form 10-Q filed on May 7, 2008.) *

10.12 Convergys Corporation Supplemental Executive Retirement Plan amended effective February 20, 2007. (Incorporated by reference from Exhibit 10.1 to Form 10-Q filed on August 7, 2007.) *

10.13 Convergys Corporation Supplemental Executive Retirement Plan as amended dated August 26, 2008. (Incorporated by reference from Exhibit 10.3 to Form 10-Q filed on November 5, 2008.) *

10.14 Convergys Corporation Executive Deferred Compensation Plan as amended October 29, 2001. (Incorporated by reference from Exhibit 10.9 to Form 10-K filed on February 28, 2008.) *

10.15 Convergys Corporation Executive Deferred Compensation Plan as amended effective February 24, 2004. (Incorporated by reference from Exhibit 10.25 to Form 10-Q filed on August 9, 2004.) *

10.16 Convergys Corporation Executive Deferred Compensation Plan as amended dated December 21, 2005. (Incorporated by reference from Exhibit 10.14 to Form 10-K filed on February 27, 2009.) *

10.17 Convergys Corporation Executive Deferred Compensation Plan as amended dated October 21, 2008. (Incorporated by reference from Exhibit 10.15 to Form 10-K filed on February 27, 2009.) *

10.18 Convergys Corporation Employee Stock Purchase Plan. (Incorporated by reference from Appendix IV of Convergys Corporation's Definitive Schedule 14A filed on March 12, 2004.) *

10.19 Convergys Corporation Retirement and Savings Plan as amended and restated dated January 28, 2008. (Incorporated by reference from Exhibit 10.17 to Form 10-K filed on February 27, 2009.) *

10.20 Amendment to Convergys Corporation Retirement and Savings Plan dated March 31, 2008. (Incorporated by reference from Exhibit 10.18 to Form 10-K filed on February 27, 2009.) *

10.21 Amendment to Convergys Corporation Retirement and Savings Plan dated December 23, 2008. (Incorporated by reference from Exhibit 10.19 to Form 10-K filed on February 27, 2009.) *

10.22 Convergys Corporation Canadian Employee Share Plan. (Incorporated by reference from Exhibit 4.2.1 to Form S-8 Registration Statement (File No. 333-86137) filed on December 29, 1999.) *

10.23 Annual Executive Incentive Plan dated February 20, 2007. (Incorporated by reference from Appendix IV of the Convergys Corporation's Definitive Schedule 14A filed on March 13, 2007.) *

10.24 Convergys Corporation Qualified and Non-Qualified Pension Plan as amended and restated dated January 28, 2008. (Incorporated by reference from Exhibit 10.22 to Form 10-K filed on February 27, 2009.) *

10.25 Amended Convergys Corporation Qualified and Non-Qualified Pension Plan dated March 31, 2008. (Incorporated by reference from Exhibit 10.23 to Form 10-K filed on February 27, 2009.)*

10.26 Amended Convergys Corporation Qualified and Non-Qualified Pension Plan dated December 17, 2008. (Incorporated by reference from Exhibit 10.24 to Form 10-K filed on February 27, 2009.)*

10.27 Convergys Corporation Severance Pay Plan dated December 9, 2008. (Incorporated by reference from Exhibit 10.25 to Form 10-K filed on February 27, 2009.)*

10.28 2007 Form of Performance-Based Restricted Stock Unit Award Agreement. (Incorporated by reference from Exhibit 10.26.1 to Form 10-K filed on February 28, 2007.) *

10.29 2007 Form of Performance Unit Award Agreement. (Incorporated by reference from Exhibit 10.27.1 to Form 10-K filed on February 28, 2007.) *

10.30 2007 Form of Time-Based Restricted Stock Unit Award Agreement for Directors. (Incorporated by reference from Exhibit 10.31 to Form 10-K filed on February 27, 2009.) *

10.31	2008 Form of Time-Based Restricted Stock Unit Award for Directors. (Incorporated by reference from Exhibit 10.1 to Form 10-Q filed on May 7, 2008.) *
10.32	2008 Form of Performance-Based Restricted Stock Unit Award. (Incorporated by reference from Exhibit 10.2 to Form 10-Q filed on May 7 2008.) *
10.33	2008 Form of Performance Unit Award. (Incorporated by reference from Exhibit 10.3 to Form 10-Q filed on May 7, 2008.) *
10.34	Five-Year Competitive Advance and Revolving Credit Facility Agreement, dated October 20, 2006, between Convergys Corporation, certain financial institutions, JPMorgan Chase Bank, National Association, as Administrative Agent, Citicorp, USA, Inc., as Syndication Agent, and Deutsche Bank AG, New York Branch and PNC Bank, National Association, as Co-Documentation Agents. (Incorporated by reference from Exhibit 10.1 to Form 8-K filed October 24, 2006.)
10.35	Amendment to Five-Year Competitive Advance and Revolving Credit Facility Agreement dated as of August 11, 2008. (Incorporated by reference from Exhibit 10.4 to Form 10-Q filed on November 5, 2008.)
10.36	Participation Agreement, dated as of June 30, 2003, between Convergys Corporation, Various Guarantors and Wachovia Development Corporation. (Incorporated by reference from Exhibit 10.1 to Form 10-Q filed on August 12, 2003.)
10.37	Amended and Restated Lease Agreement, dated as of June 30, 2003, between Wachovia Development Corporation and Convergys Corporation. (Incorporated by reference from Exhibit 10.2 to Form 10-Q filed on August 12, 2003.)
10.38	Security Agreement, dated as of June 30, 2003, between Wachovia Development Corporation and Wachovia Bank, National Association and accepted and agreed to by Convergys Corporation. (Incorporated by reference from Exhibit 10.3 to Form 10-Q filed on August 12, 2003.)
10.39	Assignment and Recharacterization Agreement, dated as of June 30, 2003, between Convergys Corporation, Wells Fargo Bank Northwest, National Association, and Bank of America, National Association. (Incorporated by reference from Exhibit 10.4 to Form 10-Q filed on August 12, 2003.)
10.40	Agreement, dated February 4, 2009, by and between Convergys Corporation and JANA Partners LLC. (Incorporated by reference from Exhibit 10.1 to Form 8-K filed on February 5, 2009.)
10.41	First Amendment to Agreement, dated December 23, 2009, between Convergys Corporation and JANA Partners, LLC. (Incorporated by reference from Exhibit 10.1 for Form 8-K filed on December 28, 2009.)
10.42	Receivables Sales Agreement, dated as of June 30, 2009, between Convergys Corporation, as Originator, and Convergys Funding Inc., as Buyer. (Incorporated by reference from Exhibit 10.1 to Form 10-Q filed on August 4, 2009.)
10.43	Receivables Purchase Agreement, dated as of June 30, 2009, among Convergys Funding Inc. as Seller, Convergys Corporation as Services, Wachovia Bank, National Association, Liberty Street Funding LLC, the Bank of Nova Scotia, The Bank of Nova Scotia as Scotiabank Group Agent, and Wachovia Bank, National Association as Administrative Agent. (Incorporated by reference from Exhibit 10.2 to Form 10-Q filed on August 4, 2009.)
10.44	Second Amendment to the Five-Year Competitive Advance and Revolving Credit facility Agreement dated as of October 20, 2006, among Convergys Corporation, the Lenders party thereto and JPMorgan Chase Bank, National Association, as Administrative Agent, dated as of February 12, 2010.
10.45	2009 Form of Time-Based Restricted Stock Unit Award Agreement for Employees.*
10.46	2009 Form of Performance-Based Stock Unit Award Agreement.*
10.47	2009 Form of Performance-Based Restricted Stock Unit Award Agreement.*
12	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends.
21	Subsidiaries of Convergys Corporation.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm for the Company.
23.2	Consent of Ernst & Young LLP, Independent Auditors for Cincinnati SMSA Limited Partnership.
24	Powers of Attorney.

31.1 Rule 13(a) - 14(a) Certification by Chief Executive Officer.

31.2 Rule 13(a) - 14(a) Certification by Chief Financial Officer.

32 Section 1350 Certifications.

99 Audited Financial Statements for Cincinnati SMSA Limited Partnership

* Management contract or compensatory plan or arrangement.

Item 15(b) and (c). Exhibits and Financial Statement Schedule

The responses to these portions of Item 15 were submitted as a separate section of the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONVERGYS CORPORATION

August 6, 2010

By /s/ Earl C. Shanks
Earl C. Shanks
Chief Financial Officer

Exhibit 23.2

Consent of Independent Auditors

We consent to the incorporation by reference in the following Registration Statements of Convergys Corporation:

1) Registration Statement (Form S-4 No. 333-161586) of Convergys Corporation,
2) Registration Statement (Form S-3 No. 333-150856) of Convergys Corporation,
3) Registration Statement (Form S-8 No. 333-165385) pertaining to Convergys Corporation Salary Stock Unit Award Agreement with an Employee, Restricted Stock Unit Award Agreement with an Employee, and Stand Alone Stock Option Award,
4) Registration Statement (Form S-8 No. 333-96735) pertaining to Convergys Corporation Executive Deferred Compensation Plan,
5) Registration Statement (Form S-8 No. 333-111209) pertaining to Convergys Corporation Employee Stock Purchase Plan,
6) Registration Statement (Form S-8 No. 333-96733) pertaining to Convergys Corporation Retirement and Savings Plan,
7) Registration Statement (Form S-8 No. 333-96729) pertaining to Convergys Corporation Deferred Compensation and Option Gain Deferral Plan for Non-Employee Directors,
8) Registration Statement (Form S-8 No. 333-96727) pertaining to Convergys Corporation 1998 Long Term Incentive Plan,
9) Registration Statement (Form S-8 No. 333-86137) pertaining to Convergys Corporation Canadian Employee Share Purchase Plan,
10) Registration Statement (Form S-8 No. 333-66992) pertaining to Geneva Technology Limited Unapproved Share Option Scheme 1998 of Convergys Corporation;

of our report dated June 30, 2010, with respect to the financial statements of Cincinnati SMSA Limited Partnership included in this Annual Report (Form 10-K/A) of Convergys Corporation for the year ended December 31, 2009.

/s/ Ernst & Young LLP
Atlanta, Georgia
August 6, 2010

Exhibit 31.1 to 2009 10-K/A (Amendment No. 1)

Certification

I, Jeffrey H. Fox, certify that:

1. I have reviewed this annual report on Form 10-K/A (Amendment No. 1) of Convergys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2010

/s/ Jeffrey H. Fox
Jeffrey H. Fox
Chief Executive Officer

Exhibit 31.2 to 2009 10-K/A (Amendment No. 1)

Certification

I, Earl C. Shanks, certify that:

1. I have reviewed this annual report on Form 10-K/A (Amendment No. 1) of Convergys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2010

/s/ Earl C. Shanks
Earl C. Shanks
Chief Financial Officer

Exhibit 32.1 to 2009 10-K/A (Amendment No. 1)

CERTIFICATION OF PERIODIC FINANCIAL REPORT BY CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-K/A (Amendment No. 1) for the year ended December 31, 2009 of Convergys Corporation (the "Company"), as filed with the Securities and Exchange Commission on August 6, 2010 (the "Report"), I, Jeffrey H. Fox, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ Jeffrey H. Fox
Jeffrey H. Fox
Chief Executive Officer

August 6, 2010

A signed original of this written statement required by Section 906 has been provided to Convergys Corporation and will be retained by Convergys Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-K/A (Amendment No. 1) and shall not be considered filed as part of the Form 10-K/A (Amendment No. 1).

Exhibit 32.2 to 2009 10-K/A (Amendment No. 1)

CERTIFICATION OF PERIODIC FINANCIAL REPORT BY CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-K/A (Amendment No. 1) for the year ended December 31, 2009 of Convergys Corporation (the "Company"), as filed with the Securities and Exchange Commission on August 6, 2010 (the "Report"), I, Earl C. Shanks, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ Earl C. Shanks
Earl C. Shanks
Chief Financial Officer

August 6, 2010

A signed original of this written statement required by Section 906 has been provided to Convergys Corporation and will be retained by Convergys Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-K/A (Amendment No. 1) and shall not be considered filed as part of the Form 10-K/A (Amendment No. 1).

Exhibit 99

FINANCIAL STATEMENTS

Cincinnati SMSA Limited Partnership
Years Ended December 31, 2009, 2008 and 2007
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Cincinnati SMSA Limited Partnership

Financial Statements

Years Ended December 31, 2009, 2008 and 2007

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Report of Independent Auditors

The Partners
Cincinnati SMSA Limited Partnership

We have audited the accompanying balance sheets of Cincinnati SMSA Limited Partnership as of December 31, 2009 and 2008, and the related statements of operations, changes in partners' capital, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Partnership's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cincinnati SMSA Limited Partnership at December 31, 2009 and 2008, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States.

Ernst + Young LLP

June 30, 2010

A member firm of Ernst & Young Global Limited

Cincinnati SMSA Limited Partnership

Balance Sheets
(In Thousands)

	December 31 2009	December 31 2008
Assets		
Current assets:		
Due from AT&T Mobility	**$ 29,573**	$ 31,744
Accounts receivable, net of allowance for doubtful accounts of $2,146 and $1,929	**30,734**	30,112
Inventories	**3,414**	2,436
Prepaid expenses and other current assets	**3,027**	2,943
Total current assets	**66,748**	67,235
Property, plant and equipment, net	**210,027**	204,836
Intangible assets, net	**546**	354
Other assets, net	**2,744**	2,409
Total assets	**$ 280,065**	$ 274,834
Liabilities and partners' capital		
Current liabilities:		
Accounts payable	**$ 220**	$ 1,055
Accrued liabilities	**2,954**	10,112
Advanced billing and customer deposits	**19,179**	15,229
Current portion of capital lease obligations	**875**	814
Total current liabilities	**23,228**	27,210
Long-term capital lease obligations	**45,330**	45,402
Other long-term liabilities	**3,589**	2,967
Non current deferred rent	**5,009**	4,219
Partners' capital:		
New Cingular Wireless PCS, LLC	**171,483**	166,495
Contribution receivable from New Cingular Wireless PCS, LLC	**(42,903)**	(42,903)
Convergys Information Management Group, Inc.	**74,329**	71,444
Total partners' capital	**202,909**	195,036
Total liabilities and partners' capital	**$ 280,065**	$ 274,834

See accompanying notes.

Cincinnati SMSA Limited Partnership

Statements of Operations
(In Thousands)

	Year Ended December 31		
	2009	**2008**	**2007**
Operating revenues:			
Service revenues (Note 6)	**$ 544,773**	$ 466,624	$ 408,445
Equipment sales	**47,251**	40,705	35,524
Total operating revenues	**592,024**	507,329	443,969
Operating expenses (Note 6):			
Cost of services (excluding depreciation of $35,200, $34,794 and $62,995, which is included below)	**160,349**	142,771	136,646
Cost of equipment sales	**99,793**	74,895	58,488
Selling, general and administrative	**167,168**	149,624	140,362
Depreciation and amortization	**35,767**	36,104	65,268
Total operating expenses	**463,077**	403,394	400,764
Operating income	**128,947**	103,935	43,205
Other, net	**(2,435)**	(3,677)	(3,507)
Net income	**$ 126,512**	$ 100,258	$ 39,698

See accompanying notes.

Cincinnati SMSA Limited Partnership

Statements of Changes in Partners' Capital
(In Thousands)

	New Cingular Wireless PCS, LLC	Convergys Information Management Group, Inc.	GIT-Cell, Inc.	Total
Balance at December 31, 2006	$ 124,893	$ 72,111	$ 750	$ 197,754
Capital distributions	(17,277)	(8,855)	–	(26,132)
Net income	26,217	13,437	44	39,698
Limited partner withdrawal	–	–	(794)	(794)
Balance at December 31, 2007	133,833	76,693	–	210,526
Capital distributions	(76,527)	(39,221)	–	(115,748)
Net income	66,286	33,972	–	100,258
Balance at December 31, 2008	123,592	71,444	–	195,036
Capital distributions	**(79,859)**	**(40,929)**	–	**(120,788)**
Capital contributions	**1,204**	**945**	–	**2,149**
Net income	**83,643**	**42,869**	**–**	**126,512**
Balance at December 31, 2009	**$ 128,580**	**$ 74,329**	**$ –**	**$ 202,909**

See accompanying notes.

Cincinnati SMSA Limited Partnership

Statements of Cash Flows
(In Thousands)

	Year Ended December 31		
	2009	**2008**	**2007**
Operating activities			
Net income	**$ 126,512**	$ 100,258	$ 39,698
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**35,767**	36,104	65,268
Provision for doubtful accounts	**7,433**	6,784	6,882
(Gain) loss on disposal of property, plant and equipment	**(475)**	–	2,511
Changes in operating assets and liabilities:			
Accounts receivable	**(8,055)**	(10,192)	(9,088)
Inventories	**(978)**	52	(996)
Prepaid expenses and other current assets	**(84)**	(10)	28
Other assets	**(335)**	(145)	106
Accounts payable	**(835)**	1,054	324
Other current liabilities	**(3,208)**	1,463	(10,117)
Accrued interest on capital leases	**37**	382	683
Non current deferred rent	**790**	4,219	263
Other long-term liabilities	**622**	(2,606)	35
Net cash provided by operating activities	**157,191**	137,363	95,597
Investing activities			
Construction and capital expenditures	**(38,785)**	(25,350)	(34,277)
Proceeds from sale of fixed assets	**513**	–	461
Net cash used in investing activities	**(38,272)**	(25,350)	(33,816)
Financing activities			
Partners' capital distributions	**(120,788)**	(115,748)	(26,132)
Partners' capital contributions	**945**	–	–
Limited partner withdrawal	**–**	–	(794)
Payments on capital lease obligations	**(1,247)**	(697)	(376)
Net cash used in financing activities	**(121,090)**	(116,445)	(27,302)
Net change in due from AT&T Mobility	**(2,171)**	(4,432)	34,479
Due from AT&T Mobility at beginning of year	**31,744**	36,176	1,697
Due from AT&T Mobility at end of year	**$ 29,573**	$ 31,744	$ 36,176
Supplemental disclosure of cash flow information			
Interest paid	**$ 3,532**	$ 4,146	$ 4,122

See accompanying notes.

1. Organization

Cincinnati SMSA Limited Partnership (Partnership) is a Delaware limited partnership between New Cingular Wireless PCS, LLC (General Partner) and Convergys Information Management Group, Inc. (Convergys) (Limited Partner). The General Partner is an indirect wholly owned subsidiary of AT&T Inc. (AT&T). The Partnership is operated as a part of AT&T's Wireless Segment (AT&T Mobility). The General Partner holds a 40% general partnership interest and a 26.12% limited partnership interest as of December 31, 2009, 2008 and 2007. The Limited Partner holds a 33.88% limited partnership interest as of December 31, 2009, 2008 and 2007. On February 23, 2007, GIT-Cell, Inc., a limited partner which held a 0.36% limited partnership interest in the Partnership, withdrew from the Partnership. In accordance with the Partnership agreement, upon withdrawal GIT-Cell, Inc. received a distribution equal to its capital account on the withdrawal date of $794 and the remaining partners' limited partnership interests were increased on a pro-rata basis. The Partnership was formed to be the owner and operator of a cellular mobile telephone system servicing the Cincinnati, Columbus, Dayton, Hamilton/Middleton, and Springfield, Metropolitan Statistical Areas, which includes operations in the states of Ohio, Kentucky and Indiana. The Partnership's cellular mobile telephone service began November 2, 1984.

The General Partner is responsible for managing and providing certain services to the Partnership. See Note 6. The General Partner is liable for all general obligations of the Partnership to the extent not paid by the Partnership. The limited partners are not liable for the obligations of the Partnership beyond their contributed capital. Profits, losses and distributable cash are allocated to the individual partners based upon their respective ownership percentages.

The financial position, results of operations and cash flows of the Partnership could have differed from reported results had the Partnership operated as an autonomous entity independent of AT&T Mobility.

The Partnership provides wireless voice and data communications services, including long distance and roaming services using both cellular and personal communications (PCS) frequencies licensed by the Federal Communications Commission (FCC). FCC licenses provide the Partnership with the exclusive right to utilize certain radio frequency spectrum to provide wireless communications services. While FCC licenses are issued for only a fixed time (generally ten years), renewals of FCC licenses have occurred routinely at a nominal cost.

1. Organization (continued)

In October 2004, AT&T Mobility acquired AT&T Wireless Services, Inc. (AWS). As a result of the merger, AT&T Mobility became the indirect owner of certain legacy AWS markets which provided broadband PCS service in the same geographic area as the Partnership. On June 24, 2005, a merger agreement (the Partnership Merger Agreement) was executed between the Partnership and AT&T Mobility pursuant to which AT&T Mobility contributed legacy AWS customers in the overlap market, the related fixed assets and FCC spectrum licenses to the Partnership.

As of December 31, 2009, the transfer of legacy AWS FCC spectrum licenses contributed to the Partnership was not yet complete. The licenses to be transferred were in process of being partitioned which is required prior to transfer. Accordingly, the carrying value of these FCC licenses of $42,903 is reflected as a contribution receivable and a reduction of partners' capital in the accompanying balance sheets and statements of changes in partners' capital. Management expects the transfer of these licenses to the Partnership to be completed in the second half of 2010.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reflected in the financial statements and accompanying notes. The Partnership bases its estimates on experience, where applicable and other assumptions management believes are reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Estimates are used when accounting for items such as revenues, allowance for doubtful accounts, useful lives of property, plant and equipment, asset impairments, inventory reserves and evaluation of minimum lease terms for operating leases.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Partnership earns service revenues by providing access to its wireless network (access revenue) and for usage of its wireless system (airtime revenue). Customers are associated with the Partnership based on assigned mobile phone numbers. Access revenue from postpaid customers is billed either in advance or arrears and recognized ratably over the service period. Airtime revenue, including roaming revenue and long-distance revenue, is billed in arrears based on minutes of use and is recognized when the service is rendered. Data usage revenue, also billed in arrears, is based upon either number of messages or kilobytes used and is recognized when the service is rendered. Other data revenue related to downloadable content, such as ringtones and games, is recognized when the data content is delivered to the subscriber's device. Prepaid airtime sold to customers and revenue collected from pay-in-advance customers is recorded as deferred revenue prior to the commencement of services, and revenue is recognized when airtime is used or expires. Access and airtime services provided are billed throughout the month according to the bill cycle in which a particular subscriber is placed. As a result of bill cycle cutoff times, the Partnership is required to make estimates for service revenues earned but not yet billed at the end of each month, and for advanced billings. Estimates for access revenues are based upon the most current bill cycle revenues. Estimates for airtime revenues are based upon actual minutes/messages/kilobytes of use.

Certain rate plans include a rollover feature whereby unused anytime minutes do not expire each month but rather are available, under certain conditions, for future use for a period not to exceed one year from the date of purchase. The Partnership defers revenue based on an estimate of the portion of unused minutes expected to be utilized prior to expiration. Historical subscriber usage patterns, which have been consistent and which management views to be reliable for purposes of gauging predictive behavior, allow the Partnership to estimate the number of unused minutes to be utilized, as well as those which are likely to expire or be forfeited. No deferral of revenue is recorded for the minutes expected to expire or be forfeited, as no future performance is expected to be required by the Partnership, nor is there any obligation to refund or redeem for value expired minutes. The balance of the deferral as of December 31, 2009 and 2008 was $2,735 and $2,619, respectively, and has been included in "Advanced billing and customer deposits" in the balance sheets.

2. Summary of Significant Accounting Policies (continued)

Service revenues include revenues from Partnership customers who roam outside their selected home coverage area, referred to as “incollect” roaming revenues, and revenues from affiliates and other wireless carriers for roaming by their customers on the Partnership’s network, referred to as “outcollect” roaming revenues. See Note 6.

The Partnership offers data and other enhanced services including caller ID, call waiting, call forwarding, three-way calling, no answer/busy transfer, text messaging, and voicemail. Generally, these enhanced features generate additional service revenues through monthly subscription fees or increased wireless usage through utilization of the features. Other optional services, such as mobile-to-mobile calling, roadside assistance, and handset insurance, may also be provided for a monthly fee. These enhanced features and optional services may be bundled with package rate plans or sold separately. Revenues for enhanced services and optional features are recognized as earned. Service revenues also include billings to the Partnership’s customers for Universal Service Fund and other regulatory fees. Revenues are presented net of any sales taxes collected from customers and remitted to governmental authorities.

Periodically, data roaming activity occurs, for which the Partnership recognizes revenue by applying a bill-and-keep methodology. The bill-and-keep method is a common and accepted pricing practice in the telecommunications industry whereby parties agree to carry each others’ traffic on a reciprocal basis at no charge. No revenue related to data roaming activity is allocated between the Partnership and other AT&T Mobility markets. The Partnership recognizes revenue for all charges to its customers for data services provided.

Equipment sales consist principally of revenues from the sale of wireless handsets and accessories to new and existing customers and to agents and other third-party distributors. Equipment revenues and expenses are recorded to the Partnership using both direct and allocated methods depending upon the sales channel. The revenue and related expenses associated with the sale of wireless handsets and accessories through the Partnership’s indirect sales channels are recognized when the products are delivered and accepted by the agent or third-party distributor and probability of collection is likely, as this is considered to be a separate earnings process from the sale of wireless services. Shipping and handling costs for wireless handsets sold to agents and other third-party distributors are classified as costs of equipment sales.

2. Summary of Significant Accounting Policies (continued)

The Partnership determined the sale of wireless services through its direct sales channels with an accompanying handset constitutes a revenue arrangement with multiple deliverables. The Partnership accounts for these arrangements as separate units of accounting, including the wireless service and handset. Arrangement consideration received for the handset is recognized as equipment sales when the handset is delivered and accepted by the subscriber. Arrangement consideration received for the wireless service is recognized as service revenues when earned. As the nonrefundable, up-front activation/upgrade fee charged to the subscriber does not meet the criteria as a separate unit of accounting, the Partnership allocates the additional arrangement consideration received from the activation/upgrade fee to the handset (the delivered item) to the extent the aggregate handset and activation/upgrade fees proceeds do not exceed the fair value of the handset. Any activation/upgrade fees not allocated to the handset are deferred upon activation and recognized as service revenue on a straight-line basis over the estimated customer relationship period. The Partnership determined the sale of wireless services through its indirect sales channels (agents) does not constitute a revenue arrangement with multiple deliverables. For indirect channel sales, the Partnership defers nonrefundable, up-front activation/upgrade fees and associated costs to the extent of the related revenues. These deferred fees and costs are amortized on a straight-line basis over the estimated customer relationship period. The Partnership has recorded deferred revenues and deferred expenses of equal amounts in the balance sheets. As of December 31, 2009 and 2008, deferred revenues and expenses were $4,713 and $4,247, respectively.

Taxes

As the Partnership is not a taxable entity for federal income tax purposes, the results of its operations are included in the federal tax returns of the partners. Accordingly, federal income taxes are not reflected in the financial statements. The Partnership is subject to state franchise taxes for its operations in the state of Kentucky and city income taxes for its operations in certain jurisdictions in the state of Ohio. Such amounts are not material for 2009, 2008 and 2007.

Statements of Cash Flows

For purposes of the statements of cash flows, the Partnership considers “Due from AT&T Mobility” to be cash equivalents. See Note 6.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consist principally of trade accounts receivable from customers and are generally unsecured and due within 30 days. Credit losses relating to these receivables consistently have been within management's expectations. Expected credit losses are recorded as an allowance for doubtful accounts in the balance sheets. Estimates of expected credit losses are based primarily on write-off experience, net of recoveries, and on the aging of the accounts receivable balances. The collection policies and procedures of the Partnership vary by credit class and payment history of customers.

Inventories

Inventories consist principally of wireless handsets and accessories and are valued at the lower of cost or market value. Market value is determined using replacement cost. The Partnership maintains inventory valuation reserves for obsolescence and slow moving inventory. These reserves are determined based on analysis of inventory aging.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of additions and substantial improvements is capitalized. Interest expense incurred during the construction phase of the Partnership's wireless network is capitalized as part of property, plant and equipment until the projects are completed and the assets are ready for their intended use. The cost of maintenance and repairs is charged to operating expenses. Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Leasehold improvements, including cell site acquisition and other site construction improvements, are depreciated over the shorter of their estimated useful lives or lease terms that are reasonably assured. Depreciation lives may be accelerated due to changes in technology or other industry conditions. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized and included in "Cost of services."

2. Summary of Significant Accounting Policies (continued)

Intangible Assets

Intangible assets consist of customer relationships. Customer relationship intangible assets are amortized over five to seven years using an accelerated sum-of-the-months-digits amortization method. Gross customer relationship intangible assets were $1,116 and $12,251 at December 31, 2009 and 2008, respectively. Accumulated amortization was $570 and $11,897 at December 31, 2009 and 2008, respectively. Amortization expense was $567, $1,310 and $2,273 for the years ended December 31, 2009, 2008 and 2007, respectively. Amortization expense for the years ending December 31, 2010 through 2014 is estimated to be as follows:

	Amortization Expense
2010	$ 199
2011	155
2012	111
2013	62
2014	19
Total amortization expense	$ 546

2. Summary of Significant Accounting Policies (continued)

Valuation of Long-Lived Assets

Long-lived assets, including property, plant and equipment and intangible assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. It is reasonably possible these assets could become impaired as a result of technological or other industry changes. In analyzing potential impairment, the Partnership uses projections of future cash flows from the asset group. If the total of the expected future undiscounted cash flows from the asset group the Partnership intends to hold and use is less than the carrying amount of the asset group, a loss is recognized for the difference between the fair value and carrying amount of the asset group. The asset group to be held and used represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. For assets the Partnership intends to dispose of, a loss is recognized if the carrying amount of the assets in the disposal group is more than fair value, net of the costs of disposal. The Partnership principally uses the discounted cash flow method to estimate the fair value of its long-lived assets. The discount rate applied to the undiscounted cash flows is consistent with the Partnership's weighted-average cost of capital. The cash flow projections are based on the Partnership's views of forecasted growth rates, anticipated future economic conditions, appropriate discount rates relative to risk and estimates of residual values. The Partnership periodically evaluates the useful lives of its wireless network equipment and other equipment based on technological and other industry changes to determine whether events or changes in circumstances warrant revisions to the useful lives.

Asset Retirement Obligations

The Partnership has certain legal asset retirement obligations related to network infrastructure, principally tower assets. These legal obligations include obligations to remediate leased land on which the Partnership's network infrastructure assets are located. The significant assumptions used in estimating the Partnership's asset retirement obligations include the following: a probability, depending upon the type of operating lease, that the Partnership's assets with asset retirement obligations will be remediated at the lessor's directive; expected settlement dates that coincide with lease expiration dates plus estimates of lease extensions; remediation costs indicative of what third-party vendors would charge the Partnership to remediate the sites; expected inflation rates consistent with historical inflation rates; and credit-adjusted risk-free rates that approximate AT&T Mobility's incremental borrowing rates. The Partnership's asset retirement obligations are not material.

2. Summary of Significant Accounting Policies (continued)

Advertising Costs

Costs for advertising, including amounts allocated from AT&T Mobility, are expensed as incurred. Total advertising expenses were $20,371, $20,419 and $23,445 for the years ended December 31, 2009, 2008 and 2007, respectively.

Operating Leases

Rent expense is recorded on a straight-line basis over the initial lease term and those renewal periods that are reasonably assured. The difference between rent expense and rent paid is recorded as deferred rent and is included in "Accounts payable" and "Non current deferred rent" in the balance sheets.

Financial Instruments

The carrying amounts of due from AT&T Mobility, accounts receivable, accounts payable, accrued liabilities, advanced billing and customer deposits and other current liabilities are reasonable estimates of their fair values due to the short-term nature of these instruments.

Comprehensive Income

Comprehensive income for the Partnership is the same as net income for all years presented.

Reclassifications

Certain amounts have been reclassified in the 2008 and 2007 financial statements to conform to the current year presentation.

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

Accounting Standards Codification . In June 2009, the Financial Accounting Standards Board (FASB) issued standards that established the FASB Accounting Standards Codification (ASC or Codification) as the source of authoritative generally accepted accounting principles (GAAP) by the FASB for nongovernmental entities. The ASC supersedes all non-SEC accounting and reporting standards that existed at the ASC's effective date. The FASB uses Accounting Standards Updates (ASU) to amend the ASC. These standards were effective for interim and annual periods ending after September 15, 2009 (i.e., the year ended December 31, 2009, for the Partnership).

Subsequent Events . In May 2009, the FASB issued a standard that established general standards of accounting for and disclosing events that occur after the balance sheet date but before financial statements are issued or are available for issuance. They were effective for annual periods ending after June 15, 2009 (i.e., the year ended December 31, 2009, for the Partnership). In preparing the accompanying audited financial statements, management reviewed all known events that have occurred after December 31, 2009, and through June 30, 2010, the date the financial statements were available for issuance, for inclusion in the financial statements and footnotes.

Business Combinations . In December 2007, the FASB amended GAAP for acquisitions, requiring that costs incurred to effect the acquisition (i.e., acquisition-related costs) be recognized separately from the acquisition. Under prior guidance, restructuring costs that the acquirer expected but was not obligated to incur, which included changes to benefit plans, were recognized as if they were a liability assumed at the acquisition date. Amended GAAP for acquisitions requires the acquirer to recognize those costs separately from the business combination. The Partnership adopted the new guidance as of January 1, 2009 with no material impact upon adoption.

2. Summary of Significant Accounting Policies (continued)

Revenue Arrangements with Multiple Deliverables. In October 2009, the FASB issued "Multiple-Deliverable Revenue Arrangements" (ASU 2009-13), which addresses how revenues should be allocated among all products and services included in our sales arrangements. It establishes a selling price hierarchy for determining the selling price of each product or service, with vendor-specific objective evidence (VSOE) at the highest level, third-party evidence of VSOE at the intermediate level, and a best estimate at the lowest level. It replaces "fair value" with "selling price" in revenue allocation guidance, eliminates the residual method as an acceptable allocation method, and requires the use of the relative selling price method as the basis for allocation. It also significantly expands the disclosure requirements for such arrangements, including, potentially, certain qualitative disclosures. ASU 2009-13 will be effective prospectively for sales entered into or materially modified in fiscal years beginning on or after June 15, 2010 (i.e., the year beginning January 1, 2011, for the Partnership). The FASB permits early adoption of ASU 2009-13, applied retrospectively, to the beginning of the year of adoption. The Partnership's management is currently evaluating the impact on its financial statements.

3. Property, Plant and Equipment

Property, plant and equipment is summarized as follows:

	Estimated Useful Life in Years	December 31 2009	December 31 2008
Land	–	**$ 3,700**	$ 3,739
Buildings and building improvements	15	**137,777**	131,341
Operating and other equipment	3-15	**257,833**	232,049
Furniture and fixtures	10	**4,391**	4,371
Construction in progress	–	**6,788**	2,308
		410,489	373,808
Less accumulated depreciation		**200,462**	168,972
Property, plant and equipment, net		**$ 210,027**	$ 204,836

3. Property, Plant and Equipment (continued)

The net book value of assets recorded under capital leases was $26,475 and $26,901 at December 31, 2009 and 2008, respectively. These capital leases principally relate to communications towers and other operating equipment. Amortization of assets recorded under capital leases is included in depreciation expense. Capital lease additions for the years ended December 31, 2009, 2008 and 2007 were $1,199, $560, and $2,619, respectively. In 2008, the Partnership recorded a reduction to its capital lease assets and capital lease obligations of $13,783 as a result of the renegotiation of the terms of its capital leases with a vendor. Additionally, in 2008 the Partnership reduced the capital lease assets and obligations by $2,540 due to the decommissioning of certain leased communications towers. Capital lease additions and adjustments are non-cash activities for purposes of the statements of cash flows.

The Partnership's cellular/PCS networks are currently equipped with the following digital transmission technologies: Global System for Mobile Communication (GSM) in all areas and Universal Mobile Telecommunications System (UMTS)/High Speed Downlink Packet Access (HSDPA) in select areas. In February 2008, the Partnership discontinued the use of TDMA technology.

Depreciation expense for the years ended December 31, 2009, 2008 and 2007 was $35,200, $34,794 and $62,995, respectively.

4. Accrued Liabilities

Accrued liabilities are summarized as follows:

	December 31	
	2009	**2008**
Taxes, other than income	**$ 2,113**	$ 2,728
Accrued fixed asset purchases	**510**	2,816
Accrued commissions	**–**	4,319
Other	**331**	249
Total accrued liabilities	**$ 2,954**	$ 10,112

5. Concentration of Risk

The Partnership relies on local and long-distance telephone companies and other companies to provide certain communications services. Although management believes alternative vendors could be found in a timely manner, any disruption of these services could potentially have an adverse impact on operating results.

The Partnership relies on AT&T Mobility or its affiliates' roaming agreements with other wireless carriers to permit the Partnership's customers to use other wireless carriers' networks in areas not covered by the Partnership's networks or by AT&T Mobility's or its affiliates' networks. If these other carriers decide not to continue those agreements due to a change in ownership or other circumstances, a loss of service in certain areas and possible loss of customers could occur.

AT&T Mobility maintains contracts with multiple vendors to supply its handset inventory and network infrastructure equipment, which are important components of its operations. If the suppliers are unable to meet AT&T Mobility's needs as it continues to build out and upgrade its network infrastructure, or restore service after an outage, and sell service and handsets, delays and increased costs in the expansion of the Partnership's network infrastructure or losses of potential customers could result, which would adversely affect operating results.

Financial instruments that could potentially subject the Partnership to credit risks consist principally of trade accounts receivable. Concentrations of credit risk with respect to these receivables are limited due to the composition of the customer base, which includes a large number of customers. No single customer accounted for more than 10% of revenues in any year presented, except for AT&T Mobility and its affiliates which were provided roaming services by the Partnership. See Note 6.

6. Related-Party Transactions

Due from AT&T Mobility

The Partnership's short-term cash surplus, if any, is swept on a daily basis pursuant to the terms of the Master Revolving Credit Note dated October 26, 2004, between the Partnership and AT&T Mobility, and is held in an account maintained by AT&T Mobility. The Partnership's cash needs in excess of any short-term cash surplus are met through short-term loans from AT&T Mobility. Interest on this net receivable/payable is credited/charged on a monthly basis at an established rate, which was 6.25% from January 1, 2007 through December 31, 2009. The 2009, 2008 and 2007 statements of operations include net interest income in "Other, net" of $2,184, $2,297 and $1,009, respectively, related to this arrangement.

Effective January 31, 2008, AT&T Mobility II LLC, an affiliate of the General Partner, replaced AT&T Mobility as the counterparty to all transactions with the Partnership under the Master Revolving Credit Note.

On January 1, 2010, the Master Revolving Credit Note dated October 26, 2004 was replaced with a new Master Revolving Credit Note executed with an effective date of January 1, 2010. Under the new agreement, the interest rate is equal to the six-month LIBOR rate and is reset on the first day of January and July of each calendar year.

Allocations

AT&T Mobility performs services on behalf of the Partnership which include network operations, customer service, finance and accounting, information technology and sales and marketing. Such services are charged to the Partnership at AT&T Mobility's cost and are allocated primarily based on end of period subscribers, network usage, gross customer additions and customer service call volumes. Allocation factors are modified periodically to align costs with services received, the impacts of which are recorded as a change in estimate and recognized prospectively in the statements of operations. The statements of operations for 2009, 2008 and 2007 include cost of services of $17,451, $16,353 and $19,493, respectively, and selling, general and administrative expenses of $83,246, $75,271 and $70,429, respectively, allocated from AT&T Mobility. Management believes the allocations are reasonable.

6. Related-Party Transactions (continued)

Other Affiliated Costs

In addition to the allocations described above, the statements of operations for 2009, 2008 and 2007 include expenses of $22,752, $18,849 and $18,852, respectively, in “Cost of services” and expenses of $1,986, $1,849 and $2,790, respectively, in “Selling, general and administrative” related to services provided by various affiliates of AT&T Mobility, such as telecommunications costs and commissions expense.

Intra-Billing Market Roaming

The Partnership is operated as part of a single wireless system in connection with certain other affiliated wireless systems in AT&T Mobility’s Great Lakes billing market. Prior to 2009, the Partnership’s and other affiliates’ access and airtime revenues generated in AT&T Mobility’s Great Lakes billing market were allocated between these affiliates based on an effective rate per minute and net cell site usage in each of the affiliate’s geographic service area within the Great Lakes billing market.

Beginning in 2009, the intra-billing market revenue share arrangement was modified such that the Partnership’s and other affiliates’ access and airtime transactions generated in AT&T Mobility’s Great Lakes billing market are accounted for as separate wholesale roaming transactions. The serving entity bills the affiliated entity of the customer initiating the transaction based on a fixed reciprocal rate per minute set by AT&T Mobility applied to actual cell site usage. These transactions result in outcollect revenue for the serving entity and incollect cost for the entity of the customer utilizing the serving entity’s cell towers.

In 2009, the Partnership earned $19,361 of outcollect revenue from affiliated entities, for wireless services provided to customers of other affiliated entities within the Great Lakes billing market. In 2009, the Partnership was charged $15,704 of incollect expense by affiliated entities, for wireless service provided by those entities within the Great Lakes billing market, to the Partnership’s customers. Outcollect revenue and incollect expense is included in “Service revenues” and “Cost of services,” respectively, in the accompanying statements of operations. In 2008 and 2007, under the revenue share arrangement, the Partnership received access and airtime revenues of $16,509 and $13,999, respectively, from, and shared $14,163 and $13,328, respectively, of access and airtime revenues with, affiliated entities in the Great Lakes billing market resulting in net access and airtime revenue from affiliated entities in the Great Lakes billing market of $2,346 and $671, respectively, which is recorded in “Service revenues.”

6. Related-Party Transactions (continued)

In accordance with the Partnership's data roaming bill-and-keep methodology as described in Note 2, data revenue is not allocated between affiliates.

Intracompany Roaming

The Partnership is operated as part of a single national wireless system in connection with other AT&T Mobility affiliated wireless systems outside of the Great Lakes billing market. The Partnership earned outcollect revenue from affiliated entities, included in "Service revenues," of $63,668, $57,332 and $53,450 in 2009, 2008 and 2007, respectively, for wireless services provided to customers from other markets outside of the Great Lakes billing market. The Partnership was charged incollect expense by affiliated entities, included in "Cost of services," of $55,940, $49,096 and $41,320 in 2009, 2008 and 2007, respectively, for wireless service provided to the Partnership's customers outside of the Great Lakes billing market.

7. Leases

The Partnership entered into operating leases for facilities and equipment used in operations. These leases typically include renewal options and escalation clauses. In general, ground and collocation leases have five- or ten-year initial terms with three to five renewal terms of five years each.

Rental expense under operating leases for the years ended December 31, 2009, 2008 and 2007 was $13,381, $13,886 and $11,373, respectively. The Partnership has also entered into capital leases primarily for the use of communication towers.

7. Leases (continued)

The following table summarizes the approximate future minimum rentals under noncancelable operating leases, including renewals that are reasonably assured, and capital leases in effect at December 31, 2009:

	Operating Leases	Capital Leases
2010	$ 11,409	$ 6,117
2011	11,151	6,401
2012	10,965	6,718
2013	10,792	7,052
2014	10,261	7,339
Thereafter	54,999	90,683
Total minimum payments	$ 109,577	124,310
Less capital lease imputed interest		58,763
Less capital lease executory costs		19,342
Total obligations under capital leases		46,205
Less current capital lease obligations		875
Total long-term capital lease obligations		$ 45,330

8. Dobson Overlap Assets Contribution

On November 15, 2007, AT&T acquired Dobson Communication Corporation (Dobson) which included certain assets which overlapped with the Partnership's geographic service area (Overlap Assets). On February 10, 2009, AT&T and the Partnership agreed to merge certain Overlap Assets with the Partnership's operations. The Partnership recorded the Overlap Assets at AT&T Mobility's carryover basis because these assets were transferred between entities under common control. The contribution amounts are reflected as increases to partners' capital and the related accounts in the Partnership's accompanying balance sheet as of December 31, 2009. Contributions of customer relationships and property and equipment were recorded in 2009 at AT&T Mobility's carrying values of $759 and $445, respectively. The aggregate contribution of $1,204 is a non-cash contribution for purposes of the statements of cash flows. The Limited Partner elected to contribute additional cash capital of $945 to maintain its ownership interest in the Partnership.

8. Dobson Overlap Assets Contribution (continued)

Additionally, on March 11, 2010, the Partnership entered into an agreement with New Cingular Wireless PCS, LLC, the General Partner, to lease certain 850MHz spectrum in Muskingum, Hocking and Perry counties in Ohio which were acquired from Dobson. In exchange for the right to use the leased spectrum, the Partnership agreed to pay the amount of $707 per year for the term of the lease, payable no less frequently than yearly. The lease agreement may be terminated by the Partnership or the General Partner with 30 days notice. The rights and obligations created under the spectrum lease agreement shall continue for an initial term that will continue until the expiration date for the applicable FCC licenses, which expire on October 1, 2011. Unless terminated earlier, and subject to renewal of the licenses by the FCC, the agreement shall automatically renew for successive lease terms until the ninety-ninth anniversary of March 11, 2010.