

TELEPHONE & DATA SYSTEMS INC /DE/
Form DEF 14A
August 31, 2011

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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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §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)

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TELEPHONE AND DATA SYSTEMS, INC.

30 North LaSalle Street, 40th Floor
Chicago, Illinois 60602
312-630-1900

August 31, 2011

Dear Fellow Shareholders:

You are cordially invited to attend a Special Meeting of Shareholders of Telephone and Data Systems, Inc., which we refer to as "TDS," to be held on Thursday, October 6, 2011, at 2:00 p.m. Chicago time, on the 4th floor of the Standard Club, 320 S. Plymouth Court, Chicago, Illinois. The formal notice of the meeting and a Proxy Statement are enclosed.

At the Special Meeting, you are being asked to vote on important proposals to amend the TDS Restated Certificate of Incorporation to improve and simplify the capital structure of TDS. The changes to the TDS Restated Certificate of Incorporation would involve:

- (a) an amendment to reclassify the Special Common Shares (on a one-for-one basis) as, and thereby consolidate such shares as one class with, the Common Shares;
- (b) an amendment to provide that the percentage voting power in matters other than the election of directors of the Series A Common Shares and of the Common Shares (including the Special Common Shares that have been reclassified as Common Shares) would be set at the aggregate percentage voting power of the Series A Common Shares and Common Shares immediately prior to the effective time of the foregoing reclassification and consolidation, which as of June 30, 2011 was approximately 56.7% and 43.3%, respectively, subject to adjustment for net changes in the number of outstanding Series A Common Shares between the date of such reclassification and consolidation and subsequent record dates for shareholder votes; and
- (c) an amendment to eliminate obsolete and inoperative provisions relating to tracking stock (which have never been issued) and series of Preferred Shares that are no longer outstanding.

As a result of the share consolidation described in item (a), there will be only one publicly-traded class of stock, which will eliminate the discount in the market price of the Special Common Shares in relation to the Common Shares. TDS believes this will have several benefits, including facilitating certain of the following purposes, (i) consolidate the public float and increase the market liquidity of the publicly-traded shares of TDS (due to an anticipated increase in the trading volume of the consolidated common stock), (ii) reduce economic dilution that occurs from the issuance of Special Common Shares that trade at a discount to the market price of the Common Shares, (iii) increase flexibility for the issuance of shares of common stock for possible financings, acquisitions or other transactions, (iv) allow for easier analysis and valuation of the single class of publicly-traded common stock, (v) increase the market recognition of the value of TDS, (vi) simplify the TDS capital structure and reduce investor and employee confusion regarding two publicly-traded classes of capital stock, and (vii) simplify the planning and execution of TDS' open market stock repurchase program and its employee compensation activities.

The Common Shares are currently listed on the New York Stock Exchange under the symbol "TDS" and the Special Common Shares are currently listed on the New York Stock Exchange under the symbol "TDS.S." If the reclassification is approved and becomes effective, the Special Common Shares will cease to be outstanding and cease to trade and will be reclassified as Common Shares, which will continue to trade on the New York Stock Exchange under the symbol "TDS," as discussed more fully in the enclosed Proxy Statement.

TDS views the above proposals as a way to achieve the objectives that were intended to be achieved from the distribution of Special Common Shares in 2005 but that, due to various factors described in the accompanying Proxy Statement, were not achieved by the 2005 distribution.

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Because the Common Shares and Special Common Shares have substantially identical economic rights, the relative economic ownership interest of each holder of Special Common Shares and Common Shares will be the same immediately after the reclassification and consolidation becomes effective as it was immediately prior thereto.

Citigroup Global Markets Inc., which we refer to as "Citi," is acting as financial advisor to TDS in connection with the foregoing proposals. The TDS board of directors has studied the proposals, has consulted with its financial and legal advisors, and has carefully weighed potential advantages against potential disadvantages, and has concluded that the potential advantages of the proposals outweigh potential disadvantages. In evaluating the reclassification of all outstanding Special Common Shares as Common

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Shares, the TDS board of directors received and considered the opinion of Citi to the effect that, as of the date of the opinion, and based upon and subject to the considerations and limitations set forth therein, Citi's work described in the enclosed Proxy Statement and other factors Citi deemed relevant, the reclassification ratio of one-for-one was fair from a financial point of view to both the holders of Common Shares and the holders of Special Common Shares (solely in their capacity as holders of the Common Shares or holders of the Special Common Shares, as the case may be, and disregarding any interest any holder of Common Shares or Special Common Shares, as the case may be, may have in any other equity securities of TDS), as described in the enclosed Proxy Statement and in the opinion attached to the enclosed Proxy Statement.

In addition, the independent directors of TDS have retained Credit Suisse Securities (USA) LLC, which we refer to as "Credit Suisse," to act as their financial advisor and have retained independent legal counsel in connection with the foregoing proposals.

Subject to shareholder approvals and certain other conditions, shortly after the Special Meeting, the TDS board of directors expects to approve the filing of the proposed Restated Certificate of Incorporation (attached to the enclosed Proxy Statement) to effect the foregoing amendments.

In addition, the Proxy Statement includes proposals to be considered at the Special Meeting to adopt or amend certain compensation plans related to the foregoing proposals.

TDS also is asking shareholders to authorize an adjournment of the Special Meeting if deemed appropriate to continue to solicit shareholder support for the proposals.

The TDS board of directors, including the independent directors, has unanimously approved the proposals, believes that the adoption of such proposals is in the best interests of TDS and holders of each class of its outstanding shares of capital stock and unanimously recommends that you vote "FOR" such proposals.

YOUR PROXY IS VERY IMPORTANT. The trustees of the Voting Trust, which holds a majority of the voting power of all shares of capital stock of TDS (the "TDS Voting Trust"), have advised TDS that they intend to vote FOR the foregoing proposals. However, because the TDS Voting Trust and its trustees and beneficiaries have an interest in the implementation of the proposals and related transactions as discussed in the enclosed Proxy Statement, the TDS board of directors has also determined to voluntarily submit the share consolidation amendment described in item (a) above and the vote amendment described in item (b) above for ratification and approval by a majority of the outstanding Common Shares and Special Common Shares (excluding shares held by the TDS Voting Trust and certain other persons affiliated with TDS), each voting separately as a class. **Accordingly, please sign and mail your proxy in the enclosed self-addressed envelope or vote by proxy on the Internet or by phone in accordance with the instructions set forth on the proxy card(s).**

YOU SHOULD RETAIN ALL CERTIFICATES WHICH REPRESENT TDS SHARES BECAUSE COMMON SHARE CERTIFICATES WILL CONTINUE TO REPRESENT COMMON SHARES, AND SPECIAL COMMON SHARE CERTIFICATES WILL REPRESENT COMMON SHARES IF THE PROPOSALS ARE APPROVED AND BECOME EFFECTIVE, AND WILL CONTINUE TO REPRESENT SPECIAL COMMON SHARES IF THE PROPOSALS ARE NOT APPROVED OR DO NOT BECOME EFFECTIVE FOR ANY REASON.

This Notice of Special Meeting and Proxy Statement is first being mailed to shareholders on or about September 1, 2011 to holders of record on August 18, 2011.

If you have any questions, please call TDS' information agent, MacKenzie Partners, Inc., at 1-800-322-2885. We look forward with pleasure to visiting with you at the Special Meeting.

Very truly yours,

Walter C.D. Carlson
Chairman of the Board

LeRoy T. Carlson, Jr.
President and Chief Executive Officer

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS AND
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDER MEETING TO BE HELD ON**

October 6, 2011

TO THE SHAREHOLDERS OF

TELEPHONE AND DATA SYSTEMS, INC.

A Special Meeting of Shareholders of Telephone and Data Systems, Inc., a Delaware corporation, which we refer to as "TDS," will be held on the 4th floor of the Standard Club, 320 S. Plymouth Court, Chicago, Illinois, on Thursday, October 6, 2011, at 2:00 p.m. Chicago time (the "Special Meeting"), for the following purposes:

1. To consider and approve an amendment, which we refer to as the "Share Consolidation Amendment," to the Restated Certificate of Incorporation of TDS, which we refer to as the "TDS Charter," to reclassify the Special Common Shares (on a one-for-one basis) as, and thereby consolidate such shares as one class with, the Common Shares, which we refer to as the "Share Consolidation," including the reclassification of all outstanding Special Common Shares as Common Shares and the consolidation of the 165,000,000 authorized Special Common Shares with the 100,000,000 authorized Common Shares, for a consolidated total of 265,000,000 authorized Common Shares, as more fully described in the accompanying Proxy Statement, by the statutory votes required pursuant to Section 242(b) of the Delaware General Corporation Law as described in the enclosed Proxy Statement. We refer to Proposal 1 as the "Share Consolidation Amendment Statutory Vote."
2. To ratify and approve the Share Consolidation Amendment, and the TDS board of directors' decision to approve such amendment, based on a non-waivable condition voluntarily established by the TDS board of directors, by (i) approval by a majority of the outstanding Common Shares (excluding Common Shares held by Affiliated Persons (as defined below)), voting separately as a class, and (ii) approval by a majority of the outstanding Special Common Shares (excluding Special Common Shares held by Affiliated Persons), voting separately as a class. We refer to Proposal 2 as the "Share Consolidation Amendment Ratification Vote."
3. To consider and approve an amendment, which we refer to as the "Vote Amendment," to the TDS Charter to fix the total percentage voting power of the Series A Common Shares, on the one hand, and Common Shares, on the other hand, in matters other than the election of directors at the aggregate percentage of the voting power of the Series A Common Shares and Common Shares, respectively, immediately prior to the effective time of the foregoing reclassification, subject to adjustment due to changes in the number of outstanding Series A Common Shares, as more fully described in the accompanying Proxy Statement, by the statutory votes required pursuant to Section 242(b) of the Delaware General Corporation Law as described in the enclosed Proxy Statement. We refer to Proposal 3 as the "Vote Amendment Statutory Vote."
4. To ratify and approve the Vote Amendment, and the TDS board of directors' decision to approve such amendment, based on a non-waivable condition voluntarily established by the TDS board of directors, by (i) approval by a majority of the outstanding Common Shares (excluding Common Shares held by Affiliated Persons), voting separately as a class, and (ii) approval by a majority of the outstanding Special Common Shares (excluding Special Common Shares held by Affiliated Persons), voting separately as a class. We refer to Proposal 4 as the "Vote Amendment Ratification Vote."
5. To consider and approve a proposal to amend and restate the TDS Charter, which we refer to as the "Ancillary Amendment," to eliminate obsolete and inoperative provisions relating to series of Preferred Shares that are no longer outstanding and relating to Tracking Stock, which has never been issued and which the TDS board of directors no longer has any intention of issuing, as more fully described in the accompanying Proxy Statement, by the statutory votes required pursuant to Section 242(b) of the Delaware General Corporation Law as described in the enclosed Proxy Statement.
- 6.

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To consider and approve the adoption of a new Telephone and Data Systems, Inc. 2011 Long-Term Incentive Plan, which we refer to as the "Incentive Plan Adoption," related to the Share Consolidation Amendment, as more fully described in the accompanying Proxy Statement, by the vote described below.

7.

To consider and approve an amendment and restatement of the Telephone and Data Systems, Inc. Compensation Plan for Non-Employee Directors, which we refer to as the "Director Plan

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Amendment," related to the Share Consolidation, as more fully described in the accompanying Proxy Statement, by the vote described below.

8. To approve a proposal to adjourn the Special Meeting, if needed, to solicit additional votes in favor of Proposals 1, 2, 3 and 4, as more fully described in the accompanying Proxy Statement, by the vote described below.
9. To transact such other business as may properly be brought before the Special Meeting or any and all adjournments thereof by or at the direction of the TDS board of directors.

The approval of each of Proposals 6, 7 and 8 will require the affirmative vote of the holders of stock having a majority of the votes which could be cast by the holders of the Common Shares, Preferred Shares and Series A Common Shares voting together as a single group and entitled to vote on such proposal and present in person or represented by proxy at the Special Meeting.

The TDS board of directors unanimously recommends a vote "**FOR**" each of the proposals. As disclosed in the enclosed Proxy Statement, certain proposals are conditioned on the approval of other proposals.

For purposes of the foregoing votes, "Affiliated Persons" means the TDS Voting Trust, members of the Carlson family who are shareholders of TDS, and directors and executive officers of TDS. Such persons are identified below under "Security Ownership of Certain Beneficial Owners and Management Security Ownership of Management."

The close of business on August 18, 2011 is the record date for the determination of shareholders entitled to notice of, and to vote at, the Special Meeting or any adjournments or postponements thereof.

This Notice of Special Meeting and Proxy Statement is first being mailed to shareholders on or about September 1, 2011 to holders of record on August 18, 2011.

The TDS board of directors would like to have all shareholders represented at the Special Meeting. Whether or not you intend to be present at the meeting, please sign and mail your proxy in the enclosed self-addressed envelope to Computershare Trust Company, N.A., P.O. Box 43126, Providence, Rhode Island 02940-5138, or vote by proxy on the Internet or by phone in accordance with the instructions set forth on the proxy card. If you hold more than one class of TDS shares, you will find enclosed a separate proxy card for each holding. To assure that all your shares are represented, please vote by proxy on the Internet or by phone or return the enclosed proxy card(s).

Proxies given pursuant to this solicitation may be revoked at any time prior to the voting of the shares at the Special Meeting (by written notice to the Secretary of TDS, by submitting a later dated proxy or by attendance and voting in person at the Special Meeting).

The following additional information is being provided as required by rules of the Securities and Exchange Commission:

This notice and the enclosed Proxy Statement are available at www.teldta.com under Investor Relations Proxy Vote, or at www.teldta.com/proxyvote.

The following items have been posted to this web site:

1. Proxy Statement for the Special Meeting
2. Forms of Proxy Cards

Any control/identification numbers that you need to vote are set forth on your proxy card(s) if you are a record holder, or on your voting instruction card if you hold shares through a broker, dealer or bank.

The location where the Special Meeting will be held is the Standard Club in Chicago, Illinois. This is located in the Chicago Loop area between Jackson Boulevard and Van Buren Street at 320 South Plymouth Court, which is between State Street and Dearborn Street.

By order of the Board of Directors,

Kevin C. Gallagher
Vice President and Corporate Secretary
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TELEPHONE AND DATA SYSTEMS, INC.

PROXY STATEMENT

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QUESTIONS AND ANSWERS

The following provides information about this document, the Special Meeting and the proposals to be considered at the Special Meeting in question and answer format. These questions and answers may not address all questions that may be important to you. Please refer to the more detailed information contained elsewhere in this Proxy Statement, the attachments to this Proxy Statement and the documents referred to in this Proxy Statement, as indicated below. You may obtain the information incorporated by reference in this Proxy Statement without charge by following the instructions under "Where You Can Find More Information" below.

The Special Meeting

Why am I receiving this document?

This document constitutes a Proxy Statement and is being furnished to the shareholders of Telephone and Data Systems, Inc., a Delaware corporation, which we refer to as "TDS," in connection with the solicitation of proxies by the board of directors of TDS, which we refer to as the "TDS Board," for use at a Special Meeting of Shareholders of TDS and at any and all adjournments or postponements thereof.

This Notice of Special Meeting and Proxy Statement is first being mailed to shareholders on or about September 1, 2011 to holders of record on August 18, 2011.

When and where will the Special Meeting be held?

The Special Meeting will be held on Thursday, October 6, 2011, at 2:00 p.m. Chicago time, on the 4th floor of the Standard Club, 320 S. Plymouth Court, Chicago, Illinois.

What is the record date for the meeting?

The close of business on August 18, 2011 is the record date for the determination of shareholders entitled to notice of, and to vote at, the Special Meeting or any adjournments or postponements thereof.

A complete list of shareholders entitled to vote at the Special Meeting will be kept open at the offices of TDS, 30 North LaSalle Street, 40th Floor, Chicago, Illinois 60602, for examination by any shareholder for purposes germane to the meeting for a period of at least ten days before the Special Meeting.

What does the proxy authorize?

The TDS Board is seeking the proxy of the holders of Special Common Shares, Common Shares, Series A Common Shares and Preferred Shares to vote in favor of the proposals listed above in the Notice of the Special Meeting.

The enclosed proxy also confers discretionary authority for matters incident to the conduct of the meeting.

What do I need to do now?

If you do not expect to be present and vote in person at the Special Meeting, please sign and mail your proxy in the enclosed self-addressed envelope to Computershare Trust Company, N.A., P.O. Box 43126, Providence, Rhode Island 02940-5138, or vote by proxy on the Internet or by phone in accordance with the instructions on the proxy card.

Proxies given pursuant to this solicitation may be revoked at any time prior to the closing of polls at the Special Meeting (by written notice to the Secretary of TDS, by submitting a later dated proxy or by attendance and voting in person at the Special Meeting). Once the polls are closed, however, proxies may not be retroactively revoked.

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Summary of The Proposals

What will be considered at the Special Meeting?

At the Special Meeting, you will be asked to consider and vote upon the proposals listed above in the Notice of the Special Meeting and described below.

The Share Consolidation Amendment, the Vote Amendment and the Ancillary Amendment are referred to collectively as the "Charter Amendments."

The Incentive Plan Adoption and the Director Plan Amendment are referred to collectively as the "Plan Adoption and Amendment."

In addition, as described under "Other Proposal" below, TDS is seeking authority to adjourn the Special Meeting if needed to solicit more votes for the Share Consolidation Amendment in Proposals 1 and 2 or the Vote Amendment in Proposals 3 and 4, which we refer to as the "Adjournment Proposal."

See "Proposals" below.

What does the TDS Board recommend?

The TDS Board, including the independent directors, has unanimously approved each proposal, believes that the adoption of each proposal is in the best interests of TDS and its shareholders and unanimously recommends that you vote "**FOR**" each of the foregoing proposals.

See "Proposals Charter Amendments Charter Amendments Generally Background and Reasons for the Charter Amendments and Related Transactions; Recommendation of the TDS Board."

What is the Share Consolidation Amendment in Proposals 1 and 2?

The Share Consolidation Amendment is a proposed amendment to the TDS Charter to reclassify the Special Common Shares (on a one-for-one basis) as, and thereby consolidate such shares as one class with, the Common Shares. This amendment would reclassify all outstanding Special Common Shares as Common Shares and also consolidate the 165,000,000 authorized Special Common Shares with the 100,000,000 authorized Common Shares, for a consolidated total of 265,000,000 authorized Common Shares. The Share Consolidation Amendment will also eliminate from the TDS Charter provisions relating to the Special Common Shares, because they would be reclassified and consolidated with Common Shares.

Proposals 1 and 2 each relate to the Share Consolidation Amendment. Proposal 1 represents the statutory votes required by Delaware law for the Share Consolidation Amendment. In addition, although not required to do so by law, regulation or otherwise, the TDS Board voluntarily determined to make the Share Consolidation Amendment, and the TDS Board's decision to approve such amendment, subject to a non-waivable condition requiring approval and ratification by (i) a majority of the outstanding Common Shares (excluding Common Shares held by Affiliated Persons), voting separately as a class, and (ii) a majority of the outstanding Special Common Shares (excluding Special Common Shares held by Affiliated Persons), voting separately as a class. This is being submitted for separate votes in Proposal 2.

See "Proposal 1 Share Consolidation Amendment Statutory Vote" and "Proposal 2 Share Consolidation Amendment Ratification Vote" under "Proposals Charter Amendments" below.

What is the Vote Amendment in Proposals 3 and 4?

The Vote Amendment is a proposed amendment to the TDS Charter to set the percentage voting power of the Series A Common Shares and Common Shares in matters other than the election of directors at the aggregate percentage voting power of the Series A Common Shares and Common Shares immediately prior to the effective time of the Charter Amendments, subject to adjustment due to subsequent changes in the number of outstanding Series A Common Shares, as discussed below.

The Vote Amendment would set the percentage voting power in matters other than the election of directors of the Series A Common Shares and Common Shares at the aggregate percentage of the

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voting power that such shares have immediately prior to the effective time of the Charter Amendments. For instance, the voting power of the Series A Common Shares and Common Shares in matters other than the election of directors was approximately 56.7% and 43.3%, respectively, as of June 30, 2011. Thus, if the transactions occurred as of June 30, 2011, the voting power in matters other than the election of directors of the Series A Common Shares initially would be set at about 56.7% of the total voting power of the common stock, and the voting power of the Common Shares initially would be set at about 43.3% of the total voting power of the common stock. The Series A Common Shares would continue to have ten votes per share. Accordingly, in order to achieve such aggregate percentage voting power, the per share voting power of the Common Shares would "float" and be redetermined on the record date for each shareholder vote. However, these initial percentages could be adjusted under certain circumstances as discussed below, except that the aggregate voting percentage of the Series A Common Shares could not increase above 56.7% based on shares outstanding on June 30, 2011.

Proposals 3 and 4 each relate to the Vote Amendment. Proposal 3 represents the statutory votes required by Delaware law for the Vote Amendment. Also, although not required to do so by law, regulation or otherwise, the TDS Board voluntarily determined to make the Vote Amendment, and the TDS Board's decision to approve such amendment, subject to a non-waivable condition requiring approval by (i) a majority of the outstanding Common Shares (excluding Common Shares held by Affiliated Persons), voting separately as a class, and (ii) a majority of the outstanding Special Common Shares (excluding Special Common Shares held by Affiliated Persons), voting separately as a class. This is being submitted for separate votes in Proposal 4.

See "Proposal 3 Vote Amendment Statutory Vote" and "Proposal 4 Vote Amendment Ratification Vote" under "Proposals Charter Amendments" below.

What is the Ancillary Amendment in Proposal 5?

The Ancillary Amendment is a proposed amendment of the TDS Charter to eliminate obsolete and inoperative provisions relating to series of Preferred Shares that are no longer outstanding and relating to Tracking Stock, which has never been issued and which the TDS Board no longer has any intention of issuing.

See "Proposals Charter Amendments Proposal 5 Ancillary Amendment."

What is the Plan Adoption and Amendment in Proposals 6 and 7?

The Plan Adoption and Amendment is comprised of the Incentive Plan Adoption and the Director Plan Amendment. The Telephone and Data Systems, Inc. 2004 Long-Term Incentive Plan and the Telephone and Data Systems, Inc. Compensation Plan for Non-Employee Directors currently provide for the issuance of Special Common Shares (in the case of the Telephone and Data Systems, Inc. 2004 Long-Term Incentive Plan, in addition to Common Shares). Because the Share Consolidation Amendment would reclassify Special Common Shares as Common Shares, the Plan Adoption and Amendment is being proposed in order to adopt the Telephone and Data Systems, Inc. 2011 Long-Term Incentive Plan to provide solely for the issuance of Common Shares and to amend the Telephone and Data Systems, Inc. Compensation Plan for Non-Employee Directors to eliminate provisions relating to the Special Common Shares and provide for the issuance of Common Shares, in each case if the Charter Amendments become effective.

See "Proposals Plan Adoption and Amendment."

What is the Adjournment Proposal in Proposal 8?

The Adjournment Proposal is a proposal to permit TDS to adjourn the Special Meeting, if needed, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to approve Proposal 1, 2, 3 or 4.

See "Proposals Other Proposal."

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What are the federal income tax consequences of the Charter Amendments?

No gain or loss will be recognized for federal income tax purposes by any of the holders of Special Common Shares or Common Shares upon the reclassification of Special Common Shares as Common Shares pursuant to the Share Consolidation Amendment or as a result of the Vote Amendment or Ancillary Amendment.

See "Proposals Charter Amendments Federal Income Tax Consequences" for a more complete discussion of the federal income tax consequences of the Charter Amendments. You are strongly urged to consult your tax advisor as to the specific tax consequences to you of the Charter Amendments, including the application of federal, state, local and foreign income and other tax laws based on your particular facts and circumstances.

Will the Common Shares be listed on a securities exchange following the Share Consolidation and related transactions?

The Common Shares are currently listed on the New York Stock Exchange ("NYSE") under the symbol "TDS" and the Special Common Shares are currently listed on the NYSE under the symbol "TDS.S."

If the Share Consolidation takes place, the Special Common Shares will cease to be outstanding or be traded and will become Common Shares, and the Common Shares will continue to trade on the NYSE under the listing symbol "TDS."

No public market exists for the Preferred Shares or the Series A Common Shares and this will not change. However, currently, the Series A Common Shares are convertible on a share-for-share basis into Common Shares or Special Common Shares. If the Share Consolidation takes place, the Series A Common Shares will continue to be convertible into Common Shares, but will no longer be convertible into Special Common Shares, because such shares will no longer be outstanding or be authorized.

The NYSE has advised TDS that the Charter Amendments would not violate Section 313 of the NYSE Listed Company Manual, which relates to voting rights of listed classes of stock.

See "Proposals Charter Amendments Charter Amendments Generally Listing on the New York Stock Exchange."

Will there be any change in operations or business as a result of the Charter Amendments?

No. There will be no changes in the operations or business of TDS as a result of the Charter Amendments. The Charter Amendments will only result in amendments to the TDS Charter.

See "Proposals Charter Amendments."

What will happen if the Charter Amendments become effective?

The following describes the anticipated effects on holders of Common Shares and Special Common Shares if the Charter Amendments become effective.

The following illustration assumes that you own 100 Special Common Shares.

Shares: In the Share Consolidation, your 100 Special Common Shares would become 100 Common Shares.

Votes for Directors: The 100 Common Shares would have 100 votes, the same as the 100 Special Common Shares prior to the Share Consolidation, in the election of 25% of the directors plus one additional director (or a total of four directors based on the current TDS Board size of twelve directors).

Votes for Other Matters: Although the Special Common Shares currently do not have a vote in matters other than the election of directors, the 100 Common Shares into which such Special Common Shares are reclassified would, as Common Shares, vote in the election of directors and on all other matters. On matters other than the election of directors, the votes of the 100 shares

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would float so that the total voting power of all Common Shares after the Charter Amendments are effective would equal approximately 43.3% of the total voting power of all outstanding shares of common stock in matters other than the election of directors, based on shares outstanding on June 30, 2011, subject to adjustment based on changes in the outstanding Series A Common Shares as discussed below. As a result of the reclassification of all outstanding Special Common Shares as Common Shares in the Share Consolidation, the initial per share voting power of each Common Share in matters other than the election of directors would be about 0.5 votes per share. Accordingly, such 100 Special Common Shares, which currently do not vote in matters other than the election of directors, would initially have about 50 votes in matters other than the election of directors after they are reclassified as 100 Common Shares in the Share Consolidation, and thereafter would have voting power that would float depending on the number of outstanding Common Shares and Series A Common Shares, as discussed below.

Dividends: Subject to declaration or change in the per share dividend rate by the TDS Board, you would continue to receive an aggregate quarterly cash dividend of \$11.75 with respect to such 100 Common Shares, which is the amount of the aggregate quarterly dividend a holder of 100 Special Common Shares currently receives, based on the current quarterly dividend rate of \$0.1175 per share. See "Dividend Policy" for the TDS Board's policy with respect to dividends and certain risks related to the payment of dividends.

NYSE: The Common Shares would continue to be traded on the NYSE under the symbol "TDS." The Special Common Shares would cease to trade on the NYSE after they are reclassified as Common Shares in the Share Consolidation because they would no longer be outstanding.

The following illustration assumes that you own 100 Common Shares.

Shares: After the Share Consolidation, your 100 Common Shares would continue to be 100 Common Shares.

Votes for Directors: The 100 Common Shares would continue to have 100 votes in the election of 25% of the directors plus one additional director (or a total of four directors based on the current TDS Board size of twelve directors).

Votes for Other Matters: The 100 Common Shares would also continue to vote on matters other than the election of directors. However, the Common Shares would no longer have one vote per share in such matters. Instead, the votes of the Common Shares would float so that the total voting power of all Common Shares after the Charter Amendments are effective would equal approximately 43.3% of the total voting power of all outstanding shares of common stock in matters other than the election of directors, based on shares outstanding on June 30, 2011, subject to adjustment based on changes in the outstanding Series A Common Shares as discussed below. As a result of the reclassification of all outstanding Special Common Shares as Common Shares in the Share Consolidation, the initial per share voting power of each Common Share would be about 0.5 votes per share. Accordingly, the total voting power of such 100 Common Shares would initially decline from 100 votes to about 50 votes in matters other than the election of directors after the Charter Amendments are effective and thereafter would have voting power that would float depending on the number of outstanding Common Shares and Series A Common Shares, as discussed below.

Dividends: Subject to declaration or change in the per share dividend rate by the TDS Board, you would continue to receive an aggregate quarterly cash dividend of \$11.75 with respect to such 100 Common Shares, which is the amount of the aggregate quarterly dividend a holder of 100 Common Shares currently receives based on the current quarterly dividend rate of \$0.1175 per share. See "Dividend Policy" for the TDS Board's policy with respect to dividends and certain risks related to the payment of dividends.

NYSE: The Common Shares would continue to be traded on the NYSE under the symbol "TDS."

See "Proposals Charter Amendments."

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What will happen to TDS' stock-based awards?

Outstanding options to purchase Special Common Shares, restricted stock units for Special Common Shares and other awards with respect to Special Common Shares issued under the TDS long-term incentive plan will be converted into options, restricted stock units and other awards for the same number of Common Shares upon the same terms as in effect before the Share Consolidation. Options and other stock awards relating to tandem Common Shares and Special Common Shares will be converted into options or other stock awards with respect to Common Shares upon the same terms as in effect before the Share Consolidation. As a result, if the market price of the Common Shares after the Charter Amendments are effective exceeds the market price of the Special Common Shares prior to the effective date of the Charter Amendments, this would result in an increase in value to all holders of such stock options, restricted stock units and other awards. Thus, the Charter Amendments could provide a benefit to all officers and employees who hold stock options, restricted stock units or other stock awards with respect to Special Common Shares. However, there is no assurance that this will occur and no assurance as to the price of the Common Shares if the Charter Amendments become effective.

There will be no changes to outstanding options to purchase Common Shares or other stock awards with respect to Common Shares, including the Common Share portion of tandem options and stock awards.

Also, in connection with the Charter Amendments, TDS is asking shareholders to approve the Telephone and Data Systems, Inc. 2011 Long-Term Incentive Plan as discussed in Proposal 6, which would replace the existing 2004 Long-Term Incentive Plan, which would be terminated with respect to new awards.

In addition, the Telephone and Data Systems, Inc. Compensation Plan for Non-Employee Directors would be amended and restated, as discussed under Proposal 7.

See "Proposals Charter Amendments Charter Amendments Generally Equity Based Compensation Plans."

When will all of this take place?

If shareholders approve the Charter Amendments, and subject to certain other conditions discussed below, the Charter Amendments are anticipated to become effective shortly after the Special Meeting.

Nevertheless, even if shareholders approve the Share Consolidation Amendment and Vote Amendment and related transactions, the TDS Board would not be required to effect, and could determine not to effect, the Share Consolidation Amendment and Vote Amendment. In such event, the TDS Board could determine to take no action or to pursue other action. If shareholders approve the proposals, the TDS Board will have a period of up to one year from the date of shareholder approval to effect the transactions. TDS currently does not know of any reason why the Charter Amendments would not be completed if all of the conditions are satisfied. If the TDS Board determines not to effect the Charter Amendments, TDS will issue a press release and file a Current Report on Form 8-K with the Securities and Exchange Commission ("SEC") announcing the decision.

See "Proposals Charter Amendments."

How will shares of capital stock vote after the Charter Amendments?

After the effectiveness of the Charter Amendments, holders of Common Shares (with one vote per share) will continue to vote in the election of 25% of the directors (rounded up) plus one director (or four of the twelve present directors). The holders of Series A Common Shares and Preferred Shares, voting as a group, will continue to elect the remaining directors (eight out of twelve present directors) who are not elected by the holders of Common Shares.

Actions submitted to a vote of shareholders other than the election of directors will continue to be voted on by holders of Common Shares, Series A Common Shares and Preferred Shares unless otherwise required by law or regulation. In such vote, holders of Common Shares will no longer have

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one vote per share. Instead, the votes of the Common Shares would float so that the total voting power of all Common Shares after the effective time of the Charter Amendments would equal approximately 43.3%, based on shares outstanding on June 30, 2011, subject to increase based on changes in the outstanding Series A Common Shares as discussed below. As a result of the reclassification of all outstanding Special Common Shares as Common Shares in the Share Consolidation, the initial per share voting power of each Common Share would be about 0.5 votes per share and thereafter would have voting power that would float depending on the number of outstanding Common Shares and Series A Common Shares, as discussed below.

See "Proposal 3 Vote Amendment Statutory Vote" and "Proposal 4 Vote Amendment Ratification Vote" under "Proposals Charter Amendments" below.

What are the reasons and potential advantages of the Charter Amendments?

The TDS Board believes that the Charter Amendments may enable TDS to benefit in a variety of ways.

As a result of the Share Consolidation Amendment, there will be only one publicly-traded class of stock, which will eliminate the discount in the market price of the Special Common Shares in relation to the Common Shares. TDS believes this will have several benefits, including facilitating certain of the following purposes, (i) consolidate the public float and increase the market liquidity of the publicly-traded shares of TDS (due to an anticipated increase in the trading volume of the consolidated common stock), (ii) reduce economic dilution that occurs from the issuance of Special Common Shares that trade at a discount to the market price of the Common Shares, (iii) increase flexibility for the issuance of shares of common stock for possible financings, acquisitions or other transactions, (iv) allow for easier analysis and valuation of the single class of publicly-traded common stock, (v) increase the market recognition of the value of TDS, (vi) simplify the TDS capital structure and reduce investor and employee confusion regarding two publicly-traded classes of capital stock, and (vii) simplify the planning and execution of TDS' open market stock repurchase program and its employee compensation activities.

The primary purpose of the Vote Amendment is to set the percentage voting power of the Series A Common Shares and Common Shares in matters other than the election of directors at the aggregate percentage voting power of the Series A Common Shares and Common Shares immediately prior to the effective time of the Charter Amendments (subject to adjustment as discussed herein).

The primary purpose of the Ancillary Amendment is to "clean up" the TDS Charter to remove obsolete and inoperative provisions.

See "Proposals Charter Amendments Charter Amendments Generally Background and Reasons for the Charter Amendments and Related Transactions; Recommendation of the TDS Board Reasons for Approval and Potential Advantages."

Are there any potential disadvantages or risks of the Charter Amendments of which I should be aware?

When evaluating the Charter Amendments and related transactions, shareholders should be aware of certain potential disadvantages and risks.

These potential disadvantages and risks include the following: (i) the Share Consolidation will have different effects on the holders of Common Shares compared to holders of Special Common Shares and may not benefit all shareholders the same or at all; (ii) there is no assurance that the market liquidity of the Common Shares after the Share Consolidation will increase and no assurance that the liquidity will not decrease; (iii) there can be no assurance as to the impact of the Charter Amendments on the market price of the Common Shares, and there is no assurance as to the market price of the Common Shares at any time following the Charter Amendments; (iv) if the Charter Amendments are effected, the vote per share in matters other than the election of directors of the current holders of Common Shares will decline; (v) the TDS Voting Trust, which controls TDS, and other Affiliated Persons, have interests in the Charter Amendments that may be different from, or in addition to, the interests of holders of Common Shares and Special Common Shares other than the Affiliated Persons; (vi) following the effectiveness of

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the Charter Amendments, the TDS Voting Trust will continue to control TDS and certain anti-takeover provisions in the TDS Charter or otherwise may delay or prevent a future change in control; (vii) the voting power of the TDS Voting Trust in matters other than the election of directors would increase by about 2.7% due to the fact that, in addition to Series A Common Shares, the TDS Voting Trust owns Special Common Shares which would receive the right to vote in matters other than the election of directors; (viii) the financial advisor opinion does not address all aspects of the proposed Charter Amendments and is subject to material qualifications, limitations, assumptions and other factors; and (ix) there is no assurance that the Charter Amendments will become effective and, if they do not become effective, TDS will not benefit from the expenses it has incurred in preparation for the Charter Amendments.

See "Proposals Charter Amendments Charter Amendments Generally Background and Reasons for the Charter Amendments and Related Transactions; Recommendations of the TDS Board Consideration of Potential Disadvantages."

Did TDS receive a fairness opinion from a financial advisor?

In deciding to approve the Charter Amendments, the TDS Board received and considered the opinion of Citi to the effect that, as of the date of the opinion, and based upon and subject to the considerations and limitations set forth therein, Citi's work described below under "Proposals Charter Amendments Charter Amendments Generally Opinion of Financial Advisor" and other factors Citi deemed relevant, the reclassification ratio of one-for-one was fair from a financial point of view to both the holders of Common Shares and the holders of Special Common Shares (solely in their capacity as holders of the Common Shares or holders of the Special Common Shares, as the case may be, and disregarding any interest any holder of Common Shares or Special Common Shares, as the case may be, may have in any other equity securities of TDS). The full text of the written opinion of Citi, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is included in this Proxy Statement as Exhibit B. We urge you to read the opinion in its entirety.

Citi's advisory services and opinion were provided for the information and assistance of the TDS Board in connection with its consideration of the Share Consolidation. Neither Citi's opinion nor the related analyses constituted a recommendation of the proposed Share Consolidation or the proposed reclassification ratio of one-for-one to the TDS Board. Citi's opinion is not intended to be and does not constitute a recommendation, and Citi does not make any recommendation, as to how any holder of TDS shares should vote with respect to the Share Consolidation Amendment or any of the other proposals.

See "Proposals Charter Amendments Charter Amendments Generally Opinion of Financial Advisor."

Did the independent directors of TDS receive financial and legal advice in connection with the Proposals?

In connection with their consideration of the Charter Amendments and related transactions, the independent directors engaged Credit Suisse Securities (USA) LLC, which we refer to as "Credit Suisse," as financial advisor, and Bass, Berry & Sims as legal advisor to the independent directors.

Do certain persons have an interest in the Charter Amendments?

Shareholders are urged to carefully study and consider the Charter Amendments and related transactions in light of the interests of certain persons in the Charter Amendments that are different from the interests of shareholders generally. The TDS Voting Trust and its trustees and beneficiaries have an interest in the Charter Amendments and related transactions that is different than the interests of shareholders generally because the Charter Amendments may facilitate the ability of the TDS Voting Trust to retain voting control of TDS. Certain directors of TDS are trustees and beneficiaries of the TDS Voting Trust.

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The voting power of the TDS Voting Trust on matters other than the election of directors will increase by approximately 2.7% (based on shares outstanding as of June 30, 2011) because the TDS Voting Trust owns a substantial number of Special Common Shares, which will be reclassified as Common Shares in the Share Consolidation. In addition, as a result of the Vote Amendment, future issuances of Common Shares (other than Common Shares issued upon conversion of Series A Common Shares) will not decrease the voting power of the Series A Common Shares held by the TDS Voting Trust, as compared to the aggregate voting power of the Common Shares, with respect to matters other than the election of directors. In comparison, currently the issuance of Common Shares (but not the issuance of Special Common Shares) would decrease the voting power of the Series A Common Shares held by the TDS Voting Trust in matters other than the election of directors. (The foregoing only relates to matters other than the election of directors. There will be no change in voting with respect to the election of directors, except that holders of Special Common Shares will vote as holders of Common Shares rather than holders of Special Common Shares if the Charter Amendments become effective. See descriptions under "Summary Comparison of Current Equity Capitalization with Proposed Capitalization" and "Description of TDS Capital Stock" for information on voting for directors.)

The TDS Voting Trust may also have an interest in the Share Consolidation Amendment that is different than the interests of holders of Common Shares because the TDS Voting Trust does not hold any Common Shares but holds a substantial number of Special Common Shares, which presently have a market price that is less than the market price of the Common Shares. In addition, as noted above, like all holders of Special Common Shares, the TDS Voting Trust's voting power on matters other than the election of directors would increase (by approximately 2.7% based on shares outstanding as of June 30, 2011) due to the reclassification of its Special Common Shares in the Share Consolidation, while the voting power of the pre-Share Consolidation holders of Common Shares will decrease. For the same reasons, executive officers of TDS may have an interest in the proposals because many of them beneficially own and/or have options or other equity awards primarily or solely with respect to Special Common Shares rather than Common Shares. Also, certain directors who are not otherwise interested in the transactions own primarily (or only) Special Common Shares due to the fact that TDS directors are compensated in part through the issuance of Special Common Shares.

As a result of these and other interests, the TDS Board determined it appropriate to voluntarily require, as a non-waivable condition, that the Share Consolidation Amendment and the Vote Amendment, and the actions of the TDS Board in approving and recommending the Charter Amendments to the TDS shareholders, be approved and ratified by (i) a majority of the outstanding Common Shares (excluding Common Shares held by the Affiliated Persons), voting separately as a class, and (ii) a majority of the outstanding Special Common Shares (excluding Special Common Shares held by the Affiliated Persons), voting separately as a class, as discussed below.

Although the approval of the Share Consolidation Amendment and the Vote Amendment by a majority of the outstanding Common Shares and Special Common Shares, each voting as a separate class and in each case excluding Common Shares and Special Common Shares held by the Affiliated Persons, is not required by the rules of the NYSE, Delaware law or the TDS Charter or Bylaws, TDS believes that such approvals may have certain effects under Delaware law. TDS believes that the aforementioned approvals by the Common Shares and Special Common Shares not held by Affiliated Persons would constitute evidence of the fairness of the Share Consolidation Amendment and/or the Vote Amendment in the event of any judicial proceedings, and could cause a court reviewing these transactions to apply a standard of review or burden of proof under Delaware law more favorable to sustaining the Charter Amendments than might apply absent such approvals. TDS believes that the aforementioned approvals of the Share Consolidation Amendment and the Vote Amendment by the Common Shares and Special Common Shares not held by the Affiliated Persons could operate as a ratification of the TDS Board's decision and its process in approving the Share Consolidation Amendment and/or the Vote Amendment and could extinguish some or all legal challenges to or otherwise resulting from the TDS Board's approval of the Share Consolidation Amendment and/or the Vote Amendment or the effectiveness of such amendments.

See "Proposals Charter Amendments Charter Amendments Generally Interests of Certain Persons."

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Are there conditions to the Charter Amendments and others proposals?

As permitted by Delaware law, there are certain conditions to the Charter Amendments and other proposals, as discussed below.

In addition, even if the conditions to the proposals are satisfied, the TDS Board will not be obligated to complete the proposals. As permitted under Delaware law, the TDS Board may determine not to effect the Charter Amendments, even if they are approved by shareholders and all of the other conditions to the Charter Amendments are satisfied. The TDS Board will have a period of up to one year after shareholder approval to effect the transactions. TDS currently does not know of any reason why the Charter Amendments would not be completed if all of the conditions are satisfied. If the TDS Board determines not to effect the Charter Amendments, TDS will issue a press release and file a Current Report on Form 8-K with the SEC announcing the decision.

See "Proposals Charter Amendments Charter Amendments Generally."

What are the conditions to each of the Charter Amendments in Proposals 1, 2, 3, 4 and 5?

As permitted by Delaware law, neither the Share Consolidation Amendment nor the Vote Amendment will be effected if the other is not approved or effected and the Ancillary Amendment will not be effected if either the Share Consolidation Amendment or Vote Amendment is not approved or effected.

In addition, the effectiveness of the Charter Amendments is subject to the following conditions: (i) approval by shareholders of the Charter Amendments, (ii) NYSE approval of the listing of the additional Common Shares that will be outstanding as a result of the Share Consolidation and no change in the NYSE interpretation that the Common Shares will qualify for continued listing after the effectiveness of the Charter Amendments, (iii) receipt of all required approvals and consents, if any, and (iv) no legal prohibition.

See "Proposals Charter Amendments."

What are the conditions to the Plan Adoption and Amendment in Proposals 6 and 7?

As permitted by Delaware law, these proposals are conditioned on the approval of the Charter Amendments. Thus, the Plan Adoption and Amendment will not be implemented if the Charter Amendments are not approved or implemented.

See "Proposals Plan Adoption and Amendment."

Are there any conditions to the Adjournment Proposal in Proposal 8?

The only condition of the Adjournment Proposal is that this proposal will not be utilized unless there are insufficient votes to adopt Proposal 1, 2, 3 or 4 at the Special Meeting.

See "Proposals Other Proposal."

What is the procedure for effecting the Charter Amendments and the impact on holders of stock certificates?

If shareholders approve the proposed Charter Amendments and the TDS Board determines to implement the proposed Charter Amendments, TDS will file a Restated Certificate of Incorporation with the Secretary of State of the State of Delaware. The Charter Amendments would become effective at the time and date specified in such Restated Certificate of Incorporation, which we refer to as the "Effective Time." Beginning at the Effective Time, existing certificates representing Special Common Shares will automatically represent an equal number of Common Shares without further action by the holders of Special Common Shares.

See "Proposals Charter Amendments Charter Amendments Generally."

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Should I send in my stock certificates?

No. You should not send in your existing stock certificates representing shares of TDS. It will not be necessary for holders of Common Shares or Special Common Shares to exchange their existing certificates for new certificates.

Shareholders should retain all certificates which represent Common Shares because such certificates will continue to represent Common Shares of TDS, whether or not the Share Consolidation takes place.

Shareholders also should retain all certificates which currently represent Special Common Shares because such certificates will represent Common Shares if the Share Consolidation takes place, and will continue to represent Special Common Shares if the Share Consolidation does not take place for any reason.

If the Charter Amendments become effective, the former holders of Special Common Shares will have the option to exchange their old Special Common Share certificates for Common Share certificates, but there will be no need to do so. If the Charter Amendments become effective, you may exchange your Special Common Share certificates by contacting TDS' transfer agent and registrar, Computershare Trust Company, N.A. at 1-800-962-4284 or online at www.computershare.com.

Voting Matters

What shares of stock are outstanding and what shares of stock will vote at the meeting?

TDS has the following classes of stock outstanding:

Special Common Shares;

Common Shares;

Series A Common Shares; and

Preferred Shares.

Each of the above classes of stock will vote at the meeting.

As required by the Delaware General Corporation Law, the TDS Charter, the TDS Bylaws and/or NYSE rules, the holders of outstanding Common Shares, Series A Common Shares and Preferred Shares, will vote together as a single group on the approval of each of the proposals. The holders of outstanding Common Shares and Special Common Shares will each vote separately as a class with respect to the Share Consolidation Amendment.

The holders of outstanding Series A Common Shares and Common Shares will each vote separately as a class with respect to the Vote Amendment.

The TDS Board has determined to submit the Share Consolidation Amendment and the Vote Amendment for approval and ratification by (i) a majority of the outstanding Common Shares (excluding Common Shares held by Affiliated Persons), voting separately as a class, and (ii) a majority of the outstanding Special Common Shares (excluding Special Common Shares held by Affiliated Persons), voting separately as a class.

See further details on such votes in the following questions of this Summary.

How may shareholders vote with respect to each of the proposals?

Shareholders may, with respect to each of the proposals:

vote FOR,

vote AGAINST, or

ABSTAIN from voting on the proposal.

The TDS Board unanimously recommends a vote **FOR** each proposal.

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How does the TDS Voting Trust intend to vote?

The TDS Voting Trust held 6,175,523 Series A Common Shares on the record date, representing approximately 94.6% of the outstanding Series A Common Shares as of such date. By reason of such holding, the TDS Voting Trust has approximately 53.6% of the voting power with respect to matters other than the election of directors. Given the voting power of the Series A Common Shares, Proposals 1 and 3 may not be approved without the affirmative vote of a majority of the Series A Common Shares outstanding, which vote is controlled by the TDS Voting Trust.

In addition, the TDS Voting Trust held 6,091,126 Special Common Shares on the record date, representing approximately 13.0% of the outstanding Special Common Shares as of such date.

The TDS Voting Trust has advised TDS that it intends to vote FOR each of the proposals.

If the TDS Voting Trust votes in favor of the foregoing proposals as it has advised, then the approval of each of Proposals 5, 6, 7 and 8 is assured.

However, approval of the Share Consolidation Amendment in Proposals 1 and 2 and the Vote Amendment in Proposals 3 and 4 is not assured even if the TDS Voting Trust votes in favor of such proposals, for the following reasons.

In particular, the Share Consolidation Amendment in Proposal 1 requires the approval by a majority of the outstanding Common Shares and Special Common Shares, each voting separately as a class, as required by Section 242(b) of the Delaware General Corporation Law. The TDS Voting Trust does not hold any Common Shares and holds only about 13.0% of the Special Common Shares.

The Vote Amendment in Proposal 3 requires the approval by a majority of the outstanding Common Shares and Series A Common Shares, each voting separately as a class, as required by Section 242(b) of the Delaware General Corporation Law. The TDS Voting Trust does not hold any Common Shares.

Proposals 2 and 4 also require approval by the holders of (i) a majority of the outstanding Common Shares (excluding Common Shares held by Affiliated Persons), voting separately as a class, and (ii) a majority of the outstanding Special Common Shares (excluding Special Common Shares held by Affiliated Persons), voting separately as a class. Special Common Shares held by the TDS Voting Trust will be counted as shares held by an Affiliated Person for such purpose and the TDS Voting Trust does not hold any Common Shares. See further details in the following questions and answers.

How do I vote?

Proxies are being requested from the holders of Special Common Shares, Common Shares, Series A Common Shares and Preferred Shares in connection with the each of the proposals.

Whether or not you intend to be present at the meeting, please sign and mail your proxy in the enclosed self-addressed envelope to Computershare Trust Company, N.A., P.O. Box 43126, Providence, Rhode Island 02940-5138, or vote using the Internet or by phone in accordance with the instructions set forth on the proxy card. If you hold more than one class of TDS shares, you will find enclosed a separate proxy card for each holding. To assure that all your shares are represented, please vote by proxy on the Internet or by phone or return the enclosed proxy cards as follows:

a proxy card for Special Common Shares, including Special Common Shares owned through the TDS dividend reinvestment plan and through the TDS tax-deferred savings plan;

a proxy card for Common Shares, including Common Shares owned through the TDS dividend reinvestment plan and through the TDS tax-deferred savings plan;

a proxy card for Series A Common Shares, including Series A Common Shares owned through the TDS dividend reinvestment plan; and

a proxy card for Preferred Shares.

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How will proxies be voted?

All properly executed and unrevoked proxies received in the accompanying form in time for the Special Meeting will be voted in the manner directed on the proxies.

If no direction is made, a proxy by any shareholder will be voted FOR each of the proposals.

Proxies given pursuant to this solicitation may be revoked at any time prior to the voting of the shares at the Special Meeting, by written notice to the Secretary of TDS, by submitting a later dated proxy or by attending and voting in person at the Special Meeting.

How will my shares be voted if I own shares through a broker?

If you are the beneficial owner of shares held in "street name" by a broker, bank, or other nominee ("broker"), such broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. If you do not give specific instructions to the broker or do not have standing instructions on file with the broker, under Rule 452 of the NYSE Listed Company Manual, the broker will not be permitted to vote the shares with respect to "non-discretionary" items (in which case such shares will be treated as "broker non-votes"). We believe that all of the proposals are non-routine and non-discretionary items. As a result, if your broker does not have specific or standing instructions, your shares will be treated as "broker non-votes" and will not be voted on such matters. Accordingly, we urge you to provide instructions to your broker so that your votes may be counted on all matters. If your shares are held in street name, your broker will include a voting instruction card with this Proxy Statement. We strongly encourage you to vote your shares by following the instructions provided on the voting instruction card. Please return your voting instruction card to your broker and/or contact your broker to ensure that a proxy card is voted on your behalf.

What is the quorum required for the Special Meeting?

A majority of the voting power of shares of capital stock in matters other than the election of directors and entitled to vote, represented in person or by proxy, will constitute a quorum to permit the Special Meeting to proceed. If such a quorum is present or represented by proxy, the meeting can proceed. If the shares beneficially owned by the TDS Voting Trust are present in person or represented by proxy at the Special Meeting, such shares will constitute a quorum at the Special Meeting to permit the meeting to proceed. In addition, where a separate vote by a class or group is required with respect to a proposal, a quorum consisting of the presence in person or by proxy of a majority of the voting power of the outstanding shares of such class or group is also required with respect to such proposal for the vote to proceed with respect to such proposal.

A quorum for purposes of Proposal 1 will require (i) a majority of the voting power of shares of capital stock in matters other than the election of directors and entitled to vote, represented in person or by proxy, and (ii) the presence in person or representation by proxy of a majority of the voting power of each of the outstanding Common Shares and Special Common Shares. A quorum for purposes of Proposal 2 will require the presence in person or representation by proxy of a majority of the voting power of each of the outstanding Common Shares and Special Common Shares, even though only shares held by persons other than Affiliated Persons will be counted in this vote.

A quorum for purposes of Proposal 3 will require (i) a majority of the voting power of shares of capital stock in matters other than the election of directors and entitled to vote, represented in person or by proxy, and (ii) the presence in person or representation by proxy of a majority of the voting power of each of the outstanding Series A Common Shares and Common Shares. A quorum for purposes of Proposal 4 will require the presence in person or representation by proxy of a majority of the voting power of each of the outstanding Common Shares and Special Common Shares, even though only shares held by persons other than Affiliated Persons will be counted in this vote.

With respect to each of Proposals 5, 6, 7 and 8, a quorum will require a majority of the voting power of shares of capital stock represented in person or by proxy and entitled to vote on such proposal.

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Abstentions from voting on such proposals by shares entitled to vote on such proposals will be treated as present in person or represented by proxy for purposes of establishing a quorum for such proposals. Because none of the matters to be considered at the Special Meeting are routine discretionary matters on which brokers may vote without instruction, any broker non-votes will not be counted in determining whether or not a quorum is present.

If TDS shares held by the TDS Voting Trust are present in person or represented by proxy at the Special Meeting, such shares will constitute a quorum at the Special Meeting in connection with Proposals 5, 6, 7 and 8, but not Proposals 1, 2, 3 or 4.

Can the Special Meeting be adjourned or postponed?

Even if a quorum is present, holders of a majority of the voting stock represented in person or by proxy may adjourn or postpone the Special Meeting. Because it holds a majority of the voting power of all classes of stock, the TDS Voting Trust has the voting power to propose and approve an adjournment or postponement.

In addition, TDS management is asking shareholders to approve Proposal 8, which would give the persons named in the enclosed proxy discretionary authority to adjourn the meeting to solicit additional votes for Proposal 1, 2, 3 or 4.

Also, the Special Meeting could be postponed before it is convened, and any adjournment or postponement can be postponed before it is convened. TDS does not currently have any expectation that the Special Meeting would be adjourned or postponed.

What statutory vote is required for the Share Consolidation Amendment Statutory Vote in Proposal 1?

To be approved, the Share Consolidation Amendment Statutory Vote will need to satisfy the following statutory vote requirements under Section 242(b) of the Delaware General Corporation Law: (i) the affirmative vote of a majority of the voting power of the outstanding Common Shares, Series A Common Shares and Preferred Shares, voting together as a single class (which vote is controlled by the TDS Voting Trust) and (ii) the affirmative vote of a majority of the outstanding Common Shares and Special Common Shares, each voting separately as a class. The vote in clause (i) will also serve as a vote on the issuance of Common Shares upon the reclassification of Special Common Shares in the Share Consolidation pursuant to the vote requirements of Section 312.03 of the NYSE Listed Company Manual.

In this vote, abstentions from voting on such proposal and broker non-votes will not represent affirmative votes and will, therefore, effectively constitute votes against the matter for purposes of such vote.

What statutory vote is required for the Vote Amendment Statutory Vote in Proposal 3?

To be approved, the Vote Amendment Statutory Vote will need to satisfy the following statutory vote requirements under Section 242(b) of the Delaware General Corporation Law: (i) the affirmative vote of a majority of the voting power of the outstanding Common Shares, Series A Common Shares and Preferred Shares, voting together as a single class, (which vote is controlled by the TDS Voting Trust) and (ii) the affirmative vote of a majority of the outstanding Series A Common Shares and Common Shares, each voting separately as a class.

In this vote, abstentions from voting on such proposal and broker non-votes will not represent affirmative votes and will, therefore, effectively constitute votes against the matter for purposes of such vote.

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What vote has the TDS Board determined to seek for the Share Consolidation Amendment Ratification Vote in Proposal 2 and the Vote Amendment Ratification Vote in Proposal 4?

The TDS Board has determined that the Share Consolidation Amendment Ratification Vote in Proposal 2 and the Vote Amendment Ratification Vote in Proposal 4 must be approved by (i) a majority of the outstanding Common Shares (excluding Common Shares held by Affiliated Persons), voting separately as a class, and (ii) a majority of the outstanding Special Common Shares (excluding Special Common Shares held by Affiliated Persons), voting separately as a class. Approval by the holders of Common Shares or Special Common Shares other than Affiliated Persons voting separately as a class is not required under Delaware law, the TDS Charter or otherwise. The TDS Board added this approval requirement voluntarily in order to provide an independent opportunity for the holders of Common Shares and Special Common Shares other than Affiliated Persons to determine whether the Share Consolidation and the Vote Amendment should be implemented.

For purposes of the foregoing vote, "Affiliated Persons" means the TDS Voting Trust, members of the Carlson family who are shareholders of TDS, and directors and executive officers of TDS. Such persons are identified below under "Security Ownership of Certain Beneficial Owners and Management Security Ownership of Management."

In this vote, abstentions from voting on such proposal and broker non-votes will not represent affirmative votes and will, therefore, effectively constitute votes against the matter for purposes of such vote.

What vote is required for the Ancillary Amendment in Proposal 5?

To be approved, the Ancillary Amendment will require the affirmative vote of a majority of the voting power of all outstanding Common Shares, Series A Common Shares and Preferred Shares, voting together as a single class (which vote is controlled by the TDS Voting Trust). This vote will satisfy the Delaware statutory requirements as well as the vote requirements of the NYSE.

In this vote, abstentions from voting on such proposal and broker non-votes will not represent affirmative votes and will, therefore, effectively constitute votes against the matter for the purposes of such vote.

What vote is required for Proposals 6, 7 and 8?

The approval of each of Proposals 6, 7 and 8 will require the affirmative vote of the holders of stock having a majority of the votes which could be cast by the holders of the Common Shares, Preferred Shares and Series A Common Shares voting together as a single group and entitled to vote on such proposal and present in person or represented by proxy at the Special Meeting. Abstentions from voting on such a proposal will be treated as a vote against such proposal. Broker non-votes with respect to such a proposal will not be counted as shares which could be cast on such proposal and, accordingly, will not affect the determination of whether such proposal is approved.

This vote will satisfy the vote requirements of the TDS Bylaws and will also satisfy the vote requirements of Section 303A.08 of the NYSE Listed Company Manual with respect to Proposals 6 and 7.

What is the voting power of the outstanding shares in matters other than the election of directors on the record date for purposes of the vote of all classes of capital stock entitled to vote under Proposals 1, 3, 5, 6, 7 and 8?

Each holder of outstanding Common Shares or Preferred Shares is entitled to one vote for each Common Share or Preferred Share held in such holder's name. Each holder of Series A Common Shares is entitled to ten votes for each Series A Common Share held in such holder's name. The

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following shows certain information relating to the outstanding shares and voting power of such shares as of the record date:

<i>Class of Stock</i>	<i>Outstanding Shares</i>	<i>Votes per Share</i>	<i>Total Voting Power</i>
Series A Common Shares	6,526,411	10	65,264,110
Common Shares	49,937,292	1	49,937,292
Preferred Shares	8,300	1	8,300
			115,209,702

Under the TDS Charter, the holders of Special Common Shares do not vote for matters other than the election of certain directors except as required by law or regulation. However, as noted above and discussed more fully below, the holders of Special Common Shares have a statutory class vote under the Delaware General Corporation Law with respect to the Share Consolidation Amendment. In addition, the TDS Board has determined to voluntarily submit the Share Consolidation Amendment and the Vote Amendment for approval and ratification by a majority of the holders of Special Common Shares other than Affiliated Persons, as well as by a majority of the holders of Common Shares other than Affiliated Persons. See further details in the following questions of this Summary.

What is the voting power of the outstanding Special Common Shares in the statutory class vote under Proposal 1?

The following shows the number of outstanding Special Common Shares and voting power of such shares as of the record date:

<i>Class of Stock</i>	<i>Outstanding Shares</i>	<i>Votes per Share</i>	<i>Total Voting Power</i>
Special Common Shares	46,859,324	1	46,859,324

What is the voting power of the Common Shares in the statutory class vote under Proposals 1 and 3?

The following shows the number of outstanding Common Shares and voting power of such shares as of the record date:

<i>Class of Stock</i>	<i>Outstanding Shares</i>	<i>Votes per Share</i>	<i>Total Voting Power</i>
Common Shares	49,937,292	1	49,937,292

What is the voting power of the Series A Common Shares in the statutory class vote under Proposal 3?

The following shows the number of outstanding Series A Common Shares and voting power of such shares as of the record date:

<i>Class of Stock</i>	<i>Outstanding Shares</i>	<i>Votes per Share</i>	<i>Total Voting Power</i>
Series A Common Shares	6,526,411	10	65,264,110

Table of Contents**What is the voting power of the Common Shares in the *ratification class vote* under Proposal 2 and Proposal 4?**

The following shows a reconciliation of the number of outstanding Common Shares not held by Affiliated Persons and voting power of such shares as of the record date:

<i>Class of Stock</i>	<i>Outstanding Shares</i>	<i>Votes per Share</i>	<i>Total Voting Power</i>
Outstanding Common Shares	49,937,292	1	49,937,292
Less Common Shares held by Affiliated Persons	154,296	1	154,296
Common Shares held by Other Shareholders	49,782,996	1	49,782,996

What is the voting power of the Special Common Shares in the *ratification class vote* under Proposal 2 and Proposal 4?

The following shows a reconciliation of the number of outstanding Special Common Shares not held by Affiliated Persons and voting power of such shares as of the record date:

<i>Class of Stock</i>	<i>Outstanding Shares</i>	<i>Votes per Share</i>	<i>Total Voting Power</i>
Outstanding Special Common Shares	46,859,324	1	46,859,324
Less Special Common Shares held by Affiliated Persons	6,405,031	1	6,405,031
Special Common Shares held by Other Shareholders	40,454,293	1	40,454,293

What is the number of shares held by Affiliated Persons as of the record date?

The following shows the number of outstanding Common Shares and Special Common Shares as of the record date that are considered to be held by Affiliated Persons for purposes of this Proxy Statement:

	<i>Common Shares</i>	<i>Special Common Shares</i>
Held by TDS Voting Trust		6,091,126
Held by Affiliated Persons Outside of TDS Voting Trust	154,296	313,905
Total	154,296	6,405,031

For purposes herein, the shares held by Affiliated Persons outside of the TDS Voting Trust are referred to as shares held by "Non-Voting Trust Affiliated Persons."

Other Matters**Do shareholders have dissenters' rights?**

No holders of capital stock of TDS have the right to dissent and receive payment for their shares (sometimes referred to as appraisal rights) under Delaware law in connection with the Charter Amendments.

Are there regulatory matters of which I should be aware?

A shareholder who will beneficially own 5% or more of the outstanding Common Shares after the recapitalization will be required to file a report or an amended report under Section 13(d) or 13(g) of the Securities Exchange Act of 1934.

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A shareholder who will beneficially own 10% or more of the outstanding Common Shares after the recapitalization may be required to file a report or an amended report under Section 16(a) of the Securities Exchange Act of 1934 and may be subject to liability for short-swing profits under Section 16(b) of that act.

Shareholders who believe they may be subject to any of these requirements should consult with their own counsel for further information.

Will the independent auditors be at the Special Meeting?

Representatives of PricewaterhouseCoopers LLP, TDS' independent registered public accountants for the current fiscal year and the last fiscal year, are expected to be present at the Special Meeting and will have the opportunity to make a statement and to respond to appropriate questions raised by shareholders at the Special Meeting or submitted in writing prior thereto.

What do I do if I have additional questions about voting procedures or need additional copies?

If you have any questions about voting procedures prior to the Special Meeting, please call TDS' Proxy Solicitor, MacKenzie Partners, Inc., at the telephone number and address indicated below. Additional copies of this Proxy Statement or the proxy cards may be obtained from the Proxy Solicitor:

105 Madison Avenue
New York, New York 10016
(212) 929-5500 (Call Collect)
or
CALL TOLL-FREE (800) 322-2885
FAX: (212) 929-0308

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**SUMMARY COMPARISON OF CURRENT EQUITY CAPITALIZATION
WITH PROPOSED CAPITALIZATION**

The following is a summary of the differences between the equity capitalization of TDS as of June 30, 2011, under the column captioned "Status Quo," and the equity capitalization of TDS on a pro forma basis as of June 30, 2011, under the column captioned "Pro-Forma," as if the Charter Amendments had become effective on that day. Reference to shares held by "Non-Voting Trust Affiliated Persons" is comprised of shares held by members of the Carlson family outside of the TDS Voting Trust and shares held by directors and executive officers of TDS outside of the TDS Voting Trust. "Other Shareholders" refers to holders of Series A Common Shares, Common Shares or Special Common Shares other than the Affiliated Persons. (Some columns do not total due to rounding.)

NOTE: Shares that are Special Common Shares in the Status Quo column represent Common Shares in the Pro Forma column following the Share Consolidation.

1. Authorized Shares

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares		
Series that remain outstanding	9,577	9,577
Series that are no longer outstanding	269,824	269,824
Total Preferred Shares	279,401	279,401
Undesignated Shares	4,720,599	4,720,599
Preferred Shares and Undesignated Shares	5,000,000	5,000,000
Common Stock:		
Series A Common Shares	25,000,000	25,000,000
Special Common Shares	165,000,000	
Common Shares	100,000,000	265,000,000
Total Shares of Common Stock	290,000,000	290,000,000
Tracking Stock		
Telecom Group Shares	90,000,000	
Cellular Group Shares	140,000,000	
Aerial Group Shares	95,000,000	
Total Shares of Tracking Stock	325,000,000	
Total Shares of Capital Stock	620,000,000	295,000,000

Table of Contents**2. Outstanding Shares**

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares	8,300	8,300
Series A Common Shares:		
Held by TDS Voting Trust	6,175,523	6,175,523
Held by Non-Voting Trust Affiliated Persons	256,764	256,764
Held by Other Shareholders	94,156	94,156
Subtotal Series A Common Shares	6,526,443	6,526,443
Special Common Shares Status Quo (<i>Common Shares Pro Forma</i>):		
Held by TDS Voting Trust	6,091,126	6,091,126
Held by Non-Voting Trust Affiliated Persons	313,905	313,905
Held by Other Shareholders	40,454,292	40,454,292
Subtotal Special Common Shares	46,859,323	
Common Shares: Held by TDS Voting Trust		
Held by Non-Voting Trust Affiliated Persons	154,296	154,296
Held by Other Shareholders	49,782,954	49,782,954
Subtotal Common Shares	49,937,250	96,796,573
Total Common Stock	103,323,016	103,323,016

3. Outstanding Shares as a Percent of Common Equity

	<i>Status Quo</i>	<i>Pro-Forma</i>
Series A Common Shares:		
Held by TDS Voting Trust	6.0%	6.0%
Held by Non-Voting Trust Affiliated Persons	0.2%	0.2%
Held by Other Shareholders	0.1%	0.1%
Subtotal Series A Common Shares	6.3%	6.3%
Special Common Shares Status Quo (<i>Common Shares Pro Forma</i>):		
Held by TDS Voting Trust	5.9%	5.9%
Held by Non-Voting Trust Affiliated Persons	0.3%	0.3%
Held by Other Shareholders	39.2%	39.2%
Subtotal Special Common Shares	45.4%	
Common Shares:		
Held by TDS Voting Trust		
Held by Non-Voting Trust Affiliated Persons	0.1%	0.1%
Held by Other Shareholders	48.2%	48.2%
Subtotal Common Shares	48.3%	93.7%

Total Common Stock	100.0%	100.0%
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Table of Contents**4. Votes for Directors**

	<i>Status Quo</i>	<i>Pro-Forma</i>
Series A Common Shares and Preferred Shares	Elects 75% of directors less one director (or 8 directors based on 12 directors).	Would continue to vote in the election of 75% of directors less one director (or 8 directors based on 12 directors).
Common Shares	Votes together with holders of Special Common Shares in the election of 25% of directors plus one director (or 4 directors based on 12 directors).	Would continue to vote in the election of 25% of directors plus one director (or 4 directors based on 12 directors).
Special Common Shares	Votes together with holders of Common Shares in the election of 25% of directors plus one director (or 4 directors based on 12 directors).	

5. Voting Power in Election of Directors

	<i>Status Quo</i>	<i>Pro-Forma</i>
8 Directors:		
Preferred Shares	8,300	8,300
Series A Common Shares:		
Held by TDS Voting Trust	61,755,230	61,755,230
Held by Non-Voting Trust Affiliated Persons	2,567,640	2,567,640
Held by Other Shareholders	941,560	941,560
Total	65,272,730	65,272,730
4 Directors:		
Special Common Shares Status Quo (<i>Common Shares Pro Forma</i>):		
Held by TDS Voting Trust	6,091,126	6,091,126
Held by Non-Voting Trust Affiliated Persons	313,905	313,905
Held by Other Shareholders	40,454,292	40,454,292
Common Shares:		
Held by TDS Voting Trust		
Held by Non-Voting Trust Affiliated Persons	154,296	154,296
Held by Other Shareholders	49,782,954	49,782,954
Total	96,796,573	96,796,573

Table of Contents**6. Percentage Voting Power in Election of Directors**

	<i>Status Quo</i>	<i>Pro-Forma</i>
8 Directors:		
Preferred Shares	(1)	(1)
Series A Common Shares:		
Held by TDS Voting Trust	94.6%	94.6%
Held by Non-Voting Trust Affiliated Persons	3.9%	3.9%
Held by Other Shareholders	1.5%	1.5%
Total	100.0%	100.0%

4 Directors:

	<i>Status Quo (Common Shares Pro Forma):</i>	<i>Pro Forma</i>
Special Common Shares		
Held by TDS Voting Trust	6.3%	6.3%
Held by Non-Voting Trust Affiliated Persons	0.3%	0.3%
Held by Other Shareholders	41.8%	41.8%
Common Shares:		
Held by TDS Voting Trust		
Held by Non-Voting Trust Affiliated Persons	0.2%	0.2%
Held by Other Shareholders	51.4%	51.4%
Total	100.0%	100.0%

(1) Less than 0.1%

7. Votes per Share on Matters Other than Election of Directors

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares	1 vote per share.	1 vote per share.
Series A Common Shares	10 votes per share.	10 votes per share.
Common Shares	1 vote per share.	Vote per share would float, initially about 0.5 votes per share.
Special Common Shares	None except as required by law.	

Table of Contents**8. Voting Power on Matters Other than Election of Directors (using Pro-Forma voting power per Common Share of approximately 0.5159 assuming Share Combination had occurred on June 30, 2011) (2)**

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares	8,300	8,300
Series A Common Shares:		
Held by TDS Voting Trust	61,755,230	61,755,230
Held by Non-Voting Trust Affiliated Persons	2,567,640	2,567,640
Held by Other Shareholders	941,560	941,560
Subtotal Series A Common Shares	65,264,430	65,264,430
Special Common Shares Status Quo (<i>Common Shares Pro Forma</i>):		
Held by TDS Voting Trust		3,142,405
Held by Non-Voting Trust Affiliated Persons		161,943
Held by Other Shareholders		20,870,327
Common Shares:		
Held by TDS Voting Trust		
Held by Non-Voting Trust Affiliated Persons	154,296	79,601
Held by Other Shareholders	49,782,954	25,682,974
Subtotal Common Shares	49,937,250	49,937,250
Total	115,209,980	115,209,980

(2)

Unless otherwise required by law, and except with respect to mergers as discussed below, the Preferred Shares, the Series A Common Shares and the Common Shares vote together as a single group on matters other than the election of directors, and the Special Common Shares have no votes in such matters.

9. Percentage Voting Power on Matters Other than Election of Directors

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares	(3)	(3)
Series A Common Shares:		
Held by TDS Voting Trust	53.6%	53.6%
Held by Non-Voting Trust Affiliated Persons	2.2%	2.2%
Held by Other Shareholders	0.9%	0.9%
Subtotal Series A Common Shares	56.7%	56.7%

Special Common Shares Status Quo (*Common Shares Pro Forma*):

Held by TDS Voting Trust		2.7%
Held by Non-Voting Trust Affiliated Persons		0.1%
Held by Other Shareholders		18.1%
Common Shares:		
Held by TDS Voting Trust		
Held by Non-Voting Trust Affiliated Persons	0.1%	0.1%
Held by Other Shareholders	43.2%	22.3%
Subtotal Common Shares	43.3%	43.3%
Total	100.0%	100.0%

(3) Less than 0.1%.

Table of Contents**10. Treasury Shares and Shares held by Subsidiary**

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares and Undesignated Shares		
Series A Common Shares		
Special Common Shares Status Quo (Common Shares Pro Forma):		
Treasury Shares	16,099,089	16,099,089
Shares held by Subsidiary	484,012	484,012
Subtotal Special Common Shares	16,583,101	
Common Shares:		
Treasury Shares	6,671,251	6,671,251
Shares held by Subsidiary	484,012	484,012
Subtotal Common Shares	7,155,263	23,738,364
Total Common Stock	23,738,364	23,738,364

11. Shares Reserved for Issuance

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares and Undesignated Shares		
Series A Common Shares:		
Dividend Reinvestment Plan	92,464	92,464
Subtotal Series A Common Shares	92,464	92,464
Special Common Shares Status Quo (Common Shares Pro Forma):		
Possible Conversion of Series A Common Shares	6,730,000	(4)
2004 Long-Term Incentive Plan	9,115,581	9,115,581
Dividend Reinvestment Plan	254,293	254,293
Compensation Plan for Non-Employee Directors	54,524	54,524
2009 Employee Stock Purchase Plan	20,605	(5)
Tax Deferred Savings Plan	45,000	45,000
Subtotal Special Common Shares	16,220,003	
Common Shares:		
Possible Conversion of Series A Common Shares	6,618,907	6,618,907
2004 Long-Term Incentive Plan	1,955,211	1,955,211
Dividend Reinvestment Plan	324,636	324,636
Tax Deferred Savings Plan	45,341	45,341
Subtotal Common Shares	8,944,095	18,413,493
Total Common Stock	25,256,562	18,505,957

- (4) The reserve for possible conversion of Series A Common Shares into Special Common Shares will be eliminated if the Charter Amendments become effective because the Series A Common Shares would thereafter only be convertible into Common Shares, and a reserve for such purposes is included under "Common Shares."
- (5) The 2009 Employee Stock Purchase Plan is being terminated.

Table of Contents**12. Authorized Shares Available for Issuance based on Shares and Reserves as of June 30, 2011** (Authorized Shares (Item 1) less Outstanding Shares (Item 2) less Treasury Shares and Shares held by Subsidiary (Item 10) and less Shares Reserved for Issuance (Item 11))

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares and Undesignated Shares	4,991,700	4,991,700
Series A Common Shares	18,381,093	18,381,093
Special Common Shares Status Quo (<i>Common Shares Pro Forma</i>)	85,337,573	92,088,178
Common Shares	33,963,392	33,963,392
Total Common Shares	33,963,392	126,051,570 (6)

(6) In addition, treasury shares identified above under Item 10 could be used instead of or in addition to issuing such authorized but unissued shares.

13. Additional Shares to be Reserved for Issuance (per Proposal 6)

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares and Undesignated Shares		
Series A Common Shares		
Special Common Shares Status Quo (<i>Common Shares Pro Forma</i>):		
Common Shares:		
2011 Long-Term Incentive Plan		6,000,000
Total Common Shares		6,000,000

14. Authorized Shares Available for Issuance After Deductions of Additional Shares to be Reserved for Issuance (Authorized Shares Available for Issuance based on Shares and Reserves as of June 30, 2011 (Item 12) less Additional Shares to be Reserved for Issuance (Item 13))

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares and Undesignated Shares	4,991,700	4,991,700
Series A Common Shares	18,381,093	18,381,093
Special Common Shares Status Quo (<i>Common Shares Pro Forma</i>)	85,337,573	92,088,178
Common Shares	33,963,392	27,963,392
Total Common Shares	33,963,392	120,051,570 (7)

(7)

In addition, treasury shares identified above under Item 10 could be used instead of or in addition to issuing such authorized but unissued shares.

Table of Contents**15. Cash Dividends**

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares	Preferred Shares have a senior preference to all common stock.	Preferred Shares would continue to have a senior preference to all common stock.
Series A Common Shares	Series A Common Shares are entitled to the same or lesser per share dividends than Common Shares and Special Common Shares.	Series A Common Shares are entitled to the same or lesser per share dividends than Common Shares.
Common Shares	Common Shares are entitled to the same per share dividends as the Special Common Shares, and the same or greater per share dividends than Series A Common Shares.	Common Shares are entitled to the same or greater per share dividends than Series A Common Shares.
Special Common Shares	Special Common Shares are entitled to the same per share dividends as Common Shares, and the same or greater per share dividends than Series A Common Shares.	

16. Conversion Rights

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares	As set forth in designation.	As set forth in designation.
Series A Common Shares	Convertible on a share-for-share basis into Common Shares or Special Common Shares.	Convertible on a share-for-share basis into Common Shares.
Common Shares	Not convertible into any other class of stock.	Not convertible into any other class of stock.
Special Common Shares	Not convertible into any other class of stock.	

17. Preemptive Rights

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares	As set forth in designation.	As set forth in designation.
Series A Common Shares	Preemptive right to purchase additional Series A Common Shares for cash.	Preemptive right to purchase additional Series A Common Shares for cash.
Common Shares	No preemptive rights to acquire any class of stock.	No preemptive rights to acquire any class of stock.
Special Common Shares	No preemptive rights to acquire any class of stock.	

Table of Contents**18. Liquidation**

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares	Preferred Shares have a senior preference to all common stock. Subject to such preference, shares of common stock are entitled to receive the remaining assets of TDS, divided among the holders of common stock in accordance with the per share "Liquidation Units" attributable to each class of common stock.	Preferred Shares will continue to have a senior preference to all common stock. Subject to such preference, shares of common stock are entitled to receive the remaining assets of TDS, divided among the holders of common stock in accordance with the per share "Liquidation Units" attributable to each class of common stock.
Series A Common Shares	Series A Common Shares are entitled to one Liquidation Unit per share.	Series A Common Shares are entitled to one Liquidation Unit per share.
Common Shares	Common Shares are entitled to one Liquidation Unit per share.	Common Shares are entitled to one Liquidation Unit per share.
Special Common Shares	Special Common Shares are entitled to one Liquidation Unit per share.	

19. Merger Consideration

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares	No specific provision.	No specific provision.
Series A Common Shares	No specific provision.	No specific provision.
Common Shares	Common Shares and Special Common Shares are generally entitled to receive the same per share consideration.	This provision would be deleted because there would no longer be any Special Common Shares.
Special Common Shares	Special Common Shares and Common Shares are generally entitled to receive the same per share consideration.	

20. Voting Rights for Mergers

	<i>Status Quo</i>	<i>Pro-Forma</i>
Preferred Shares	No specific provision.	No specific provision.
Series A Common Shares	Holders of Series A Common Shares have a class vote for any merger requiring the approval of TDS shareholders.	Holders of Series A Common Shares will continue to have a class vote for any merger requiring the approval of TDS shareholders.
Common Shares	Holders of Common Shares have a class vote for any merger requiring the approval of TDS shareholders.	Holders of Common Shares will continue to have a class vote for any merger requiring the approval of TDS shareholders.
Special Common Shares	Holders of Special Common Shares have no vote for any merger requiring the approval of TDS shareholders.	

Table of Contents**SELECTED CONSOLIDATED FINANCIAL INFORMATION AND PER SHARE INFORMATION**

Because the Charter Amendments will not have any effect on the business, operations or overall capitalization of TDS, except that Special Common Shares will be reclassified as Common Shares, TDS believes that TDS financial statements and financial information are not material for the exercise of prudent judgment with respect to the decision whether to vote for adoption of the Charter Amendments and related proposals. Nevertheless, TDS has incorporated in this Proxy Statement its prior SEC filings which include its annual and interim financial statements and information. In addition, TDS is providing the following selected consolidated financial information and per share information for reference by shareholders. The following table sets forth selected consolidated financial information for TDS for each of the fiscal years in the five-year period ended December 31, 2010 and for the six months ended June 30, 2011 and 2010. The information for each of the fiscal years in the five-year period ended December 31, 2010 has been derived from the audited consolidated financial statements for such years. The information for each of the six-month periods ended June 30, 2011 and 2010 has been derived from TDS' Quarterly Report on Form 10-Q for the period ended June 30, 2011. The following also includes comparative per share earnings, dividends and book value amounts for or as of the end of such periods. The information is only a summary and you should read it in conjunction with the financial statements (and related notes) incorporated by reference herein. See also "Where You Can Find More Information" below.

<i>Period/Year Ended (Dollars and shares in thousands, except per share amounts)</i>	<i>June 30,</i>		<i>December 31,</i>				
	<i>2011</i>	<i>2010</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
	<i>unaudited</i>						
Statement of Operations data							
Operating revenues	\$2,538,321	\$2,454,654	\$4,986,829	\$5,019,943	\$5,091,388	\$4,822,471	\$ 4,364,180
Operating income (a)	212,817	188,377	289,992	403,265	128,747	512,747	410,540
Gain (loss) on investments and financial instruments	13,373				31,595	81,423	(137,679)
Net income	160,922	114,658	188,982	247,109	117,895	457,398	206,120
Net income attributable to noncontrolling interests, net of tax	28,237	25,957	45,126	58,144	29,399	72,131	44,865
Net income attributable to TDS shareholders	132,685	88,701	143,856	188,965	88,496	385,267	161,255
Net income available to common	\$ 132,660	\$ 88,676	\$ 143,806	\$ 188,914	\$ 88,444	\$ 385,215	\$ 161,090
Basic weighted average shares outstanding	103,765	105,728	105,111	109,339	115,817	117,624	115,904

Basic earnings
per share
attributable to
TDS
shareholders
from:

Net income available to common	\$	1.28	\$	0.84	\$	1.37	\$	1.73	\$	0.76	\$	3.27	\$	1.39
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Diluted
weighted
average shares
outstanding
during the
period

	104,301	106,071	105,506	109,577	116,255	119,126	116,844
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Diluted earnings
per share
attributable to
TDS
shareholders
from:

Net income available to common	\$	1.27	\$	0.83	\$	1.36	\$	1.72	\$	0.76	\$	3.22	\$	1.37
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Dividends per
Common,
Special
Common and
Series A

Common Share	\$	0.2350	\$	0.2250	\$	0.4500	\$	0.4300	\$	0.4100	\$	0.3900	\$	0.3700
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**Balance Sheet
data**

Total assets	\$7,920,908	\$7,610,428	\$7,762,519	\$7,612,313	\$7,665,851	\$9,896,659	\$10,604,712
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Long-term debt,
excluding
current portion

	1,530,369	1,492,500	1,499,862	1,492,908	1,621,422	1,632,226	1,633,308
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Common,
Special
Common &
Series A
Common
Shares, Par
Value (\$.01 per
share)

	\$	1,270	\$	1,270	\$	1,270	\$	1,270	\$	1,270	\$	1,268	\$	1,268
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Capital in
excess of par
value

	2,108,280	2,098,380	2,107,929	2,088,807	2,066,597	2,048,110	1,992,597
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Treasury and
Special
Treasury shares
at cost

	(756,284)	(706,987)	(738,695)	(681,649)	(513,108)	(325,467)	(374,128)
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Accumulated other comprehensive income (loss)	(2,972)	(3,139)	(3,208)	(2,710)	(13,391)	515,043	527,669
Retained earnings	2,553,863	2,420,862	2,446,626	2,358,580	2,221,469	1,687,625	1,426,389
Total TDS shareholders' equity	3,904,157	3,810,386	3,813,922	3,764,298	3,762,837	3,926,579	3,573,795
Preferred shares	830	831	830	832	852	860	863
Noncontrolling interests							