

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%
		22

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:

	<i>Status Quo (Common Shares Pro Forma):</i>	
Special Common Shares		
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	629,628	669,002	646,057	662,216	647,915	653,749	611,551
Total Equity	\$4,534,615	\$4,480,219	\$4,460,809	\$4,427,346	\$4,411,604	\$4,581,188	\$ 4,186,209
Outstanding shares of common stock at period end	103,323	105,070	103,936	106,022	112,198	117,824	116,592
Common Equity (Book Value) per Share	\$ 37.79	\$ 36.26	\$ 36.69	\$ 35.50	\$ 33.54	\$ 33.33	\$ 30.65

(a)

Includes loss on impairment of intangible assets of \$14.0 million in 2009 and \$414.4 million in 2008.

No pro forma information is presented of shares outstanding (during or at the end of the period), shareholders' equity categories or per share amounts because the Charter Amendments would not result in any change to any of such data, except that Special Common Shares would be reclassified as Common Shares.

Table of Contents**DIVIDENDS AND PRICE RANGES OF SPECIAL COMMON SHARES AND COMMON SHARES****Special Common Shares**

The following table sets forth the high and low sales prices of the Special Common Shares on the NYSE as reported by the NYSE, and the dividends paid per Special Common Share during the periods indicated:

	<i>Sales Prices</i>		<i>Dividends</i>
	<i>High</i>	<i>Low</i>	<i>Paid</i>
2009			
First Quarter	\$ 31.17	\$ 21.89	\$ 0.1075
Second Quarter	30.49	22.87	0.1075
Third Quarter	30.45	23.33	0.1075
Fourth Quarter	30.95	27.16	0.1075
2010			
First Quarter	30.98	26.56	0.1125
Second Quarter	31.12	26.11	0.1125
Third Quarter	30.49	25.17	0.1125
Fourth Quarter	32.27	27.89	0.1125
2011			
First Quarter	32.10	26.61	0.1175
Second Quarter	30.63	25.70	0.1175
Third Quarter (through August 29, 2011)	27.61	19.88	*

*

A dividend of \$0.1175 per share was declared on August 25, 2011, payable on September 30, 2011 to shareholders of record on September 16, 2011.

On August 5, 2011, the trading day immediately before the first announcement of the proposed Charter Amendments, the closing sale price of the Special Common Shares was \$22.47 per share, and on August 29, 2011, shortly before the date of this Proxy Statement, the closing sale price of the Special Common Shares was \$24.83 per share, as reported on the NYSE composite transactions.

Common Shares

The following table sets forth the high and low sales prices of the Common Shares on the NYSE as reported by the NYSE, and the dividends paid per Common Share during the periods indicated:

	<i>Sales Prices</i>		<i>Dividends</i>
	<i>High</i>	<i>Low</i>	<i>Paid</i>
2009			
First Quarter	\$ 35.98	\$ 24.20	\$ 0.1075
Second Quarter	33.80	22.01	0.1075
Third Quarter	31.69	24.63	0.1075
Fourth Quarter	34.94	29.39	0.1075
2010			
First Quarter	35.00	29.54	0.1125
Second Quarter	35.74	30.00	0.1125
Third Quarter	34.96	28.84	0.1125
Fourth Quarter	37.91	32.60	0.1125
2011			
First Quarter	37.42	31.05	0.1175
Second Quarter	35.84	29.79	0.1175

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Third Quarter (through August 29, 2011)	32.00	20.30	*
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*

A dividend of \$0.1175 per share was declared on August 25, 2011, payable on September 30, 2011 to shareholders of record on September 16, 2011.

On August 5, 2011, the trading day immediately before the first announcement of the proposed Charter Amendments, the closing sale price of the Common Shares was \$25.47 per share, and on

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August 29, 2011, shortly before the date of this Proxy Statement, the closing sale price of the Common Shares was \$25.08 per share, as reported on the NYSE composite transactions.

On the record date of August 18, 2011, there were 1,621 record holders of Special Common Shares, 1,553 record holders of Common Shares, 75 record holders of Series A Common Shares and 14 record holders of Preferred Shares. No public market exists for the Series A Common Shares or Preferred Shares.

DIVIDEND POLICY

Shareholders of common stock are entitled to dividends only if declared by the TDS Board. TDS has paid cash dividends on its common stock since 1974. The holders of Special Common Shares and Common Shares are entitled to receive the same dividend per share, and are entitled to receive the same or greater dividends on a per share basis as are paid to the holders of Series A Common Shares. It is the current policy of the TDS Board to declare dividends on the Special Common Shares, Common Shares and Series A Common Shares at the same rate per share. TDS currently pays a quarterly dividend of \$0.1175 per share of common stock, or \$0.47 annually per share.

Immediately after the Share Consolidation, a current holder of Special Common Shares, Common Shares or Series A Common Shares would continue to receive an aggregate cash dividend that is equal to the aggregate dividend which such shareholder currently receives from TDS, subject to any future changes in the dividend rate by the TDS Board.

TDS is a legal entity separate and distinct from its various subsidiaries. As a company with no significant operations of its own, the principal sources of its funds are dividends or other distributions from its operating subsidiaries, borrowings and sales of equity. The ability of United States Cellular Corporation, which we refer to as "U.S. Cellular," TDS Telecommunications Corporation, which we refer to as "TDS Telecom," and other subsidiaries of TDS to pay dividends or make distributions to TDS and, accordingly, the ability of TDS to pay dividends on any class of its common stock, will depend on the respective earnings, financial requirements and contractual restrictions of such subsidiaries.

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PROPOSALS

CHARTER AMENDMENTS

**PROPOSAL 1 SHARE CONSOLIDATION AMENDMENT STATUTORY VOTE
AND
PROPOSAL 2 SHARE CONSOLIDATION AMENDMENT RATIFICATION VOTE**

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. Also, 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.

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 million authorized Special Common Shares with the 100 million authorized Common Shares, for a consolidated total of 265 million 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.

A copy of the TDS Charter, marked to show the changes that would be made by the Charter Amendments, including the Share Consolidation Amendment, is attached hereto as Exhibit A.

Subject to the approval of the Share Consolidation Amendment by shareholders, the approval of the Vote Amendment by shareholders and certain conditions discussed below, the TDS Board currently expects to approve the filing of a Restated Certificate of Incorporation that would effect the Charter Amendments, including the Share Consolidation Amendment, shortly after the Special Meeting. Nevertheless, the TDS Board could delay filing of the Restated Certificate of Incorporation if it determines this to be appropriate for any reason, such as the pendency of litigation or other reasons. In such case, the TDS Board will have a period of up to one year from the date of shareholder approval to effect the transactions. Because the Share Consolidation Amendment is subject to various conditions and because the TDS Board would not be required to effect the Share Consolidation Amendment even if all conditions are satisfied, there can be no assurance that it will take place.

The effectiveness of the Share Consolidation is subject to the following conditions: (i) shareholder approval of the Share Consolidation Amendment, (ii) shareholder approval of the Vote Amendment, (iii) 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 Charter Amendments are effective, (iv) receipt of all required approvals and consents, if any, (v) no legal prohibition, and (vi) filing and effectiveness of the Restated Certificate of Incorporation with the Secretary of State of the State of Delaware.

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.

Approximately 46.9 million outstanding Special Common Shares would be reclassified as Common Shares in the Share Consolidation based on shares outstanding at June 30, 2011. Based on approximately 49.9 million outstanding Common Shares at June 30, 2011, there would be a total of approximately 96.8 million outstanding Common Shares immediately after the Share Consolidation.

In addition, approximately 16.6 million Special Common Shares held as treasury shares by TDS and a TDS subsidiary as of June 30, 2011 would be reclassified as Common Shares in the Share Consolidation. Based on approximately 7.1 million Common Shares held as treasury shares by TDS and

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a TDS subsidiary as of June 30, 2011, there would be a total of approximately 23.7 million Common Shares held as treasury shares immediately after the Share Consolidation.

In addition, as noted above, the 165 million authorized Special Common Shares would be consolidated with the 100 million authorized Common Shares, for a total of 265 million authorized Common Shares after the Share Consolidation. Of such amount, approximately 18.4 million Common Shares would be reserved for issuance following the Share Consolidation (not including shares to be reserved pursuant to Proposal 6).

As a result, based on shares outstanding at June 30, 2011, following the Share Consolidation, TDS would have 265 million authorized Common Shares, of which approximately 96.8 million would be outstanding and approximately 18.4 million would be reserved for issuance immediately after the Share Consolidation, for a total of approximately 149.8 million Common Shares that would be available for issuance or for transfer from treasury shares, including approximately 23.7 million treasury shares held by TDS and a TDS subsidiary (not including shares to be reserved pursuant to Proposal 6).

Following the Share Consolidation, TDS would be able to issue such authorized and available Common Shares and treasury shares from time to time, as determined by the TDS Board, for any proper corporate purpose, which could include raising capital, payment of stock dividends, stock splits, providing compensation or benefits to employees, or acquiring or investing in other companies or businesses. Generally, no further action or authorization by the shareholders would be necessary prior to the issuance of such Common Shares unless applicable laws or regulations would require such approval in a given instance. The approval of the shareholders of TDS will not be sought by TDS for the issuance of the authorized and available Common Shares or Common Shares in treasury or securities of TDS that are convertible into or exercisable or exchangeable for such shares, unless deemed advisable by the TDS Board or required by applicable law, regulation or NYSE requirements. TDS has no current plans to issue any Common Shares except in connection with existing reserves, including the potential conversions of Series A Common Shares, TDS compensation plans and a dividend reinvestment plan as described herein.

The following table shows the number of shares of common stock of TDS that are outstanding as of June 30, 2011, the effect of the Share Consolidation, the number of shares that would be reserved for issuance for specified purposes and the number of authorized shares that would be available for other purposes.

	<i>Amount Issued as of June 30, 2011</i>	<i>To be Reclassified in Share Consolidation</i>	<i>Reserved for Issuance for various purposes after Share Consolidation (1)</i>	<i>Unreserved and Available for Issuance for Other Purposes (2)</i>	<i>Total Authorized</i>
Outstanding:					
Series A Common Shares	6,526,443		92,464	18,381,093	25,000,000
Common Shares	49,937,250	46,859,323	18,413,493	149,789,934	265,000,000
Special Common Shares	46,859,323	(46,859,323)			
Subtotal	103,323,016		18,505,957	168,171,027	290,000,000
In Treasury:					
Common Shares held in treasury and by a subsidiary	7,155,263	16,583,101		(23,738,364)	
Special Common Shares held in treasury and by a subsidiary	16,583,101	(16,583,101)			
Total Issued and Reserved	127,061,380		18,505,957	144,432,663	290,000,000

(1)

Includes reserves for issuance of shares (i) upon the possible conversion of Series A Common Shares, (ii) for compensation plans and (iii) for dividend reinvestment plans. Does not include shares proposed to be reserved pursuant to Proposal 6. See Item 11 under "Summary Comparison of Current Equity Capitalization with Proposed Capitalization" above for details of these amounts.

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(2) This column includes the Common Shares that would be available for issuance for corporate purposes. Based on shares outstanding on June 30, 2011, approximately 149.8 million Common Shares would be available for issuance or delivery for corporate purposes, including approximately 23.7 million shares held in treasury or by a TDS subsidiary. This amount would be reduced by the amount of shares reserved under Proposal 6.

The current quarterly dividend rate is \$0.1175 per share. Subject to declaration or change in the per share dividend rate by the TDS Board, holders of common stock would continue to receive a quarterly cash dividend of \$0.1175 per share, whether they own Series A Common Shares or Common Shares after the Share Consolidation. See "Dividend Policy" for the TDS Board's policy with respect to dividends and certain risks related to the payment of dividends.

Further discussion of the Charter Amendments, including the Share Consolidation Amendment, is set forth below under the caption "Charter Amendments Generally."

Because this is a summary of the proposed foregoing amendment, it may not contain all of the information that is important to you. You should read carefully the proposed amendment of the TDS Charter attached as Exhibit A to this Proxy Statement before you decide how to vote. In order to facilitate review by shareholders, Exhibit A is marked to reflect all changes to be made as a result of the Charter Amendments, including the above amendment.

A vote in favor of Proposals 1 and 2 will also be deemed to constitute approval of the filing of a new Restated Certificate of Incorporation enacting the amendment set forth in these proposals, which Restated Certificate of Incorporation will also include the other amendments set forth in Proposals 3, 4 and 5.

The TDS Board has unanimously approved the Share Consolidation Amendment, believes that the adoption of the Share Consolidation Amendment 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" Proposal 1 Share Consolidation Amendment Statutory Vote, and Proposal 2 Share Consolidation Amendment Ratification Vote, and the related transactions.

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**PROPOSAL 3 VOTE AMENDMENT STATUTORY VOTE
AND
PROPOSAL 4 VOTE AMENDMENT RATIFICATION VOTE**

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.

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 before the effective time of the Charter Amendments, subject to adjustment due to changes in the number of outstanding Series A Common Shares, as discussed below.

A copy of the TDS Charter, marked to show the changes that would be made by the Charter Amendments, including the Vote Amendment, is attached hereto as Exhibit A.

Subject to the approval of the Vote Amendment by shareholders, the approval of the Share Consolidation Amendment and certain conditions discussed below, the TDS Board currently expects to approve the filing of a Restated Certificate of Incorporation that would effect the Charter Amendments, including the Vote Amendment, shortly after the Special Meeting. Nevertheless, the TDS Board could delay filing of the Restated Certificate of Incorporation if it determines this to be appropriate for any reason, such as the pendency of litigation or other reasons. In such case, the TDS Board will have a period of up to one year from the date of shareholder approval to effect the transactions. Because the Vote Amendment is subject to various conditions and because the TDS Board would not be required to effect the Vote Amendment even if all conditions are satisfied, there can be no assurance that it will take place.

The effectiveness of the Vote Amendment is subject to the following conditions: (i) approval by shareholders of the Vote Amendment, (ii) shareholder approval of the Share Consolidation Amendment, (iii) NYSE approval of the listing of the additional Common Shares that will be outstanding as a result of the Charter Amendments and no change in the NYSE interpretation that the Common Shares will qualify for continued listing after the Charter Amendments are effective, (iv) receipt of all required approvals and consents, if any, (v) no legal prohibition, and (vi) filing and effectiveness of the Restated Certificate of Incorporation with the Secretary of State of the State of Delaware.

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

The Vote Amendment would not make any changes to voting in the election of directors (however, as a result of the Share Consolidation Amendment the current holders of Special Common Shares would vote in such election as holders of Common Shares after the Share Consolidation). See "Description of TDS Capital Stock Comparison of Current Capital Structure and Proposed Capital Structure" below. The Vote Amendment would only affect the vote in matters other than the election of directors.

Thus, for example, if the transactions had 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 have been set at about 56.7% of the total voting power of the common stock, and the voting power of the Common Shares initially would have been set at about 43.3% of the total voting power of the common stock. The actual percentages would be determined based on outstanding shares immediately prior to the effective time of the Charter Amendments.

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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.

The initial percentages would be adjusted under certain circumstances as discussed below, except that the aggregate voting percentage of the Series A Common Shares could not increase above the initial fixed percentage voting power (56.7% in the above example).

The Vote Amendment would only affect the relative voting percentages in matters other than the election of directors of the Series A Common Shares and Common Shares. The issuance of Preferred Shares or other classes of capital stock with votes in matters other than the election of directors could change these percentages.

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). Under TDS' existing capital structure, the voting control of the TDS Voting Trust would not be reduced as long as TDS continues to issue Special Common Shares rather than Common Shares. As long as TDS continues to issue Special Common Shares and as long as the TDS Voting Trust continues to retain its Series A Common Shares, the voting power of the TDS Voting Trust would not be reduced below a majority of the voting power in matters other than the election of directors. Thus, the Vote Amendment would initially set the percentage of voting power of the Series A Common Shares and Common Shares at the percentages that they have immediately prior to the effective time of the Charter Amendments.

In addition, the Vote Amendment ensures that the percentage voting power of the Series A Common Shares in matters other than the election of directors would not increase above the current level, because this initially would be set at the initial fixed percentage voting power based on shares outstanding immediately prior to the effective time of the Charter Amendments (56.7% in the above example, based on shares outstanding on June 30, 2011), and this percentage could only decrease but not increase. As a result, future transactions will not increase the percentage voting power of the TDS Series A Common Shares in matters other than the election of directors.

An effect of the Vote Amendment would be that the per share vote of the current holders of Special Common Shares (in matters other than the election of directors) would increase from zero to about 0.5 votes per share, and the per share vote of the current holders of Common Shares (in matters other than the election of directors) would decrease from one vote per share to about 0.5 votes per share. TDS believes that this change in voting power is not substantial for the reasons stated below.

In particular, the Common Shares and Special Common Shares are substantially identical even though they currently have different voting rights in matters other than the election of directors. The TDS Voting Trust holds approximately 6.2 million Series A Common Shares that have about 53.6% of the voting power in matters other than the election of directors. Thus, the TDS Voting Trust currently has a majority of the voting power in matters other than the election of directors and this will not change if the Charter Amendments become effective. In addition, as noted above, about an additional 2.2% of such voting power is held by insiders and members of the Carlson Family outside of the TDS Voting Trust, for a total voting power by Affiliated Persons of approximately 55.8% in matters other than the election of directors. As a result, the practical voting power of the Common Shares would not be changed as a result of the Vote Amendment. The Common Shares currently do not have the ability to determine the outcome in any vote relating to matters other than the election of directors and this will not change if the Charter Amendments become effective.

Although there would be a change in the per share voting power of the Common Shares, the total voting percentage of the Common Shares (including Special Common Shares that are reclassified as Common Shares in the Share Consolidation) would be retained at the initial fixed percentage voting power based on shares outstanding immediately prior to the effective time of the Charter Amendments (43.3% in the above example, based on shares outstanding on June 30, 2011). Accordingly, there would be no change in the aggregate percentage voting power of the Common Shares, except that this

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percentage could increase due to changes in the outstanding Series A Common Shares, as discussed below.

Although the voting power of the Series A Common Shares will not increase, the voting power of the TDS Voting Trust will increase by approximately 2.7% (based on shares outstanding as of June 30, 2011) due to the fact that the TDS Voting Trust also owns Special Common Shares, which will be reclassified as Common Shares in the Share Consolidation.

In particular, the TDS Voting Trust owned approximately 6.1 million Special Common Shares as of June 30, 2011. These shares would be reclassified as Common Shares in the Share Consolidation. As noted above, after the Share Consolidation, the Common Shares would have about 0.5 votes per share in matters other than the election of directors. As a result, based on shares held at June 30, 2011, the 6.1 million Common Shares that would be held by the TDS Voting Trust after the Share Consolidation would have about 3.1 million votes immediately after the Share Consolidation, due to the reclassification of its Special Common Shares as Common Shares with about 0.5 votes per share. This increase in votes would be approximately 2.7% of the total voting power in matters other than the election of directors.

The voting power in matters other than the election of directors of the TDS Voting Trust at June 30, 2011, was about 53.6%, due entirely to the ownership of 6.2 million Series A Common Shares because the Special Common Shares currently do not vote for matters other than the election of directors. Therefore, based on shares outstanding as of such date, the voting power of the TDS Voting Trust would increase to about 56.3% (53.6% + 2.7%). However, the TDS Voting Trust already has majority voting control in matters other than the election of directors. The additional approximate 2.7% does not permit the TDS Voting Trust to have any greater influence or power to effect actions than it currently has through its existing majority control. In addition, the increase in the TDS Voting Trust's voting power is an incidental consequence of the transactions due to the fact that the TDS Voting Trust holds a substantial number of Special Common Shares, which were acquired in the 2005 distribution of Special Common Shares. There is no intention of increasing the voting influence of the TDS Voting Trust through the proposed transactions. However, this higher voting power in matters other than the election of directors may permit the TDS Voting Trust to continue to retain over 50% of the voting power of TDS over time. 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."

After the Charter Amendments become effective, the number of votes in matters other than the election of directors would be adjusted as follows as of the record date for each shareholder vote (the following shows the percentage of voting power of common stock only and does not reflect any effect from Preferred Shares or otherwise):

1. The Vote Amendment would set the initial aggregate voting power of Series A Common Shares and Common Shares in matters other than the election of directors at the percentages held by such shares immediately prior to the effective time of the Charter Amendments (about 56.7% and 43.3%, respectively, as of June 30, 2011). Thereafter, the voting power would be determined at each record date as follows:
2. As long as the percentage of voting power of the Series A Common Shares calculated under this No. 2 would not exceed the percentage voting power of the Series A Common Shares immediately prior to the effective time of the Charter Amendments (56.7% based on shares outstanding on June 30, 2011), the voting power would be determined as follows:
 - (a) Each outstanding Series A Common Share would have ten votes per share.
 - (b) Each outstanding Common Share would have the number of votes determined by dividing (i) the sum of the number of Common Shares outstanding immediately before the effective time of the Charter Amendments and the number of Common Shares issued upon conversion of Series A Common Shares since the effective time of the Charter Amendments by (ii) the number of Common Shares outstanding on the record date.

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3.

If the foregoing calculation would result in the percentage of voting power of the Series A Common Shares exceeding the percentage voting power of the Series A Common Shares immediately before the effective time of the Charter Amendments (56.7% based on shares outstanding on June 30, 2011), the voting power would be determined as follows:

(a)

Each outstanding Series A Common Share would have ten votes per share.

(b)

The total number of votes of the Series A Common Shares would be determined by multiplying the number of outstanding Series A Common Shares by 10.

(c)

The aggregate number of votes of the Series A Common Shares and the Common Shares would be determined by dividing the total number of votes of the Series A Common Shares calculated in No. 3(b) above by the percentage voting power of the Series A Common Shares immediately before the effective time of the Charter Amendments (56.7% based on shares outstanding on June 30, 2011).

(d)

The aggregate number of votes of the Common Shares would be determined by subtracting the total number of Series A Common Share votes determined in No. 3(b) above from the total number of votes of the Series A Common Shares and the Common Shares determined in No. 3(c) above.

(e)

The vote per Common Share would be determined by dividing the total number of votes of the Common Shares determined in No. 3(d) by the number of outstanding Common Shares on the record date.

Further discussion of the Charter Amendments, including the Vote Amendment, is set forth below under the caption "Charter Amendments Generally."

The following provides hypothetical examples illustrating the effect of the Vote Amendment with respect to voting on matters other than the election of directors, assuming that the Charter Amendments became effective June 30, 2011:

1.

Assumed net issuance of 10 million Common Shares for benefit plans and other purposes, net of any share repurchases, and no other net change: The Series A Common Shares would continue to have 56.7% and the Common Shares would continue to have 43.3% of the voting power in matters other than the election of directors. The Series A Common Shares would continue to have ten votes per share and the Common Shares would have approximately 0.47 votes per share. In this case, the vote per share of the Common Shares would be reduced to reflect the greater number of outstanding Common Shares so that the holders of Common Shares would continue to have 43.3% of the aggregate voting power.

2.

Assumed issuance of 100,000 Series A Common Shares pursuant to the dividend reinvestment plan and no other net change: The Series A Common Shares would continue to have 56.7% and the Common Shares would continue to have 43.3% of the voting power in matters other than the election of directors. The Series A Common Shares would continue to have ten votes per share and the Common Shares would have over 0.52 votes per share. In this case, the issuance of 100,000 Series A Common Shares would not result in any increase in the percentage of the aggregate voting power of the Series A Common Shares due to the fact that this percentage would be capped at 56.7% based on shares outstanding at June 30, 2011. As a result, the votes per share of the Common Shares would be increased to over 0.52 so that the aggregate voting power of the Series A Common Shares would remain at 56.7% rather than increase.

3.

Assumed conversion of 1 million Series A Common Shares into Common Shares and no other net change: In this case, the aggregate percentage voting power in matters other than the election of directors of the Series A Common Shares would be reduced to approximately 52.0% and the aggregate percentage voting power of the Common Shares in such matters would be increased to approximately 48.0%. The Series A Common Shares would continue to have ten votes per share and the Common Shares would have approximately 0.52 votes per share. In this case, the decrease of 1 million Series A Common Shares as a result of conversions into

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Common Shares would result in a decrease in the percentage of the aggregate voting power of the Series A Common Shares and an increase in the percentage of the aggregate voting power of the Common Shares.

4.

Assuming the same facts as in example 3, except that thereafter 100,000 Series A Common Shares are assumed to be issued pursuant to the dividend reinvestment plan: In this case, the aggregate percentage voting power in matters other than the election of directors of the Series A Common Shares would increase from approximately 52.0% in example 3 to approximately 52.5% and the aggregate percentage voting power of the Common Shares in such matters would decrease from approximately 48.0% in example 3 to approximately 47.5%. The Series A Common Shares would continue to have ten votes per share and the Common Shares would have approximately 0.52 votes per share. In this case, the subsequent increase of 100,000 Series A Common Shares would result in a reversal of a portion of the decrease in the percentage of the aggregate voting power of the Series A Common Shares that occurred in example 3 above. Although a decrease in the percentage of the aggregate voting power of the Series A Common Shares could be reversed if additional Series A Common Shares are issued following a decrease, the aggregate percentage voting power of the Series A Common Shares could not increase above 56.7% based on shares outstanding at June 30, 2011.

5.

Assumed conversion of 1.5 million Series A Common Shares into Common Shares and sale thereof by the TDS Voting Trust and no other net change: In this case, the aggregate percentage voting power in matters other than the election of directors of the Series A Common Shares would be reduced to approximately 49.4% and the aggregate percentage voting power of the Common Shares in such matters would be increased to approximately 50.6%. The Series A Common Shares would continue to have ten votes per share and the Common Shares would have over 0.52 votes per share. In this case, the decrease of 1.5 million Series A Common Shares as a result of conversions into Common Shares would result in a decrease in the percentage of the aggregate voting power of the Series A Common Shares and an increase in the percentage of the aggregate voting power of the Common Shares. In addition, the conversion and sale of 1.5 million Series A Common Shares by the TDS Voting Trust would result in its voting power in matters other than the election of directors to decline below 50%, to about 49%.

Because this is a summary of the proposed foregoing amendment, it may not contain all of the information that is important to you. You should read carefully the proposed amendment of the TDS Charter attached as Exhibit A to this Proxy Statement before you decide how to vote. In order to facilitate review by shareholders, Exhibit A is marked to reflect all changes to be made as a result of the Charter Amendments, including the foregoing amendment.

A vote in favor of Proposals 3 and 4 will also be deemed to constitute approval of the filing of a new Restated Certificate of Incorporation enacting the amendment set forth in these proposals, which Restated Certificate of Incorporation will also include the other amendments set forth in Proposals 1, 2 and 5.

The TDS Board has unanimously approved the Vote Amendment, believes that the adoption of the Vote Amendment 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" Proposal 3 Vote Amendment Statutory Vote and Proposal 4 Vote Amendment Ratification Vote, and the related transactions.

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PROPOSAL 5 ANCILLARY AMENDMENT

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

A copy of the TDS Charter, marked to show the changes that would be made by the Charter Amendments, including the Ancillary Amendment, is attached hereto as Exhibit A.

Subject to the approval of the Ancillary Amendment by shareholders and certain conditions discussed below, the TDS Board currently expects to approve the filing of a Restated Certificate of Incorporation that would effect the Charter Amendments, including the Ancillary Amendment, shortly after the Special Meeting. Nevertheless, the TDS Board could delay filing of the Restated Certificate of Incorporation if it determines this to be appropriate for any reason, such as the pendency of litigation or other reasons. In such case, the TDS Board will have a period of up to one year from the date of shareholder approval to effect the transactions. Because the Ancillary Amendment is subject to various conditions and because the TDS Board would not be required to effect the Ancillary Amendment even if all conditions are satisfied, there can be no assurance that it will take place.

The effectiveness of the Ancillary Amendment is subject to the following conditions: (i) shareholder approval of the Ancillary Amendment, (ii) shareholder approval of the Share Consolidation Amendment and the Vote Amendment, (iii) NYSE approval of the listing of the additional Common Shares that will be outstanding as a result of the Charter Amendments and no change in the NYSE interpretation that the Common Shares will qualify for continued listing after the Charter Amendments are effective, (iv) receipt of all required approvals and consents, if any, (v) no legal prohibition, and (vi) filing and effectiveness of the Restated Certificate of Incorporation with the Secretary of State of the State of Delaware.

The provisions proposed to be eliminated include references to authorization of, and provisions defining the rights of holders of, series of Preferred Shares that have ceased to be outstanding and Tracking Stock.

In addition, since TDS restated the TDS Charter in connection with TDS' reincorporation into Delaware in 1998, TDS has redeemed and/or repurchased several series of Preferred Shares. Accordingly, the Ancillary Amendment would eliminate all obsolete provisions relating to series of Preferred Shares that no longer are outstanding. The Preferred Shares that are no longer outstanding would revert to being undesignated as to series.

In addition, all provisions relating to Tracking Stock would be eliminated. TDS shareholders authorized TDS to issue Tracking Stock in 1998 in connection with TDS' reincorporation into Delaware. No Tracking Stock has ever been issued. In addition, the TDS Board no longer has any intention of issuing any Tracking Stock. Accordingly, the TDS Board recommends that all of the obsolete provisions relating to Tracking Stock be eliminated from the TDS Charter.

The charter currently authorizes 620,000,000 shares of capital stock, of which 325,000,000 shares are Tracking Stock. The charter as proposed to be amended and restated would eliminate the authorized Tracking Stock, so that the number of authorized shares of capital stock would be reduced to 295,000,000 shares of capital stock.

Because the Preferred Shares, reference to which would be eliminated, are no longer outstanding and because no Tracking Stock has been issued, none of these proposed changes would have any impact on the substantive rights of any shareholders of TDS.

Further discussion of the Charter Amendments, including the Ancillary Amendment, is set forth below under "Charter Amendments Generally."

Because this is a summary of the proposed foregoing amendment, it may not contain all of the information that is important to you. You should read carefully the proposed amendment of the TDS Charter attached as Exhibit A to this Proxy Statement before you decide how to vote. In order to facilitate

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review by shareholders, Exhibit A is marked to reflect all changes to be made as a result of the Charter Amendments, including the above amendment.

A vote in favor of this Proposal 5 will also be deemed to constitute approval of the filing of a new Restated Certificate of Incorporation enacting the amendment set forth in this proposal, which Restated Certificate of Incorporation will also include the other amendments set forth in Proposals 1, 2, 3 and 4.

The TDS Board has unanimously approved the Ancillary Amendment, believes that the adoption of the Ancillary Amendment 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" the Ancillary Amendment and the related transactions.

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CHARTER AMENDMENTS GENERALLY

The Charter Amendments are comprised of the Share Consolidation Amendment, the Vote Amendment and the Ancillary Amendment discussed specifically above. The below discusses matters that are generally applicable to the Charter Amendments.

If shareholders approve the Charter Amendments, and subject to certain other conditions as discussed above, the TDS Board expects to approve the filing of a Restated Certificate of Incorporation that would effect the Charter Amendments shortly after the Special Meeting.

Nevertheless, even if shareholders approve the Charter Amendments, the TDS Board would not be required to effect and could determine not to effect the Charter Amendments. In such event, the TDS Board could determine to take no action or to pursue other action. The TDS Board would have a period of up to one year after shareholder approval to determine whether to effect the Charter Amendments.

Background and Reasons for the Charter Amendments and Related Transactions; Recommendation of the TDS Board

TDS has had a multiple class capital structure since prior to its initial public offering and original listing on the American Stock Exchange ("AMEX") in 1981.

At the time of TDS' initial public offering in 1981, TDS had two classes of common stock: Series A Common Shares, which had ten votes per share and elected 75% of the directors, and Common Shares, which had one vote per share and elected 25% of the directors. This voting structure continued until TDS reincorporated from Iowa into Delaware in 1998.

In 1998, in connection with TDS' reincorporation, TDS amended and restated the TDS Charter. In connection therewith, the number of directors that the holders of Common Shares could elect was increased by one director and the number of directors that the holders of Series A Common Shares could elect was reduced by one director. In addition, the amended and restated TDS Charter authorized the issuance of Special Common Shares, which would vote together with the Common Shares in the election of 25% of the directors, plus one director. However, the amended and restated TDS Charter provided that the Special Common Shares would not have any vote in matters other than the election of directors except as required by law. The Special Common Shares were authorized in order to permit TDS to issue shares of common stock without diluting the voting power in matters other than the election of directors held by the holders of Series A Common Shares and Common Shares.

The amended and restated TDS Charter also authorized the issuance of Tracking Stock. TDS never issued any Tracking Stock and has no intention to issue any Tracking Stock.

Between 1998 and 2005, TDS did not issue any Special Common Shares and none were outstanding.

The 2005 Distribution

In 2005, the TDS Board approved a distribution of one Special Common Share in the form of a stock dividend with respect to each outstanding Common Share and Series A Common Share of TDS, which we refer to as the "2005 Distribution." Citi was TDS' financial advisor in connection with the 2005 Distribution.

The 2005 Distribution was made in order to establish a market and trading price for the Special Common Shares prior to issuing the Special Common Shares for any corporate purposes. The discount in the trading price of the Special Common Shares relative to the trading price of the Common Shares became less than 5% by Fall of 2005 and remained at that level for most of 2006. In addition to Special Common Shares being available for general corporate purposes, one of the reasons for the 2005 Distribution was to permit TDS to possibly offer and issue Special Common Shares in exchange for all of the Common Shares of U.S. Cellular not owned by TDS, which we refer to as a "Possible U.S. Cellular Transaction." Citi was also TDS' financial advisor in connection with the Possible U.S. Cellular Transaction. The Possible U.S. Cellular Transaction, as well as ongoing compensation related and other issuances of equity, were expected to add market value, float and liquidity to the Special Common

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Shares, thereby helping to reduce and/or reverse any trading discounts in the trading price of the Special Common Shares.

TDS owns over 80% of the common stock of U.S. Cellular. TDS owns 100% of the Series A Common Shares of U.S. Cellular and approximately 70% of the Common Shares of U.S. Cellular. The remaining U.S. Cellular Common Shares are publicly traded on the NYSE under the symbol "USM." The purpose of a Possible U.S. Cellular Transaction would have been to cause U.S. Cellular to become a wholly-owned subsidiary of TDS.

Following the 2005 Distribution until March 5, 2007, TDS management considered and discussed the possibility of acquiring the USM Common Shares not owned by TDS in a Possible U.S. Cellular Transaction. During this period, TDS considered the exchange ratio implied from time to time by the market prices of Special Common Shares and Common Shares of U.S. Cellular. TDS also considered the market price of the Special Common Shares, which traded at a discount to the Common Shares.

Considering such implied exchange ratio, discount and other reasons, the TDS Board determined to terminate all activity relating to a Possible U.S. Cellular Transaction on March, 5 2007. On March 2, 2007, the Special Common Shares traded at an 8.5% discount to the Common Shares and the exchange ratio of U.S. Cellular Common Shares to TDS Special Common Shares was 1.41x. TDS' Schedule 13D amendment filed in connection with such termination stated as follows: "Although a Possible U.S. Cellular Transaction could have certain potential benefits, TDS does not believe that such a transaction is critical strategically, operationally or financially to the continued success of TDS or U.S. Cellular. TDS does not intend to commence or complete a Possible U.S. Cellular Transaction on uneconomic terms. TDS believes that an acceptable exchange ratio would need to be based on financial metrics which appropriately reflect the relative value of TDS and U.S. Cellular, recognizing the fact that a substantial portion of the value of TDS is comprised of its ownership in U.S. Cellular. TDS does not believe that the exchange ratio implied by the historical and current TDS and U.S. Cellular trading prices since some time after the announcement of a Possible U.S. Cellular Transaction has properly reflected this relative value." TDS has not filed an amended Schedule 13D with respect to U.S. Cellular since March 2007 and there has been no change in the position of TDS as set forth above.

Other Developments Since 2005 Distribution

In 2008, TDS transferred the listing of the Common Shares and the Special Common Shares from the AMEX to the NYSE.

Since the 2005 Distribution, the Special Common Shares have generally continued to trade at a discount to the Common Shares. Since the inception of trading in 2005, the discount has typically ranged from about 3% to 15%; however, the Special Common Shares traded at a small premium to the Common Shares from time to time during the fall of 2008.

Recently, the discount in the market price of the Special Common Shares to the market price of the Common Shares has increased. In 2010, the discount ranged from about 9% to 15% with an average of about 13%. In 2011 through the end of June 30, 2011, the discount ranged from about 12% to 15% with an average of about 13%.

In addition, the average trading volume of the Special Common Shares was only about 28% of the average trading volume of the Common Shares in 2010. In 2011 through the end of June 2011, average trading volume of the Special Common Shares was only about 23% of the average trading volume of the Common Shares.

TDS does not believe the discount at which the Special Common Shares trade relative to the Common Shares is justified by economic fundamentals because the Common Shares and Special Common Shares have substantially identical rights to dividends, merger consideration and liquidation proceeds, as discussed below under "Description of TDS Capital Stock." Although such shares have different voting rights in matters other than the election of directors, because the TDS Voting Trust has a majority of the voting power in matters other than the election of directors, TDS does not believe that such voting right differences should cause any significant differences in value. In addition, given that the number of outstanding Common Shares and Special Common Shares is substantially the same, TDS

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does not believe that there is any significant reason why the Special Common Shares should trade at such a large discount to the Common Shares based on the number of outstanding shares.

Based on the advice of its financial advisor, TDS believes that the low market liquidity of the Special Common Shares relative to the greater market liquidity of the Common Shares is the primary reason that the Special Common Shares trade at a significant discount to the Common Shares. As noted above, the average trading volume of the Special Common Shares generally was only about 28% of the average trading volume of the Common Shares in 2010 and was only about 23% of the average trading volume of the Common Shares in 2011 through June 30, 2011. Furthermore, the market liquidity of both classes of the publicly-traded TDS shares is diminished because the public float is divided into two separately traded public classes, resulting in lower trading volume for each class compared to if the classes were consolidated.

Based on discussions with various market participants, including its financial advisor, TDS also believes the increased volatility of the market since the financial crisis in 2008 and the so-called "flash crash" on May 6, 2010, may have changed perceptions of the value of liquidity to investors. This appears to have contributed to the increase in the discount in the market price of the Special Common Shares in recent periods.

Further, only the Common Shares are included in certain stock indices. Because of this, investors seeking to replicate the index or purchase its constituent stocks create greater demand for the Common Shares to account for the total shares required to duplicate the TDS market weighting in the index, resulting in higher demand and market liquidity, and thus higher market prices for the Common Shares compared to the Special Common Shares. The fact that only the Common Shares are included in certain stock indices may further contribute to investor beliefs, perceptions and actions that result in the Common Shares being more liquid than the Special Common Shares.

In addition, approximately 13% of the Special Common Shares are held by the TDS Voting Trust, whereas the TDS Voting Trust does not hold any Common Shares. The TDS Voting Trust has not sold or distributed any Special Common Shares since the 2005 Distribution (although there have been a small number of withdrawals of Special Common Shares by beneficiaries of the TDS Voting Trust). In addition, another large shareholder has held between 21% and 30% of the Special Common Shares between 2005 and 2010. As a practical matter, these large blocks of Special Common Shares have effectively reduced the public float of the Special Common Shares in relation to the Common Shares, even though the number of outstanding Common Shares and Special Common Shares has not been substantially different in recent periods. As a result, TDS believes that other shareholders that purchase Special Common Shares only do so if they expect to hold such shares for relatively longer periods compared to the Common Shares. This further results in lower available public float and lower trading volume in the Special Common Shares, which further reduces the market liquidity of the Special Common Shares in relation to the Common Shares.

TDS believes that several disadvantages to TDS and its shareholders have developed as a result of the fact that the Special Common Shares trade at a significant discount to the Common Shares, despite the fact that both classes of stock have substantially the same economic rights. In fact, certain institutional investors have expressed concerns about the discount in the market price of the Special Common Shares compared to the Common Shares. Since the 2005 Distribution, certain institutional investors and shareholders of TDS suggested to TDS that TDS take action to address the discount in the market price of the Special Common Shares, including suggesting that the Common Shares and Special Common Shares be consolidated, or have asked whether TDS is considering or intends to take action with respect to the discount. Such comments and questions were sometimes made on analyst or earnings conference calls and webcasts and, on such calls and webcasts, TDS management in general responded that it was looking into ways to address the discount.

The Special Common Shares were created to allow for issuances of new equity without diluting the voting power of the existing shareholders. However, the market price differential between the Special Common Shares and Common Shares has limited TDS' flexibility and would increase its costs to raise capital or make acquisitions using Special Common Shares. If discounted Special Common Shares are issued to raise capital or make acquisitions, all shareholders would be diluted in value, including holders of Common Shares. TDS believes that it is important for TDS to have the flexibility to issue equity for financing purposes or in future acquisitions.

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In addition, TDS' current capital structure creates investor confusion because its separate stock symbols make it difficult to obtain stock quotes and information about TDS, including the calculation and reporting of its market capitalization and per share ratios, as compared to companies with a single class of publicly-traded common stock. In particular, the use of different trading symbols for the two publicly-traded classes of common stock (TDS and TDS.S) has contributed to the confusion, given that these trading symbols have been reproduced, recorded or described in different ways by various sources. Certain reporting services do not report trading prices for the Special Common Shares, report only limited information for the Special Common Shares or report information inconsistently. In addition, data services providers may estimate TDS' market capitalization using inconsistent methods. As a result, the public may obtain conflicting and confusing financial information from various third-party sources.

In addition, the market price differential between the Common Shares and Special Common Shares has made Special Common Shares less attractive as a vehicle for compensation plans and other purposes because the issuance of Special Common Shares with a lower market value compared to the Common Shares results in economic dilution to all shareholders.

Since 2007, TDS management has had informal discussions with various advisors and considered certain possible alternatives to enhance the liquidity and trading characteristics of the Special Common Shares. Between 2007 and 2011, TDS management held discussions with several investment banks, including Citi, and discussed possible ways to address the discount in the Special Common Shares.

In 2010, TDS management increased its efforts in this matter as a result of the increase in the discount in the market price of the Special Common Shares to the Common Shares in recent periods.

At board meetings in 2010, TDS management discussed various possibilities with the TDS Board that might reduce or eliminate the discount in the Special Common Shares. A possible consolidation of the Common Shares and Special Common Shares was one of the possibilities that was discussed.

Also in 2010, TDS management held discussions with potential financial advisors in connection with possible actions to address the discount in the Special Common Shares, including Citi. TDS management considered the following approaches to address the discount in the Special Common Shares: (1) consolidating the Common Shares and Special Common Shares, (2) increasing the relative proportion of the number of Special Common Shares that are outstanding to increase their float and liquidity as compared to the Common Shares (such as through a stock dividend, public offering, use in acquisitions, or by repurchasing Common Shares), and (3) other changes (such as changes in the ticker symbols, dividends or liquidation preferences).

Following discussions with the TDS Board, TDS management continued to work with TDS' legal advisors, and continued to have discussions with potential financial advisors in developing preliminary and tentative terms of a possible transaction.

TDS management and the TDS Board recognized that any proposal would need the support of the TDS Voting Trust because it controls a majority of the voting power of TDS. The Schedules 13D of the TDS Voting Trust stated that the trustees of the TDS Voting Trust intended to maintain the ability to keep or dispose of voting control of TDS. Accordingly, TDS management continued to work with its advisors in developing preliminary and tentative terms of a possible transaction that might be supported by the TDS Voting Trust as well as the public shareholders.

As a result of its review of potential alternatives, discussions with Citi, other potential financial advisors and legal advisors, and discussion with the President and Chief Executive Officer of TDS, who is one of the trustees of the TDS Voting Trust, TDS management (including the President and Chief Executive Officer of TDS) believed that a possible reclassification of the Special Common Shares as Common Shares was the most promising alternative. In particular, TDS management evaluated various alternatives in terms of their likelihood of success in eliminating the discount in the Special Common Shares and the likelihood of successful execution. The alternative of consolidating the Common Shares and Special Common Shares was viewed as the alternative that had the highest likelihood of success, as well as a greater likelihood of successful execution than many of the other alternatives.

In the first part of 2011, TDS management worked with legal advisors and potential financial advisors, including Citi, regarding the possible transaction. The preliminary and tentative terms of the Share Consolidation Amendment and Vote Amendment were developed and were communicated to

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certain trustees of the TDS Voting Trust. TDS management also worked with legal advisors to develop the Vote Amendment in order 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), which TDS management believed would be necessary to obtain the TDS Voting Trust's support for the Share Consolidation. TDS management also believed that it would be advisable to "clean up" the TDS Charter by removing obsolete provisions relating to Tracking Stock and relating to series of Preferred Shares that are no longer outstanding.

In addition, during that time, TDS management worked with legal advisors to complete and deliver an interpretive request to the NYSE with respect to the possible Share Consolidation, Vote Amendment and related transactions.

In the first part of 2011, TDS management had discussions with the NYSE regarding the possible Share Consolidation, Vote Amendment and related transactions.

In April 2011, the NYSE advised TDS management that the possible Share Consolidation, Vote Amendment and related transactions would not violate Section 313 of the NYSE Listed Company Manual, which relates to voting rights of listed classes of stock.

Following the receipt of the NYSE interpretation, TDS management discussed the approach to the transaction described to the NYSE with the TDS Board at a meeting on May 19, 2011 to determine if the TDS Board desired management to pursue such approach. At such meeting, the TDS Board authorized management to engage a financial advisor and to proceed to develop the terms of the transaction, and, if appropriate, provide further information with respect to such approach at a subsequent meeting of the TDS Board.

Following the TDS Board meeting on May 19, 2011, based on interviews of potential advisors, the assistance that Citi provided prior to that time and other available information, TDS determined to retain Citi as its financial advisor in connection with the possible Share Consolidation, Vote Amendment and related transactions.

In connection with the proposed transactions, the independent directors on the TDS Board engaged Bass, Berry & Sims PLC as special counsel to represent them with respect to the proposed transactions. The independent directors are Clarence A. Davis, Donald C. Nebergall, George W. Off, Christopher D. O'Leary, Mitchell H. Saranow, Gary L. Sugarman and Herbert S. Wander.

On June 7, 2011, the independent directors of TDS met with representatives of Bass, Berry & Sims to discuss the proposed transactions. As a result of these discussions, the independent directors determined to request authority of the TDS Board to engage a separate financial advisor to provide financial advice to the independent directors with respect to the proposed transactions. After considering potential financial advisors, the independent directors determined to engage Credit Suisse. On June 13 and June 21, 2011, the independent directors of TDS met to further discuss the proposed Charter Amendments and related transactions with representatives of Bass, Berry & Sims and Credit Suisse.

On June 21, 2011, the TDS Board met to hear presentations on and discuss the proposed Charter Amendments and related transactions. At such meeting, the TDS Board ratified and approved the engagement of Citi to provide financial advice and an opinion to TDS and also ratified and approved the engagement of Bass, Berry & Sims and Credit Suisse to provide advice to the independent directors of TDS. TDS management and Citi made presentations to the TDS Board at such meeting and Bass, Berry & Sims and Credit Suisse participated in the meeting. A representative of the TDS Voting Trust indicated that the TDS Voting Trust would consider the Charter Amendments and would not approve any approach that was not supported by the independent directors of the TDS Board.

Following discussion, the TDS Board requested management to finalize the terms of the Charter Amendments and related transactions and to present with respect to these matters to the TDS Board at a later meeting of the TDS Board. In addition, consistent with the Telephone and Data Systems, Inc. Compensation Plan for Non-Employee Directors, the TDS Board resolved that the independent directors would receive a fee of \$1,750 for each meeting or call attended, except that the fee would be \$875 if the meeting or call was less than two hours in duration.

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TDS management then worked with Citi and legal advisors to finalize the terms of the Charter Amendments and related transactions. In addition, the independent directors consulted with Bass, Berry & Sims and Credit Suisse relating to the terms of the Charter Amendments and related transactions.

On June 27, 2011, the independent directors of TDS met to further discuss the proposed Charter Amendments and related transactions with representatives of Credit Suisse and Bass, Berry & Sims.

During this period, Bass, Berry & Sims discussed with counsel to the trustees of the TDS Voting Trust the proposed terms of the Charter Amendments and related transactions. In these discussions, it was noted that although the voting power of the Series A Common Shares held by the TDS Voting Trust would not increase as a result of the Charter Amendments and related transactions, the voting power of the TDS Voting Trust in matters other than the election of directors would increase from approximately 53.6% to approximately 56.3% (based on shares outstanding at June 30, 2011) due to the fact that the TDS Voting Trust also owns Special Common Shares, which will be reclassified as Common Shares in the Share Consolidation. On behalf of the independent directors, Bass, Berry & Sims inquired whether the trustees of the TDS Voting Trust would consider setting the voting power of the TDS Voting Trust, in matters other than the election of directors, after giving effect to the Charter Amendments and related transactions at the percentage (approximately 53.6%) held in respect of its Series A Common Shares and consider possible governance changes relating to the role of the independent directors in the TDS Board's decision making process. In response to this inquiry, counsel to the trustees of the TDS Voting Trust communicated that the trustees had met and the trustees believed that (i) the proposed terms of the Charter Amendments and related transactions, if adopted, would treat all of the shareholders equally and (ii) any increase in the TDS Voting Trust's aggregate voting power as a result of the Charter Amendments and related transactions would not be meaningful since the TDS Voting Trust would control a majority of the aggregate voting power on matters other than the election of directors in either case. Counsel to the trustees also stated that the trustees believed that making any governance changes was unnecessary.

On July 27, 2011, the independent directors of TDS met to further discuss the proposed Charter Amendments and related transactions with representatives of Credit Suisse and Bass, Berry & Sims.

On July 29, 2011, the TDS Board met to hear presentations from representatives of Citi and TDS management, and considered and discussed the Charter Amendments and related transactions. Bass, Berry & Sims and Credit Suisse participated in the meeting. The TDS Board studied the Charter Amendments and the related transactions, and discussed with TDS management, Citi, TDS' proxy solicitor and legal advisors the advisability and terms of such proposals and the related transactions. A representative of the TDS Voting Trust indicated that the TDS Voting Trust continued to be interested in the approach being considered by the TDS Board and reiterated that the TDS Voting Trust would not approve any approach that was not supported by the independent directors of the TDS Board. The representative of the TDS Voting Trust also noted that the existing Schedules 13D of the TDS Voting Trust state that the trustees of the TDS Voting Trust intend to maintain the ability to keep or dispose of the voting control of TDS and that this continues to be the position of the trustees. During such meeting, the independent directors met in executive session with representatives of Credit Suisse and Bass, Berry & Sims. Credit Suisse and Bass, Berry & Sims reviewed for the independent directors the terms of the Charter Amendments and related transactions. The independent directors discussed the Charter Amendments and related transactions and the presentations by TDS management, legal advisors to TDS and Citi. Credit Suisse reviewed for the independent directors Credit Suisse's discussions with Citi regarding Citi's presentation to the TDS Board and draft written opinion to the TDS Board regarding the fairness of the reclassification ratio. Following such discussion, the independent directors determined to advise the TDS Board that they were supportive of the Charter Amendments and related transactions and each intended to vote in favor thereof.

On August 7, 2011, the TDS Board met to consider the adoption of resolutions relating to the Charter Amendments and related transactions. Citi, Bass, Berry & Sims and Credit Suisse participated in the meeting and the independent directors advised the other directors that they had met separately, supported the Charter Amendments and related transactions and each intended to vote in favor thereof. A representative of the TDS Voting Trust advised the TDS Board that the trustees of the TDS Voting Trust were prepared to support the Charter Amendments and intended to vote the shares held by the TDS

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Voting Trust in favor of the Charter Amendments and related transactions on behalf of the TDS Voting Trust, if the Charter Amendments and related transactions are supported by the independent directors and approved by the full TDS Board.

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, general 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. See the section of this Proxy Statement entitled "Proposals Charter Amendments Charter Amendments Generally Opinion of Financial Advisor."

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.

After further discussion of the Charter Amendments and related transactions, the TDS Board determined that the Charter Amendments and related transactions are in the best interests of TDS and all of its shareholders. The TDS Board, including directors who are not trustees or beneficiaries of the TDS Voting Trust, and directors who are not officers of TDS, unanimously approved the Charter Amendments and related proposals.

Accordingly, on August 7, 2011, the TDS Board, including the independent directors:

determined that the Charter Amendments are in the best interests of TDS and in the best interests of each class of shareholders of TDS, including the holders of each of the Common Shares and Special Common Shares;

adopted and approved and declared the advisability of the Charter Amendments; and

directed that the Charter Amendments be submitted to a vote of the shareholders at a special meeting of shareholders and recommended that shareholders vote to approve the Charter Amendments.

In addition to required statutory votes, the TDS Board determined to voluntarily subject the Share Consolidation and Vote Amendment 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. 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."

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

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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.

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 Charter Amendments. The TDS Board will have a period of up to one year after shareholder approval to effect the transactions. The TDS Board could determine to take no action or to pursue other action.

Reasons for Approval and Potential Advantages. The TDS Board believes that the Charter Amendments and related transactions offer a number of potential advantages which outweigh the possible disadvantages, as described below, and that adoption of the Charter Amendments and the completion of the related transactions are in the best interests of TDS and holders of each class of its outstanding shares of capital stock. The TDS Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the advantages or disadvantages of the proposal, although the following factors were considered important in its decision:

Eliminate Discount. The Share Consolidation Amendment will eliminate the discount in the market price of the Special Common Shares in relation to the Common Shares. TDS believes, based on the advice of its financial advisor, that the Special Common Shares trade at a discount to the Common Shares primarily as a result of the lower public float and market liquidity for the Special Common Shares (due to the lower trading volume of the Special Common Shares and its more concentrated ownership). By consolidating the Common Shares and Special Common Shares, there will be only one publicly-traded class of stock and, as a result, there will not be a separate class of stock that could trade at a different market price involving a discount or a premium. TDS believes that eliminating the discount will have several benefits, including facilitating certain of the following potential advantages, such as reducing economic dilution, increasing flexibility for use in financings and potential acquisitions, and making compensation plans more effective.

Increase Liquidity. TDS desires to consolidate the Common Shares and Special Common Shares to increase their public float (by consolidating the public float of the two classes of stock) and market liquidity (due to an anticipated increase in the trading volume of TDS' listed common stock). Since the 2005 Distribution, trading activity in TDS shares has been divided between two publicly-traded classes of shares, rather than being concentrated in a single class, which TDS believes results in a lower public float (due to the separation into two classes) and market liquidity (due to lower trading volume) for each class of stock than what will be the case if the classes are consolidated. The Share Consolidation will increase the number of outstanding Common Shares from about 49.9 million to about 97.4 million. Thus, the Share Consolidation will result in the Common Shares having greater public float (by consolidating the public float of the two classes of stock) and greater market liquidity (due to an anticipated increase in the trading volume) than the current or historical public float or market liquidity of either of the Common Shares or Special Common Shares. As a result, TDS believes (based on the advice of its financial advisor) that the Share Consolidation will provide investors with greater liquidity and an enhanced quality of trade execution. TDS believes that this consolidation of the public float and increase in market liquidity (due to an anticipated increase in the trading volume of the common stock) will make it easier for existing investors to buy and sell TDS shares, and also may help to attract new investors. In addition, the possibility of a consolidated public float and greater market liquidity in one security (due to an anticipated increase in trading volume) may make it more likely that Common Shares would be included in additional broader stock indices in the future, such as the S&P 500 Index, although there can be no assurance that this will occur.

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Increased Acceptance by Institutional Investors. Consolidating the public float and increasing market liquidity (due to an anticipated increase in the trading volume of the consolidated common stock) and simplifying the capital structure will address concerns that have been expressed by certain institutional investors about the liquidity of TDS shares and the complexity of the capital structure and may make the TDS common stock a more attractive investment. A broader shareholder base could attract additional analyst coverage, which could increase market awareness of TDS' capital stock.

Increased Flexibility for Use in Financings and Potential Acquisitions. The Charter Amendments would provide TDS with greater flexibility and efficiency if TDS determined that it would be advisable to issue equity for corporate purposes, including raising capital or making acquisitions or other transactions. Currently, the discount of the market price of the Special Common Shares compared to the Common Shares would result in significant economic dilution to all shareholders if TDS issued a substantial number of Special Common Shares for such purposes as compared to the issuance of Common Shares. TDS believes that it is important for TDS to have the flexibility to use equity to raise capital or as consideration in future acquisitions, although no such offerings or acquisitions are contemplated at this time.

Increased Market Recognition of Value of TDS. TDS believes that the consolidation of the Common Shares and Special Common Shares will allow for easier analysis and valuation of the single class of publicly-traded common stock and thus may increase market recognition of the value of the publicly traded shares of TDS. TDS desires that the market reflect an increase in the value of the Common Shares and the overall market capitalization of TDS due to elimination of a class of stock that trades at a discount, increased liquidity, reduced economic dilution from share issuances and a simplified capital structure.

Simplify the Capital Structure and Reduce Investor Confusion. The Charter Amendments would simplify the TDS capital structure by reducing the number of classes of common stock from three to two, reduce the number of publicly-traded classes of common stock from two to one, reduce the two ticker symbols (TDS and TDS.S) to one ticker symbol (TDS), and eliminate the provisions in the TDS Charter relating to Tracking Stock and series of Preferred Shares that are no longer outstanding. TDS believes the simplified capital structure will eliminate investor confusion relating to its capital structure, including confusion as to ticker symbols, the calculation of TDS' total market capitalization and shares outstanding.

Simplify Compensation Plans, Reduce Employee Confusion and Make Compensation Plans More Effective. Currently, TDS has compensation plans under which Common Shares as well as Special Common Shares can be issued, such as the TDS Tax-Deferred Savings Plan and the TDS 2004 Long-Term Incentive Plan, and other plans pursuant to which only Special Common Shares can be issued. This causes complexity and confusion to employees as well as in establishing and administering compensation plans. In addition, using discounted Special Common Shares in compensation awards dilutes all shareholders, which results in a less than optimal compensation program. As a result, the Share Consolidation would also simplify employee equity compensation, reduce employee confusion with respect to TDS compensation plans and make compensation plans more effective.

Eliminate Issues Relating to Repurchase or Issuance of Shares. Consolidating the Common Shares and Special Common Shares will eliminate issues with respect to the repurchase of shares or the issuance of shares relating to compensation plans or otherwise that currently result from the existence of two classes of publicly-traded common stock. Because there would be only one class of outstanding publicly-traded common stock after the Share Consolidation, decisions relating to which class of stock to repurchase or issue would be eliminated.

No Change in Overall Capitalization of Common Stock. The Charter Amendments would have no impact on the total issued and outstanding shares of common stock or total common capitalization of TDS. As of June 30, 2011, there were 103.6 million shares of common stock issued and outstanding, consisting of 6.5 million Series A Common Shares, 49.9 million Common Shares and 47.2 million Special Common Shares. After the Charter Amendments are effective, there would continue to be 103.6 million shares of common stock issued and outstanding based on shares

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outstanding as of such date, consisting of 6.5 million Series A Common Shares and 97.1 million Common Shares. In addition, the Charter Amendments would not change the total number of authorized shares of common stock. Currently, there are authorized 290 million shares of common stock, consisting of 25 million Series A Common Shares, 100 million Common Shares and 165 million Special Common Shares. After the Charter Amendments are effective, there would continue to be authorized 290 million shares of common stock, consisting of 25 million Series A Common Shares and 265 million Common Shares. However, the 325 million shares of Tracking Stock that are authorized would be eliminated, reducing the total number of authorized capital stock by 325 million shares.

Citi Fairness Opinion. Citi provided an opinion to the effect that, as of August 7, 2011, and based upon and subject to the considerations and limitations set forth therein, Citi's work described below under "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). See "Opinion of Financial Advisor" below.

Other Share Consolidation Examples. The reclassification ratios adopted by other companies that have consolidated classes of common stock have primarily involved a one-for-one reclassification ratio, even though the shares have often traded at different market prices. As a result, the one-for-one reclassification ratio in the Share Consolidation is consistent with several other transactions.

Consistent with Series A Common Share Conversion Right. The reclassification ratio of one Common Share for each Special Common Share is consistent with the existing right of holders of Series A Common Shares to convert Series A Common Shares into either Common Shares or Special Common Shares on a one-for-one basis.

No Change in Economic Equity Interests. The Charter Amendments would have no impact on the economic equity interests of any shareholders. In particular, the proposed Charter Amendments would have no impact on the economic equity interests of holders of Common Shares or Special Common Shares, including with regard to dividends, liquidation rights or mergers, except for certain limited circumstances as discussed below under "Description of TDS Capital Stock Comparison of Current Capital Structure and Proposed Capital Structure." As of June 30, 2011, the holders of Common Shares and Special Common Shares held 48.2% and 45.5%, respectively, of the total outstanding shares of common stock. This would not change as a result of the Share Consolidation. Immediately after the Share Consolidation, such holders would continue to hold the same proportions of the total outstanding shares of TDS common stock that they held immediately prior to the Share Consolidation.

Maintain Relative Percentage Voting Power of the Series A Common Shares and Publicly-Traded Shares. In connection with the Share Consolidation, a desired objective is to substantially maintain the current relative voting power in matters other than the election of directors of the Series A Common Shares and of the publicly-traded common stock, in order for the Share Consolidation to be supported by the TDS Voting Trust as well as the public shareholders. Therefore, the Vote Amendment is being proposed 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). This would be accomplished through the Vote Amendment by making the effect of the Share Consolidation largely neutral with respect to the relative voting power in matters other than the election of directors to the holders of Series A Common Shares and to the public shareholders as a group, although there will be a change in the relative voting power between the holders of Common Shares and Special Common Shares. However, TDS does not believe that this change in the relative voting power of the two share classes that will be consolidated is significant because the TDS Voting Trust currently has a majority of the voting power in matters other than the election of directors.

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Alignment of Voting Rights of Publicly-Traded Shares. In addition to voting power in the election of directors, the holders of Common Shares currently vote in matters other than the election of directors whereas holders of Special Common Shares generally do not vote in matters other than the election of directors. If the Common Shares and Special Common Shares are consolidated, all of the holders of publicly-traded common stock will have the same voting rights per share, in matters other than the election of directors as well as in the election of directors. Thus, there would be complete alignment of voting as well as economic rights of the publicly-traded common stock after the Charter Amendments are effective. In addition, the Charter Amendments would result in an increase in the number of public shareholders who will vote in matters other than election of directors by permitting the persons who currently hold Special Common Shares to vote in such matters together with the holders of Common Shares.

Support of TDS Voting Trust. TDS recognized that the Charter Amendments and related transactions could not be approved without the support of the trustees of the TDS Voting Trust, which controls about 95% of the Series A Common Shares and a majority of the voting power of TDS. The trustees of the TDS Voting Trust advised TDS that they would support the Charter Amendments and the related transactions if they were supported by the independent directors.

No Change in Voting for Election of Directors. There would be no change as a result of the Share Consolidation or Vote Amendment in the per share voting power with respect to the election of the four directors that are elected by the holders of Common Shares and Special Common Shares. Both the holders of Common Shares and Special Common Shares have one vote per share in the election of such four directors and this would continue after the Share Consolidation and Vote Amendment, except that the current holders of Special Common Shares will vote as holders of Common Shares. As a result, neither the Share Consolidation nor the Vote Amendment would change a shareholder's voting power with respect to the election of such four directors.

Reduce Economic Dilution. The market price differential between the Common Shares and Special Common Shares has made Special Common Shares less attractive as a vehicle for compensation plans and other purposes because of their lower market value compared to the Common Shares. The issuance of Special Common Shares dilutes all shareholders. Because the discount would be eliminated as a result of the Share Consolidation, the issuance of Common Shares by TDS for director, management and employee compensation plans would no longer result in the economic dilution that occurs to all shareholders by the issuance of Special Common Shares that currently trade at a significant discount to the Common Shares. This would benefit all shareholders, including holders of Common Shares.

Not a Taxable Transaction. The Charter Amendments are not expected to result in taxable income to TDS or to the holders of any class of TDS common stock.

In addition, an important consideration of the TDS Board in approving the Charter Amendments was that the TDS Board determined that it would make the completion of the Share Consolidation and Vote Amendment subject to the approval of a majority of the holders of the outstanding Common Shares and Special Common Shares other than Affiliated Persons. Accordingly, the holders of each of the Common Shares and Special Common Shares other than Affiliated Persons will each have a separate class vote on the Share Consolidation Amendment and the Vote Amendment and, therefore, will have an opportunity to decide for themselves whether such amendments should be implemented.

Consideration of Potential Disadvantages. While the TDS Board has determined that implementation of the Charter Amendments and related transactions are in the best interests of TDS and all of its shareholders, the TDS Board recognizes that implementation of the Charter Amendments and related transactions may have certain potential disadvantages, including the following:

Different Effects on Holders of Common Shares compared to Holders of Special Common Shares. The Charter Amendments will have different effects on the holders of Common Shares compared to the holders of Special Common Shares and may not benefit all shareholders the same or at all. The Common Shares have historically traded at a premium to the Special Common Shares

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and have historically had greater market liquidity than the Special Common Shares. Because each Special Common Share would be reclassified as one Common Share, the Charter Amendments could result in an increase in the market value of the current holders of Special Common Shares and a decrease in the market value of the current holders of Common Shares, particularly in the short term. Although TDS believes that the proposed transactions will benefit all shareholders and enhance shareholder value in the long term, there is no assurance when this will occur or that it will occur.

No Assurance of Impact on Market Liquidity. Although TDS believes, based on the advice of its financial advisor, that the market liquidity of the consolidated shares should increase after the Share Consolidation as compared to the market liquidity of the Common Shares and Special Common Shares before the Share Consolidation, there is no assurance that this will occur and no assurance that the liquidity of the consolidated shares will not decrease. The proposed transactions may not enhance liquidity for all shareholders, or may not enhance liquidity for all shareholders in the same way. In particular, the liquidity of the current holders of Special Common Shares may increase more than the liquidity of the current holders of Common Shares.

No Assurance of Impact on Market Price. There can be no assurance as to the impact of the Charter Amendments on the market price of the Common Shares or the Special Common Shares before the effective time of the Charter Amendments, and there is no assurance as to the market price of the Common Shares at any time following the effective time of the Charter Amendments. On August 5, 2011, the trading day immediately preceding the announcement of the proposed Charter Amendments, the closing prices per Common Share and Special Common Share were \$25.47 and \$22.47, respectively. On August 29, 2011, shortly before the date of this Proxy Statement, the closing prices per Common Share and Special Common Share were \$25.08 and \$24.83, respectively. If the Charter Amendments become effective, the trading prices of the Common Shares may fluctuate significantly. The prices at which the Common Shares will trade will be determined in the trading markets and may be influenced by many factors, including the consolidated results of TDS, the liquidity of such Common Shares after the Charter Amendments are effective, and whether or not such Common Shares are included in certain stock market indices, such as the S&P 500 Index. There can be no assurance that the market value of the Common Shares held by a shareholder following the effective time of the Charter Amendments will equal the market value of the Common Shares and/or Special Common Shares held by such shareholder prior to TDS' announcement of the proposed transactions, and the consolidated market value could be more or less than such prior market value.

Dilution of Voting Power of Common Shares. 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. The holders of the Common Shares are currently entitled to cast approximately 43.3% of all the votes entitled to be cast in matters other than the election of directors, and holders of Special Common Shares generally are not entitled to vote on matters other than the election of directors. The Share Consolidation would reclassify Special Common Shares as Common Shares, which would almost double the number of outstanding Common Shares. However, the votes of the Common Shares in matters other than the election of directors would not increase proportionately. Instead, the Vote Amendment initially would set the percentage voting power in matters other than the election of directors of the Common Shares at the percentage of the total voting power that the Common Shares have prior to the Share Consolidation, which was about 43.3% at June 30, 2011. However, as a result of the reclassification of Special Common Shares as Common Shares as a result of the Charter Amendments, the current holders of the Common Shares would be entitled to cast only approximately 22.4% of the votes, and the current holders of Special Common Shares would be entitled to cast the remaining 20.9% of the votes, in matters other than the election of directors, based on shares outstanding as of June 30, 2011. In addition, as a result of the Vote Amendment, the percentage voting power in matters other than the election of directors of the Common Shares will not increase even if more Common Shares are issued (other than in connection with the issuance of Common Shares upon conversion of Series A Common Shares into Common Shares). As a result of the foregoing, the vote per share of each Common Share would

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decrease from one vote per share to approximately 0.5 votes per share immediately after the effective time of the Charter Amendments. Thereafter, the per share vote of the Common Shares would float and be recalculated as of the record date for each shareholder vote based on the number of outstanding Common Shares and the number of outstanding Series A Common Shares. The per share vote of each Common Share would decline below about 0.5 votes per share as more Common Shares are issued (but may increase to the extent that Common Share repurchases exceed issuances of Common Shares). As a result of the foregoing, the Vote Amendment would result in an immediate dilution in the per share votes of the Common Shares in matters other than the election of directors of about 50% and such per share votes may decline further over time as more Common Shares are issued.

Interests of Certain Persons. The Affiliated Persons have interests in the Charter Amendments that may be different from, or in addition to, the interests of other holders of Common Shares and Special Common Shares. 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. 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 issuance 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.

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

Control by TDS Voting Trust. Following the effective time of the Charter Amendments, the TDS Voting Trust would continue to control TDS and certain anti-takeover provisions in the TDS Charter would continue to have the effect of potentially delaying or preventing a future change in control.

In particular, a substantial majority of the outstanding Series A Common Shares is held by the TDS Voting Trust. By virtue of the number of shares it holds, the TDS Voting Trust has the power to elect approximately 75% of the directors less one director, or eight directors based on the current size of the TDS Board of twelve directors, and control a majority of the voting power of TDS with respect to matters other than the election of directors.

The TDS Voting Trust will continue to control TDS after the Charter Amendments. If the Charter Amendments take place, the TDS Voting Trust will continue to be able to elect eight of the twelve directors and will continue to have a majority of the voting power of TDS with respect to all matters other than the election of directors. Implementation of the Charter Amendments would continue the ability of the TDS Voting Trust to exercise control over a majority of TDS' voting power in matters other than the election of directors because it may facilitate the ability of TDS to issue Common Shares, the aggregate percentage vote of which would not increase as additional Common Shares are issued. Consequently, the Charter Amendments may facilitate the ability of the TDS Voting Trust to continue to retain a majority of the voting power in matters other than the election of directors of TDS without diluting the voting power of the Series A Common Shares in matters other than the

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election of directors. As a result, the Charter Amendments may facilitate the ability of the TDS Voting Trust to continue to retain control of TDS, as more fully discussed below under "Description of TDS Capital Stock Anti-Takeover Considerations."

In addition, although the voting power of the Series A Common Shares will not increase, the voting power of the TDS Voting Trust in matters other than the election of directors will increase by about 2.7% due to the fact that, in addition to Series A Common Shares, the TDS Voting Trust also owns Special Common Shares, which will be reclassified as Common Shares in the Share Consolidation, which will vote in matters other than the election of directors. See "Proposal 3 Vote Amendment Statutory Vote" and "Proposal 4 Vote Amendment Ratification Vote" under "Proposals Charter Amendments" above. This higher voting power in matters other than the election of directors may permit the TDS Voting Trust to continue to retain over 50% of the voting power of TDS over time. The Charter Amendments are not being proposed in response to or in anticipation of any existing or planned effort on the part of any party to accumulate material amounts of any shares of capital stock of TDS, or to acquire control of TDS by means of a merger, tender offer, solicitation in opposition to management or otherwise, or to change TDS' management.

Limitations of Fairness Opinion. TDS has received an opinion from Citi solely with respect to the fairness of the reclassification ratio, from a financial point of view, to both the holders of Common Shares and 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 of the date of the opinion. The opinion of Citi does not address all aspects of the proposed Charter Amendments and is subject to material qualifications, limitations, assumptions and other factors. In addition, 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. Shareholders should carefully consider and evaluate the opinion of Citi in view of these assumptions, limitations, qualifications and other factors. See "Proposals Charter Amendments Charter Amendments Generally Opinion of Financial Advisor." See also Exhibit B for a copy of the full text of such opinion.

No Assurance of Completion of Charter Amendments or of Benefits from Expenses Incurred. 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 and related transactions. The Charter Amendments are subject to a number of conditions that are not certain to occur, including approvals by shareholders. In addition, even if all conditions are satisfied, the TDS Board would not be required to effect and could determine not to effect the Charter Amendments. Accordingly, there is no assurance that the Charter Amendments will become effective.

If the Charter Amendments do not become effective, TDS will have incurred substantial expenses for which no ultimate benefit will have been received by TDS. TDS currently expects to incur significant out-of-pocket expenses in connection with the Charter Amendments and related transactions, consisting of fees to its financial advisor and legal advisors, and accounting fees and financial printing and other related charges, much of which have been or may be incurred even if the Charter Amendments do not become effective. See "Expenses" below.

Other Considerations. The TDS Board also considered certain other potential consequences, including the following:

Reclassification Ratio Compared to Historical Trading Prices. Special Common Shares would be reclassified as Common Shares on a one-for-one basis even though the historical trading prices

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of the Common Shares generally have traded at a premium to the trading prices of the Special Common Shares. Notwithstanding the differences in historical and current market prices, the TDS Board determined that Special Common Shares should be reclassified as Common Shares on a one-for-one basis considering, among other things, the fact that the economic rights of Special Common Shares are substantially the same as the Common Shares, including with regard to dividends, liquidation rights and mergers, the fairness opinion from TDS' financial advisor as to the fairness of the reclassification ratio, from a financial point of view, precedent transactions, and the other considerations discussed above.

Effects on Options, RSUs and Other Stock Awards. If the Charter Amendments become effective, TDS will cause each stock option to purchase Special Common Shares to become an option to purchase the same number of Common Shares at the same exercise price. In addition, TDS will cause each restricted stock unit and each other stock award for Special Common Shares to become a restricted stock unit or other stock award for Common Shares. As a result, if the market price of the Common Shares after the effectiveness of the Charter Amendments exceeds the market price of the Special Common Shares prior to the announcement and effectiveness of the Charter Amendments, this would result in an increased value to all holders of such stock options, restricted stock units and other stock 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. In addition, future awards of stock options, restricted stock units and other stock awards to officers and employees would be made with respect to Common Shares rather than Special Common Shares. Directors who are not officers or employees do not hold any outstanding stock options, restricted stock units or other stock awards, but future stock awards to directors under the Telephone and Data Systems, Inc. Compensation Plan for Non-Employee Directors would be made with respect to Common Shares rather than Special Common Shares.

NYSE Criteria. The outstanding Common Shares and Special Common Shares are currently traded on the NYSE. The NYSE has confirmed that the Charter Amendments will not violate Section 313 of the NYSE Listed Company Manual, which relates to voting rights of listed classes of stock. It is a condition to the Charter Amendments that the Common Shares will continue to qualify for listing on the NYSE after the Charter Amendments are effective.

The TDS Board has given extensive consideration to the Charter Amendments and related transactions and has determined that the positive aspects of the Charter Amendments and related transactions outweigh the potential disadvantages and believes that the Charter Amendments and related transactions would be in the best interests of TDS and all of its shareholders.

Opinion of Financial Advisor

TDS has retained Citi as its financial advisor in connection with the Charter Amendments. In connection with this engagement, Citi rendered a written opinion to the TDS Board, dated as of August 7, 2011, to the effect that, as of the date of the opinion, and based upon and subject to the considerations and limitations set forth in the opinion, Citi's work described below 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 Common Shares or holders of 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). Citi advised TDS that it could not provide an opinion as to the fairness of the Vote Amendment because, in Citi's judgment, there were not financial or trading metrics sufficient to permit Citi to form an opinion as to the fairness, from a financial point of view, of the Vote Amendment.

The full text of Citi's opinion, which sets forth the assumptions made, general procedures followed, matters considered and limitations on the review undertaken, is included as Exhibit B to this document. The summary of Citi's opinion set forth below is qualified in its entirety by reference to the full text of the opinion. **You are urged to read Citi's opinion carefully and in its entirety.**

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Citi's opinion was limited solely to the fairness of the reclassification ratio, from a financial point of view, as of the date of the opinion. 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.

In arriving at its opinion, Citi, among other things:

Reviewed the TDS Charter as it relates to the rights and privileges of the Common Shares and the Special Common Shares;

Reviewed the factors considered by the TDS Board in determining to issue the Special Common Shares in 2005;

Reviewed a draft of the proposed Share Consolidation Amendment;

Reviewed a draft of this proxy statement;

Conducted discussions with certain senior officers, directors and other representatives and advisors (including outside counsel) of TDS concerning the foregoing;

Conducted discussions with certain senior officers, directors and other representatives and advisors (including outside counsel) of TDS concerning TDS and its financial and operating performance, the pro forma economic and voting impact of the Share Consolidation and the strategic and other considerations behind the decision of TDS to propose the Share Consolidation;

Examined certain publicly available business and financial information relating to TDS and to the existing voting control of the TDS Voting Trust with respect to TDS (as to matters other than the election of a minority of the TDS Board);

Reviewed the financial terms of the Share Consolidation in relation to, among other things, current and historical market prices, trading volumes and trading liquidities of the Common Shares and the Special Common Shares and the capitalization of TDS;

Considered the financial terms of certain other reclassification transactions that Citi deemed to be relevant, including the reclassification ratios used in such transactions and the post-announcement stock price performance for the reclassified securities in such transactions;

Analyzed certain financial, stock market and other information relating to other companies with multiple classes of publicly traded equity securities that Citi deemed to be relevant, including the historical trading performance and trading liquidity for such companies' securities; and

Conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citi deemed appropriate in arriving at its opinion.

In preparing its opinion, Citi assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citi and upon the assurances of the management of TDS that they were not aware of any relevant information that was omitted or that remained undisclosed to Citi. Citi also relied

upon the advice of counsel to TDS as to legal matters in respect of the TDS Charter and the proposed Share Consolidation Amendment. Citi also assumed that the Share Consolidation will be consummated in accordance with the terms of the proposed Share Consolidation Amendment, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining any necessary regulatory and shareholder approvals, consents and releases for the Share Consolidation, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on TDS or the contemplated benefits of the Share Consolidation. Furthermore, Citi assumed that the Share Consolidation will have the federal income tax consequences set forth in this

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proxy statement. Citi did not make, and was not provided with, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of TDS nor did Citi make any physical inspection of the properties or assets of TDS. Citi's opinion was necessarily based upon information available to it, and financial, stock market and other conditions and circumstances existing, as of the date of its opinion. Furthermore, Citi noted in preparing its opinion that the TDS Voting Trust's public filings stated that the trustees of the TDS Voting Trust intended to maintain the ability to keep or dispose of the TDS Voting Trust's voting control of TDS. Citi also noted that representatives of the TDS Voting Trust advised TDS that the TDS Voting Trust would not approve the Share Consolidation Amendment or the Vote Amendment if they were not supported by the independent directors of the TDS Board and that the TDS Board intended to make the effectiveness of the Share Consolidation Amendment conditional on shareholder approval and effectiveness of the Vote Amendment as TDS believed such conditionality would be necessary to obtain the TDS Voting Trust's support for the Share Consolidation (which is necessary for its approval).

Citi's opinion related solely to the reclassification ratio and Citi did not express any opinion as to the price at which the Common Shares or the Special Common Shares will trade at any time prior to the time the Share Consolidation is consummated (including the relative trading prices of the Common Shares and the Special Common Shares) or the price at which the Common Shares will trade at any time following the consummation of the Share Consolidation. In addition, Citi expressed no view as to, and its opinion did not address, the fairness of the Vote Amendment to the holders of the Special Common Shares or the holders of the Common Shares. While Citi advised TDS in connection with the structuring of the Share Consolidation and the establishment of the reclassification ratio, the final reclassification ratio was determined by TDS based on a variety of factors as set forth under " Background and Reasons for the Charter Amendments and Related Transactions; Recommendation of the TDS Board" above, of which Citi's advice and opinion was only one factor. **Citi expressed no view as to, and its opinion did not address, the underlying business decision of TDS to effect the Share Consolidation, the relative merits of the Share Consolidation as compared to any alternative business strategies that might exist for TDS or the effect of any other transaction in which TDS might engage.** Citi also expressed no view as to, and its opinion did not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of TDS, or any class of such persons, relative to the reclassification ratio.

In connection with rendering its opinion, Citi made a presentation to the TDS Board on July 29, 2011 with respect to the material analyses performed by Citi in evaluating the fairness, from a financial point of view, of the reclassification ratio. The following is a summary of that presentation. **The summary includes information presented in tabular format. In order to understand fully the financial analyses used by Citi, these tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Citi's financial analyses.** The following quantitative information, to the extent it is based on market data, is, except as otherwise indicated, based on market data as it existed at or prior to July 29, 2011, and is not necessarily indicative of current or future market conditions.

TDS Historical Trading and Liquidity Analysis

Citi examined the percentage by which the daily closing price of the Special Common Shares traded at a premium or a discount to the daily closing price of the Common Shares during two periods. The first period reviewed was the period from June 2005, the first full month following the issuance of the Special Common Shares, through June 2007. The second period reviewed was the period from June 2007 through July 2011.

In addition, Citi reviewed the historical trading performance and the trading liquidity of the Common Shares and the Special Common Shares for the period from June 2005 through July 2011. Citi also analyzed the average daily trading volume and the share turnover ratio (which represents the total volume traded in a period divided by shares outstanding at the end of that period) of both the Common Shares and the Special Common Shares during that period.

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This analysis showed the following:

Average Historical Discount/Premium of TDS Common and Special Common Shares (1)

***(Discount) / Premium of Special
Common Shares to Common
Shares***

<i>Time Period</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Average</i>
June `05 - June `07	(1.9)%	(9.6)%	(5.2)%
July `07 - July `11	3.7%	(15.4)%	(9.2)%

(1)

Source: FactSet.

Average Historical Trading and Liquidity of TDS Common and Special Common Shares (1)

<i>Time Period (2)</i>	<i>Average Daily Trading Volume of Common Shares (000s)</i>	<i>Average Daily Trading Volume of Special Common Shares (000s)</i>	<i>Common Share Turnover Ratio</i>	<i>Special Common Share Turnover Ratio</i>
July `05 - July `07	250	81	2.5x	0.7x
July `07 - July `09	421	92	4.3x	0.9x
July `09 - July `11	300	70	3.1x	0.8x

(1)

Source: FactSet.

(2)

The time periods were adjusted such that each period consists of an equal number of days (730 days) for consistency purposes.

Citi noted that, for the various time periods analyzed, the Common Share stock prices had traded at a premium/(discount) to the Special Common Share stock prices ranging from (3.6)% to 18.2% and the ratio of the trading volume of the Common Shares compared to the trading volume of the Special Common Shares had ranged from 0.3x to 73.6x. Citi further noted that the share turnover ratio of the Special Common Shares was significantly less than the share turnover ratio of the Common Shares.

Analysis of TDS Liquidity Relative to Illustrative Peer Companies

Citi analyzed a group of six illustrative peer companies of TDS in the telecommunications industry and compared the average daily trading volume for the prior six months and the share turnover ratio for the prior twelve months for the Common Shares and the Special Common Shares with the daily trading volume and the share turnover ratio for the common stock of those six peer companies during those same periods.

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This analysis showed the following:

TDS Trading Liquidity Relative to Illustrative Peer Comparables (1)

Company	Average 6-Month Daily Trading Volume (\$ value in millions) (2)	LTM Share Turnover ratio (3)
Common Shares	10	1.5x
Special Common Shares	2	0.4x
Peer Comparables		
Frontier Communications	90	3.0x
CenturyLink	187	1.8x
Windstream	72	2.7x
Sprint	304	4.5x
MetroPCS	93	3.9x
Leap Wireless	26	6.7x

- (1) Source: FactSet.
- (2) Calculated by multiplying the July 15, 2011 stock price by each company's total shares traded during the last six months.
- (3) Calculated by dividing the total shares traded in each company's stock during the last twelve months (LTM) by each company's current shares outstanding (at the end of the period).

Citi noted that both the Common Shares and the Special Common Shares are relatively illiquid securities when compared to the similar statistics for common stock of the six illustrative peer telecommunications companies.

Analysis of Non-Indexed Stock Discount

Citi analyzed twenty companies that currently have multiple classes of common stock with high-vote and low/no-vote securities, where both securities are publicly traded on a major U.S. stock exchange. Additionally, each of these twenty companies has one class of stock included in either the S&P 500® Index or the S&P 400® Index and one class of stock that is not included in either of those indices. Of these twenty companies, sixteen companies have their low/no-vote stock included in either the S&P 500® Index or the S&P 400® Index. The remaining four companies, including TDS, have their high-vote stock included in either the S&P 500® Index or the S&P 400® Index. Citi focused its analysis on these four companies. For this analysis, Citi calculated the discount (which represents the non-indexed daily closing price divided by the indexed daily closing price) at which the non-indexed common stock traded to the indexed common stock.

Citi's analysis of the four companies (including TDS) showed the following:

Non-Indexed Stock Discount (1)

Company	Implied Non-Indexed Stock Discount
Molex	(15.9)%
Comcast	(3.2)%
Discovery Communications	(10.1)%
TDS	(13.2)%

(1)

Source: FactSet. Trading data as of July 15, 2011.

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Citi noted that, for TDS and each of the other three companies analyzed that had their high-vote common stock included in the S&P 500® Index or the S&P 400® Index and their no/low-vote common stock not included in either index, the non-indexed stock traded at a discount to the indexed stock.

Impact of Potential Reclassification Ratios on Pro Forma Economic Ownership and Voting Power

Citi noted that under the TDS Restated Certificate of Incorporation, the Special Common Shares and the Common Shares are entitled to substantially the same economic rights, including rights to dividends and rights in the event of a liquidation or merger. Citi considered the impact of a range of potential reclassification ratios on the pro forma economic ownership of the Common Shares and the Special Common Shares. This analysis showed that, if the Special Common Shares were reclassified into new Common Shares at greater than a one-for-one reclassification ratio, this would imply economic dilution to the holders of the Common Shares and, if the Special Common Shares were reclassified into new Common Shares at less than a one-for-one reclassification ratio, this would imply economic accretion to the holders of the Common Shares. Similarly, this analysis showed that, if the Special Common Shares were reclassified into new Common Shares at greater than a one-for-one reclassification ratio, this would imply economic accretion to the holders of the Special Common Shares and, if the Special Common Shares were reclassified into Common Shares at less than a one-for-one reclassification ratio, this would imply economic dilution to the holders of the Special Common Shares. There would be no implied economic impact to the holders of the Special Common Shares or the Common Shares if the Special Common Shares were reclassified into Common Shares at a one-for-one reclassification ratio.

Certain Impacts of Potential Reclassification Ratios

<i>Illustrative Reclassification Ratio (Special Common Shares are Exchanged for Common Shares)</i>	<i>Illustrative Special Common Shares Economic Impact</i>	<i>Illustrative Common Shares Economic Impact</i>
Less than one-for-one	Dilution	Accretion
Equal to one-for-one	Neutral	Neutral
Greater than one-for-one	Accretion	Dilution

Citi also calculated a blended share price for the Common Shares of \$28.56 per share. The blended share price represents an arithmetic computation of the weighted average prices of the Common Shares and the Special Common Shares based on their respective closing prices, and the number of shares outstanding as of the close of trading, on July 15, 2011. In connection with its calculation, Citi noted that it was not expressing any opinion as to the price at which the Common Shares or the Special Common Shares will trade at any time prior to the time the Share Consolidation is consummated (including the relative trading prices of the Common Shares and the Special Common Shares) or the price at which the Common Shares will trade at any time following the consummation of the Share Consolidation. Citi noted that if the Common Shares were to trade at such calculated blended share price, it would imply a decline of approximately 6.0% in the market price for the Common Shares.

Citi also compared the current economic ownership and voting power of the Special Common Shares and the Common Shares immediately prior to the Share Consolidation to the pro forma economic ownership and voting power of the Common Shares (including the reclassified Special Common Shares) immediately following the Share Consolidation.

This analysis showed the following:

Table of Contents**TDS Current and Pro Forma Economic and Voting Impact (1)**

<i>Holder of TDS Shares</i>	<i>Current Ownership (2)</i>			<i>Pro Forma Reclassification of Special Common Shares into Common Shares (3)</i>		
	<i>Economic</i>			<i>Economic</i>		
	<i>Economic % (4)</i>	<i>Total % (5)</i>	<i>Voting % (6)</i>	<i>Economic % (4)</i>	<i>Total % (5)</i>	<i>Voting % (6)</i>
Special Common Shares						
TDS Voting Trust	13.0%	5.9%	0.0%	6.3%	5.9%	2.7%
Other Insiders	0.7%	0.3%	0.0%	0.3%	0.3%	0.1%
Public	86.3%	39.2%	0.0%	41.8%	39.2%	18.1%
Total	100.0%	45.4%	0.0%			
Common Shares						
TDS Voting Trust	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Insiders	0.3%	0.1%	0.1%	0.2%	0.1%	0.1%
Public	99.7%	48.2%	43.2%	51.4%	48.2%	22.3%
Total	100.0%	48.3%	43.3%	100.0%	93.7%	43.3%
Total Common Shares and Special Common Shares						
		93.7%	43.3%		93.7%	43.3%

- (1) Calculations exclude TDS preferred shares, which represent less than 0.1% of the total economic interest in TDS equity and total voting power of TDS shareholders.
- (2) Source: Company filings (as of June 30, 2011).
- (3) Based on a one-for-one reclassification ratio.
- (4) Special Common Share and Common Share economic percentages indicate economic interest in TDS equity within each class.
- (5) Special Common Share and Common Share economic total percentages indicate overall economic interest in TDS equity.
- (6) Special Common Share and Common Share voting percentages indicate overall voting power (in matters other than the election of directors).

Citi noted that, following the effectiveness of the Vote Amendment, the percentage voting power of the Series A Common Shares and the Common Shares would be fixed (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. Citi also noted that, while the voting power of all holders of Special Common Shares would increase as a result of the Share Consolidation, resulting in a redistribution of the 43.3% voting power currently held by the holders of the Common Shares, the overall economic ownership percentages of the holders of the Special Common Shares and the holders of the Common Shares would not change. More specifically, Citi noted that holders of the Special Common Shares (currently) and holders of the Common Shares (currently and immediately following the Share Consolidation) vote together for four of the twelve directors on the TDS Board. In addition, while holders of the Common Shares will share the class vote with current holders of the Special Common Shares on mergers of TDS following the Share Consolidation (currently holders of the Special Common Shares do not vote on these matters), both classes are

currently primarily held by public shareholders who, in theory, should have similar voting motivations with respect to such matters. Lastly, for matters other than the election of directors or mergers of TDS, holders of the Common Shares will share the vote with the current holders of the Special Common Shares following the Share Consolidation (currently holders of the Special Common Shares do not vote on these matters); however, the votes on such matters (other than the Common Share class vote relating to mergers) will continue to be controlled by the vote of the holders of the Series A Common Shares immediately following the Share Consolidation.

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Citi identified thirty-six historical reclassification transactions completed since 1998 in which two classes of publicly traded common stock of a single company with differential voting rights were reclassified or combined into a single class of common stock. Sixteen of the historical transactions analyzed involved companies with high-vote stock that traded at a discount to the low-vote stock prior to the reclassification transaction, five involved companies with high-vote stock that did not trade prior to the reclassification transaction and seven involved companies with low-vote stock that traded at a discount to the high-vote stock, but for which a change of control or loss of significant control by an existing controlling shareholder also occurred in connection with the reclassification transaction.

Citi viewed the remaining eight historical transactions as primary precedents for purposes of its analysis because in each of these eight transactions, as is the case with the Share Consolidation, (i) the low-vote stock traded at a discount to the high-vote stock prior to the reclassification transaction and (ii) there was no change of control or loss of significant control by an existing controlling shareholder in connection with the reclassification transaction. Among other things, Citi analyzed the reclassification ratios, the combined equity values, the high-vote share to low-vote share trading volume ratios, the 3-month, 30-day and day prior average trading premia of the high-vote shares over the low-vote shares prior to the announcement of the reclassification transactions and the stock price trading premium impacts and the volume impacts of the announcement of the reclassification transactions for each of the eight primary precedent transactions. All but one of the eight primary precedent transactions involved a one-for-one reclassification ratio.

This analysis showed the following:

Selected Historical Reclassification Transactions (1)
(dollars in millions)

<i>Shareholder Meeting Date</i>	<i>Company</i>	<i>Indexed Security (2)</i>	<i>Reclassification Ratio</i>	<i>Combined Equity Value (\$)</i>	<i>3-Month Average Trading Premium (%)</i>	<i>30-Day Average Trading Premium (%)</i>	<i>High-Vote Day Prior Premium (%)</i>	<i>High-Vote Volume/Low-Vote Volume (3)</i>
11/20/03	Pilgrim's Pride (7)	High Vote	1.00	\$ 499	34.8%	32.1%	30.2%	4.58x
11/04/03	Jo-Ann Stores (7)	High Vote	0.87	405	15.1%	13.4%	14.4%	4.04x
01/23/03	Alberto-Culver	High Vote	1.00	2,891	6.1%	6.7%	5.9%	2.89x
05/02/02	Freeport McMoRan	High Vote	1.00	2,094	4.7%	5.3%	3.2%	7.38x
09/21/01	Conoco	High Vote	1.00	17,342	1.0%	1.2%	1.9%	2.77x
08/15/00	J.M. Smucker	High Vote	1.00	438	19.6%	20.4%	17.1%	1.15x
10/21/99	InfoUSA	High Vote	1.00	289	1.0%	2.5%	3.2%	0.86x
06/17/99	Cherry Corp	N/A	1.00	142	(1.2)%	0.5%	0.9%	0.29x
	TDS (8)	High Vote (9)	1.00	2,950	15.2%	15.3%	15.2%	5.39x

- (1) Source: Company filings; FactSet.
- (2) Indicates which class of security (High Vote or Low Vote stock) was included in one or more stock market indices. Except for Cherry Corp., in each case, the High Vote class was included in stock market indices (neither class of stock of Cherry Corp. was included in any stock market index).
- (3) As of one day prior to announcement, calculated using basic shares outstanding. "Combined" represents the sum of all classes of securities for each company at their respective equity values.
- (4) Based on the average closing prices up to the respective time period prior to announcement. Premium based upon the high-vote share class closing price divided by the low-vote share class closing price.

- (5) As of one day prior to announcement. Premium based upon the high-vote share class closing price divided by the low-vote share class closing price.
- (6) Based on average volume for the 30-trading day period ended one day prior to the announcement of the share reclassification.
- (7) As the announcement of this transaction was made after market hours on the date of announcement, the price on date of announcement (rather than day prior to announcement) was used for calculations.
- (8) TDS trading premiums and volume comparison assumed as of July 15, 2011, the last practicable date prior to distribution of materials to the TDS Board in advance of the July 29, 2011 meeting.
- (9) Refers to TDS Common Shares.

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<i>Company</i>	<i>High Vote % Change in Price</i>		<i>Low Vote % Change in Price</i>		<i>Trading Premium</i>	
	<i>Day Before Announcement to Day After Announcement</i>	<i>Day Before Announcement to Day Before Vote</i>	<i>Day Before Announcement to Day After Announcement</i>	<i>Day Before Announcement to Day Before Vote</i>	<i>Day of Announcement</i>	<i>Day Before Vote</i>
Pilgrim's Pride (2)	(9.1)%	5.2%	14.9%	38.6%	3.0%	(1.1)%
Jo-Ann Stores (2)	(6.9)%	42.0%	(7.4)%	41.0%	15.0%	15.2%
Alberto-Culver	(0.2)%	(0.6)%	(0.5)%	1.9%	6.3%	3.4%
Freeport McMoRan	(0.3)%	21.2%	2.0%	24.6%	0.8%	0.4%
Conoco	(0.9)%	(2.9)%	0.4%	(0.4)%	0.6%	(0.7)%
J.M. Smucker	4.9%	12.0%	17.1%	29.8%	4.9%	1.0%
InfoUSA	(3.1)%	(1.0)%	(1.1)%	1.1%	1.1%	1.1%
Cherry Corp	(11.6)%	0.9%	(2.7)%	1.4%	(8.3)%	0.4%

(1) Source: FactSet.

(2) As the announcement of this transaction was made after market hours on the date of announcement, the price on date of announcement (rather than day prior to announcement) was used for calculations.

Selected Historical Reclassification Transactions Volume Impact (1)
(average daily trading volume (ADTV) in thousands)

<i>Company</i>	<i>90 Days Prior to Announcement</i>		<i>90 Days Following Close</i>	<i>1 Year Following Close</i>	<i>2 Years Following Close</i>
	<i>High-Vote</i>	<i>Low-Vote</i>			
Pilgrim's Pride	98	25	213	304	468 (2)
Jo-Ann Stores (3)	206	51	144	97	107
Alberto-Culver (4)	369	105	425	402	435
Freeport McMoRan	1,098	142	1,617	1,592	2,165
Conoco	1,633	700	2,395	2,381 (5)	N/A
J.M. Smucker	18 (6)	25 (6)	62 (7)	39 (7)	113 (7)(8)
InfoUSA	65	60	363	233	164
Cherry Corp	0.7	1.4	4	32	35 (9)

(1) Source: FactSet.

(2) Includes 25.4 million shares issued to ConAgra.

(3) On November 18, 2003, Jo-Ann Stores reduced its 2003 fourth-quarter and full-year growth forecast for same store sales. On October 6, 2005, Jo-Ann Stores indicated it would not meet EPS targets for 2005 and declined to provide further earnings guidance for

the year.

- (4) Alberto Culver figures (for both high-vote and low-vote) are adjusted for 3:2 stock split.
- (5) Calculated to August 30, 2002, when Conoco merged with Phillips; time period reflects less than one year.
- (6) For the 12 months preceding announcement, ADTV was ~19k for the high-vote class and ~17k for the low-vote class.
- (7) A repurchase program reduced the float at closing by approximately 20% (so pre-announcement volumes are not directly comparable to post-announcement volumes).
- (8) Includes shares issued in the acquisition of P&G's Jif and Crisco businesses (which were subsequently sold to the public).
- (9) Shares stopped trading on July 17, 2000; time period reflects less than two years.

Citi noted that the average daily trading volume for the reclassified shares following the reclassification transaction increased to levels (i) at or exceeding the high-vote volume in seven of the eight primary precedent transactions that Citi analyzed and (ii) exceeding the aggregate trading volume

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of the high-vote and low-votes shares prior to such transaction in six out of the eight primary precedent transactions that Citi analyzed.

The preceding discussion is a summary of the material financial analyses furnished by Citi to the TDS Board, but it does not purport to be a complete description of the analyses performed by Citi or of its presentation to the TDS Board. The preparation of financial analyses and fairness opinions is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. Citi made no attempt to assign specific weights to particular analyses or factors considered, but rather made qualitative judgments as to the significance and relevance of all the analyses and factors considered and determined to give its fairness opinion as described above. Accordingly, Citi believes that its analyses, and the summary set forth above, must be considered as a whole, and that selecting portions of the analyses and of the factors considered by Citi, without considering all of the analyses and factors, could create a misleading or incomplete view of the processes underlying the analyses conducted by Citi and its opinion. With regard to the comparable companies and precedent transaction analyses summarized above, Citi selected comparable public companies and precedent transactions on the basis of various factors, including the similarity of the equity structure of the selected companies; however, no company utilized in this analysis is identical to TDS and no precedent transaction is identical to the Share Consolidation. As a result, this analysis is not purely mathematical, but also takes into account differences in financial and operating characteristics of the analyzed companies and transactions and other factors that could affect the Share Consolidation or the public trading value or other characteristics of the companies and transactions to which TDS and the Share Consolidation is being compared. Citi is making no representations regarding the reasons for any changes in stock prices or trading volume in any of the precedent transactions it reviewed, and has not attempted on a company-by-company basis to identify all potential reasons for any such changes.

In its analyses, Citi made numerous assumptions with respect to TDS, general business, economic, market and financial conditions and other matters, many of which are beyond the control of TDS. Any estimates contained in Citi's analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these analyses. Because these estimates are inherently subject to uncertainty, none of TDS, the TDS Board, Citi or any other person assumes responsibility if future results or actual values differ materially from the estimates.

Citi's analyses were prepared solely as part of Citi's analysis of the fairness of the reclassification ratio and were provided to the TDS Board in connection therewith. Citi's advice and opinion was only one of the factors taken into consideration by TDS in determining the reclassification ratio. See " Background and Reasons for the Charter Amendments and Related Transactions; Recommendation of the TDS Board" above.

Citi is an internationally recognized investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. TDS selected Citi to act as its financial advisor in connection with the Charter Amendments on the basis of Citi's international recognition in providing financial advice and on the basis of Citi's experience and Citi's familiarity with TDS from prior financial advisory and other services rendered to TDS.

Pursuant to its engagement letter with Citi, TDS has agreed to pay Citi customary fees in connection with its engagement as financial advisor, including a \$3 million fee that became payable upon the delivery to the TDS Board of Citi's opinion as to the fairness of the reclassification ratio from a financial point of view. Including the opinion fee, an aggregate amount of \$3.5 million will be payable, with additional monthly fees of not more than \$125,000 per month if Citi continues to provide financial advisory services beyond October 21, 2011. TDS has also agreed to reimburse Citi for its reasonable travel and other expenses incurred in connection with its engagement, including reasonable fees and expenses of its legal counsel, and to indemnify Citi against liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

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Citi and its affiliates in the past have provided, and in the future may provide, services to TDS and U.S. Cellular unrelated to the Charter Amendments, including, without limitation, having acted as joint bookrunner in connection with certain debt offerings of TDS and U.S. Cellular, for which services Citi and such affiliates have received or may receive compensation. Excluding the compensation paid and payable to Citi as described above in connection with the Charter Amendments, TDS and U.S. Cellular have paid Citi approximately \$6.7 million for such services during 2009, 2010 and the six months ended June 30, 2011. In the ordinary course of business, Citi and its affiliates may actively trade or hold the securities of TDS and U.S. Cellular for their own account or for the account of their customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Citi and its affiliates, including Citigroup Inc. and its affiliates, may maintain relationships with TDS and U.S. Cellular and their respective affiliates.

Advice of Financial Advisor to Independent Directors

Credit Suisse is acting as financial advisor to the independent directors of TDS in connection with the Charter Amendments and related transactions. Credit Suisse did not and was not requested to provide an opinion with respect to the fairness of any of the transactions. TDS has agreed to pay Credit Suisse a customary fee for such advice. As compensation for its services, TDS agreed to pay Credit Suisse a monthly financial advisory fee equal to \$225,000; provided, that in no event will the aggregate fees payable by TDS to Credit Suisse for its services exceed \$1,150,000. TDS has also agreed to reimburse Credit Suisse for its reasonable travel and other out-of-pocket expenses incurred in connection with its engagement, and to indemnify Credit Suisse against specific liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

Credit Suisse is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. The TDS independent directors selected Credit Suisse to act as its financial advisor in connection with the Charter Amendments on the basis of Credit Suisse's international recognition in providing financial advice and on the basis of Credit Suisse's experience in providing financial advisory and other services to other clients.

Credit Suisse and its affiliates in the past have provided services to TDS and U.S. Cellular unrelated to the Charter Amendments, for which services Credit Suisse and such affiliates have received or may receive compensation. TDS, including U.S. Cellular, did not make any payments to Credit Suisse for services in 2009, 2010 or for the six months ended June 30, 2011, unrelated to the foregoing proposals. In the ordinary course of their business, Credit Suisse and its affiliates may actively trade or hold the securities of TDS and U.S. Cellular for their own account or for the account of their customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Credit Suisse and its affiliates may have or maintain other relationships with TDS and U.S. Cellular and their respective affiliates.

Interests of Certain Persons

The TDS Voting Trust and its trustees and beneficiaries have an interest in the implementation of the Charter Amendments and related transactions because they may facilitate the ability of the TDS Voting Trust to retain voting control of TDS. The trustees of the TDS Voting Trust are LeRoy T. Carlson, Jr., a director and the President of TDS and a director and the Chairman of U.S. Cellular and TDS Telecom; Walter C.D. Carlson, a director and the non-executive Chairman of the TDS Board and a director of U.S. Cellular; Letitia G. Carlson, M.D., a director of TDS; and Prudence E. Carlson, a director of TDS. Such persons are siblings and are children of LeRoy T. Carlson, director emeritus and Chairman Emeritus of TDS and a director of U.S. Cellular.

Directors of TDS who are beneficiaries of the TDS Voting Trust are LeRoy T. Carlson, Jr., Walter C.D. Carlson, Letitia G. Carlson, M.D., Prudence E. Carlson and Donald C. Nebergall. In addition, certain directors may be considered to have an interest in the Charter Amendments and related transactions as officers of TDS or its subsidiaries. Directors of TDS who are officers or employees of TDS or its

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subsidiaries are: LeRoy T. Carlson, Jr. (President of TDS and Chairman of U.S. Cellular) and Kenneth R. Meyers (Executive Vice President and Chief Financial Officer of TDS and Vice President and Assistant Treasurer of U.S. Cellular).

In addition, the TDS Voting Trust and its beneficiaries beneficially own Special Common Shares that are held in the TDS Voting Trust, and the TDS Voting Trust does not hold any Common Shares. As a result, the TDS Voting Trust and its beneficiaries may have an interest in the Charter Amendments, which may benefit the current holders of Special Common Shares to a greater degree than the current holders of Common Shares.

In addition, executive officers of TDS may have an interest in the proposed transactions because many of them beneficially own more Special Common Shares than Common Shares (or only Special Common Shares). In addition, all or substantially all of the shares that may be issued to them pursuant to compensation plans are Special Common Shares, the market price of which may be benefited in relation to the Common Shares by the Charter Amendments. See "Security Ownership of Certain Beneficial Owners and Management Security Ownership of Management" for the shareholdings of TDS executive officers.

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. See "Security Ownership of Certain Beneficial Owners and Management Security Ownership of Management" for the shareholdings of TDS directors. However, such interests do not represent a material amount of the net worth of any of such directors.

Sidley Austin LLP, the principal law firm of TDS, U.S. Cellular and their subsidiaries, is advising TDS with respect to the Charter Amendments and related transactions. Certain matters relating to federal income tax matters will be passed on by Sidley Austin LLP. The following persons are partners of Sidley Austin LLP: Walter C.D. Carlson, a trustee and beneficiary of the TDS Voting Trust, the non-executive Chairman of the TDS Board and member of the TDS Board and a director of U.S. Cellular; William S. DeCarlo, the General Counsel of TDS and an Assistant Secretary of TDS and certain subsidiaries of TDS; and Stephen P. Fitzell, the General Counsel and/or an Assistant Secretary of U.S. Cellular and certain subsidiaries of TDS. Mr. Carlson does not provide legal services to TDS, U.S. Cellular or their subsidiaries.

Shareholders are urged to carefully study and consider the Charter Amendments and related transactions in light of the above interests. See "Proposals Description of TDS Capital Stock Anti-Takeover Considerations."

Federal Income Tax Consequences

TDS has summarized below certain federal income tax consequences of the Share Consolidation Amendment, the Vote Amendment and the Ancillary Amendment. This summary is based on the Internal Revenue Code of 1986, as amended. This summary applies only to TDS shareholders that hold their Special Common Shares and Common Shares as a capital asset within the meaning of Section 1221 of the Internal Revenue Code. Further, this summary does not discuss all aspects of federal income taxation that may be relevant to shareholders in light of each shareholder's individual circumstances. In addition, this summary does not address any state, local or foreign tax consequences of the proposed reclassification. This summary is included for general information purposes only. Because the tax consequences to each shareholder will depend on each shareholder's particular facts and circumstances, each shareholder is urged to consult its own tax advisor with respect to the tax consequences of the Share Consolidation Amendment, the Vote Amendment and the Ancillary Amendment, including tax reporting requirements.

TDS believes that as a result of the Share Consolidation Amendment, the Vote Amendment and the Ancillary Amendment:

no gain or loss will be recognized by any of the holders of Special Common Shares or any of the holders of Common Shares upon the reclassification of Special Common Shares as Common

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Shares pursuant to the Share Consolidation Amendment or as a result of the Vote Amendment or Ancillary Amendment;

a shareholder's basis in a Common Share into which a Special Common Share is reclassified pursuant to the Share Consolidation Amendment will be the same as the shareholder's basis in the Special Common Share;

a shareholder's holding period for a Common Share into which a Special Common Share is reclassified pursuant to the Share Consolidation Amendment will include such shareholder's holding period for such Special Common Share; and

no gain or loss will be recognized by TDS upon the reclassification of its Special Common Shares as Common Shares pursuant to the Share Consolidation Amendment, or as a result of the Vote Amendment or Ancillary Amendment.

Listing on the New York Stock Exchange

The Common Shares are currently listed on the 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 be delisted and the Common Shares will continue to trade on the NYSE under the listing symbol "TDS."

In 2011, TDS management had discussions with the NYSE regarding the possible Share Consolidation and Vote Amendment and related transactions. Following communications with the NYSE, in April 2011, the NYSE advised that the Charter Amendments would not conflict with Section 313 of the NYSE Listed Company Manual, which relates to voting rights of listed classes of stock.

In August 2011, the NYSE confirmed in writing that the Charter Amendments would not conflict with Section 313 of the NYSE Listed Company Manual.

Accounting Treatment

Immediately following the completion of the Share Consolidation, each outstanding Special Common Share will be reclassified as one Common Share. The increase in the par value due to the increased number of outstanding Common Shares will be offset by a decrease in the par value of the Special Common Shares that are reclassified. Accordingly, there will be no change to the overall amount of shareholders' equity or to any earnings per share calculation for any historical periods.

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.

Federal Securities Law Considerations

The recapitalization effected by the Charter Amendments is not being registered pursuant to the Securities Act of 1933 (the "Securities Act") pursuant to an exemption from registration under Section 3(a)(9) of the Securities Act. TDS believes that Common Shares outstanding after the effectiveness of the Charter Amendments, other than any such shares held by affiliates of TDS within the meaning of the Securities Act, and other than any Common Shares that may be "restricted securities" within the meaning of Rule 144 under the Securities Act, may be offered for sale and sold in the same manner as the existing Common Shares without additional registration under the Securities Act. Affiliates of TDS and holders of any restricted securities are advised to sell Common Shares held after the Charter Amendments only in transactions that comply with Rule 144 or in other transactions that are exempt from the registration requirements or are otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of TDS for such purposes generally include individuals or entities that control, are controlled by or are under common control with TDS and include the TDS Voting Trust and directors and executive officers of TDS.

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Regulatory Matters

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

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.

Stock Transfer Agent and Registrar

If the Share Consolidation takes place, Computershare Trust Company, N.A. will continue to act as transfer agent and registrar for the Preferred Shares, Common Shares and Series A Common Shares (including shares held in the TDS Voting Trust).

Dividend Reinvestment Plans

TDS sponsors a Special Common Share Automatic Dividend Reinvestment and Stock Purchase Plan, which we refer to as the "Special Common Share DRIP," a Common Share Automatic Dividend Reinvestment and Stock Purchase Plan, which we refer to as the "Common Share DRIP," and a Series A Common Share Automatic Dividend Reinvestment Plan, which we refer to as the "Series A DRIP."

Participants in the Special Common Share DRIP whose shares are reclassified as Common Shares in the Share Consolidation will automatically have all of such whole and fractional Common Shares credited to the Common Share DRIP in book entry form. Such shareholders will be permitted to receive certificates representing whole Common Shares plus cash in lieu of fractional shares at any time after the Share Consolidation upon request to the Transfer Agent.

Except for the reclassification of Special Common Shares as Common Shares in the Share Consolidation, there will be no changes to the Common Share DRIP, and there will be no changes to the Series A DRIP as a result of the transactions. However, the Special Common Share DRIP will be terminated if the Share Consolidation becomes effective because there will no longer be any Special Common Shares authorized or outstanding.

Shareholder approval of the changes to the dividend reinvestment plans is not required and is not being requested.

Equity-Based Compensation Plans

The Share Consolidation would affect TDS employee benefit plans that authorize the grant of equity-based compensation, as well as outstanding awards that have been made under equity-based compensation plans. TDS plans that would be affected by the Share Consolidation are (i) the Telephone and Data Systems, Inc. 2004 Long-Term Incentive Plan, (ii) the Telephone and Data Systems, Inc. 2009 Employee Stock Purchase Plan, (iii) the Telephone and Data Systems, Inc. Compensation Plan for Non-Employee Directors and (iv) the Telephone and Data Systems, Inc. TDS Tax-Deferred Savings Plan.

The Telephone and Data Systems, Inc. 2004 Long-Term Incentive Plan permits the grant of stock options, restricted stock units, deferred bonus and employer match awards, and other awards. Prior to the 2005 Distribution, awards were made in Common Shares. In connection with the 2005 Distribution, outstanding awards relating to Common Shares were converted into tandem awards for Common Shares and Special Common Shares, some of which remain outstanding. After the 2005 Distribution, awards have been made in Special Common Shares. The Telephone and Data Systems, Inc. 2004 Long-Term Incentive Plan provides that, in the event of any change in the capitalization of TDS, the TDS Compensation Committee is required to adjust the number and class of securities available under the plan. Accordingly, if the Charter Amendments are approved and become effective, TDS will cause each

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stock option to purchase Special Common Shares to become an option to purchase the same number of Common Shares at the same exercise price. In addition, TDS will cause each restricted stock unit or other stock award for Special Common Shares to become a restricted stock unit or other stock award for an equal number of Common Shares upon the same terms and conditions. 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. If the Charter Amendments and Proposal 6 are approved and become effective, the Telephone and Data Systems, Inc. 2004 Long-Term Incentive Plan would be terminated with respect to new awards and all newly-granted options and stock awards would be made under a new Telephone and Data Systems, Inc. 2011 Long-Term Incentive Plan with respect to Common Shares.

The Telephone and Data Systems, Inc. 2009 Employee Stock Purchase Plan currently permits employees to subscribe to and purchase Special Common Shares. The Telephone and Data Systems, Inc. 2009 Employee Stock Purchase Plan will be terminated after the purchase on September 30, 2011 and there is no current proposal to approve a new Employee Stock Purchase Plan. Accordingly, shareholder approval is not being requested for the adoption of a new Employee Stock Purchase Plan.

The Telephone and Data Systems, Inc. Compensation Plan for Non-Employee Directors currently provides that part of the compensation to non-employee directors is paid in the form of Special Common Shares. If the Charter Amendments and Proposal 7 are approved and become effective, such plan would provide that the equity component of compensation to non-employee directors would be paid in the form of Common Shares going forward.

In connection with the Share Consolidation, TDS is requesting shareholder approval of the adoption of a new 2011 Long-Term Incentive Plan and amendments to the Compensation Plan for Non-Employee Directors to effect the foregoing changes. See Proposals 6 and 7 below.

The TDS Board has also previously approved the Telephone and Data Systems, Inc. Tax-Deferred Savings Plan, a qualified plan under Section 401(k) of the Internal Revenue Code, under which participants are permitted to invest a portion of their plan accounts in funds that invest in Common Shares and/or Special Common Shares. The TDS Board has previously reserved Common and Special Common Shares for such purposes of which 45,341 Common Shares and 45,000 Special Common Shares were still reserved at June 30, 2011. As a result of the Share Consolidation, the number of Common Shares reserved for this plan would be the total of such amounts, or 90,341 Common Shares. No further shares are being requested for such plan at this time. In addition, because such plan is qualified under Section 401(a) of the Internal Revenue Code, it is exempt from the NYSE requirement to obtain shareholder approval of material amendments to equity compensation plans. Accordingly, shareholder approval is not being requested with respect to the amendment of such plan relating to the Charter Amendments. The appropriate officers of TDS as designated by the TDS Board will approve amendments to such plan as appropriate relating to the Charter Amendments and shareholder approval is not required.

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DESCRIPTION OF TDS CAPITAL STOCK

Current Capital Structure

Authorized Shares. The TDS Charter authorizes 620,000,000 shares of capital stock, consisting of (i) 279,401 Preferred Shares and 4,720,599 Undesignated Shares (for a total of 5,000,000 shares), each with a par value of \$0.01 per share, (ii) 25,000,000 Series A Common Shares, 100,000,000 Common Shares and 165,000,000 Special Common Shares (for a total of 290,000,000 shares of common stock), each with a par value of \$0.01 per share, and (iii) 325,000,000 shares of Tracking Stock, each with a par value \$0.01 per share.

A copy of the TDS Charter, marked to show the changes that would be made by the Charter Amendments, is attached hereto as Exhibit A.

Under the proposed Charter Amendments, the Special Common Shares would be reclassified as Common Shares. Accordingly, the currently authorized 165,000,000 Special Common Shares would be consolidated with the 100,000,000 authorized Common Shares, for a total of 265,000,000 authorized Common Shares. In addition, changes will be made to the TDS Charter to delete all references to Special Common Shares, as marked in Exhibit A hereto.

In addition, only Series S and Series QQ Preferred Shares are outstanding as of the date hereof. As a result, the Charter Amendments would eliminate all obsolete and inoperative provisions relating to previously authorized series of Preferred Shares that are no longer outstanding. The Preferred Shares that are no longer outstanding would revert to being undesignated as to series.

Also, TDS has never issued any Tracking Stock, TDS no longer has any intention of issuing any Tracking Stock and TDS proposes to eliminate all provisions in the TDS Charter relating to Tracking Stock, as discussed above. The provisions in the TDS Charter relating to Tracking Stock that are proposed to be deleted are market in Exhibit A hereto. Because no Tracking Stock has been issued, none of these proposed changes will have any impact on the substantive rights of any shareholders of TDS. Accordingly, provisions relating to Tracking Stock are not discussed further herein. The provisions relating to Tracking Stock that will be deleted are set forth in Exhibit A hereto.

The charter currently authorizes 620,000,000 shares of capital stock, of which 325,000,000 are shares of Tracking Stock. The TDS Charter as proposed to be amended and restated would eliminate the authorized Tracking Stock, so that the number of authorized shares of capital stock would be reduced to 295,000,000 shares of capital stock.

Increases in Authorized Shares. As permitted by Delaware law, the TDS Charter permits the number of authorized shares of any class of capital stock, other than Series A Common Shares or Common Shares, to be increased or decreased (but not below the number of shares then outstanding in such class, respectively) by the affirmative vote of the holders of a majority of the voting power of the shares of capital stock of TDS entitled to vote with respect to matters other than the election of directors. This provision in the TDS Charter gives TDS increased flexibility to authorize additional shares of any class of capital stock, other than Series A Common Shares or Common Shares, for use for any corporate purpose, without the need to obtain the approval of a majority of the affected class or classes, by obtaining the approval of the holders of a majority of the voting power of the shares of capital stock of TDS entitled to vote with respect to matters other than the election of directors, voting as a single group. The TDS Voting Trust presently holds a majority of the voting power of TDS with respect to matters other than the election of directors.

This provision may allow TDS to authorize and issue shares of capital stock under circumstances which could preserve the ability of the TDS Voting Trust to continue to exercise control over a majority of the voting power of TDS and, therefore, could deprive shareholders of TDS of an opportunity to sell their shares at a premium over market prices or make it more difficult to replace the current TDS Board and management of TDS. The TDS Voting Trust has informed TDS that it has no current intention to take any action to authorize any additional shares of capital stock, other than as described herein.

Preferred Shares and Undesignated Shares. Currently, the TDS Charter authorizes up to 279,401 Preferred Shares and 4,720,599 Undesignated Shares.

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Only Series S and Series QQ Preferred Shares remain outstanding as of June 30, 2011. All other 269,824 authorized Preferred Shares have been converted into common stock, redeemed or purchased and cancelled. As discussed above, the Charter Amendments would eliminate all obsolete and inoperative provisions relating to the 269,824 Preferred Shares that are no longer outstanding. The Preferred Shares that are no longer outstanding would revert to being undesignated as to series.

The TDS Board may designate and issue Undesignated Shares in one or more classes or series of preferred or common stock from time to time, and establish as to each class or series the designation and number of shares to be issued, the dividend rate, the redemption price and terms, if any, the amount payable upon voluntary or involuntary dissolution of TDS, sinking fund provisions, if any, voting rights, if any, the terms of conversion into shares of common stock, if provided for, and such other rights, preferences or limitations as may be provided in such designation. The Undesignated Shares are available for designation and issuance as common or preferred stock from time to time for any proper corporate purpose, including issuances for cash, acquisitions, stock splits, stock dividends, stock option plans and funding of employee benefit plans. Generally, no further action or authorization by the shareholders would be necessary prior to the designation or issuance of the Undesignated Shares authorized pursuant to the TDS Charter unless applicable laws or regulations would require such approval in a given instance. Having such additional authorized Undesignated Shares available for designation and issuance in the future will give TDS greater flexibility and may allow such shares to be issued without the expense and delay of a special shareholders' meeting. Shares of common or preferred stock could be issued in circumstances that would serve to preserve control of TDS' then existing management and the TDS Voting Trust.

Voting Rights. The following discusses voting rights of classes of capital stock of TDS in the election of directors and matters other than the election of directors.

Voting for Directors. The TDS Charter provides that each member of the TDS Board is elected annually for a one-year term.

In the election of directors, the holders of Special Common Shares and Common Shares vote together in the election of 25% of the directors (rounded up) plus one additional director (or four directors based on a Board of twelve directors). The Special Common Shares and Common Shares have one vote per share in the election of such four directors. After the Charter Amendments are effective, the holders of Common Shares (including the holders of Common Shares resulting from the reclassification of Special Common Shares as Common Shares) would continue to have one vote per share in the election of 25% of the directors (rounded up) plus one additional director (or four directors based on a Board of twelve directors).

The holders of outstanding Preferred Shares and Series A Common Shares vote in the election of 75% of the directors (rounded down), less one director (or eight directors based on a Board of twelve directors). Each of the currently outstanding Preferred Shares has one vote per share and each of the Series A Common Shares has ten votes per share in the election of such eight directors, as well as generally on all other matters (other than the election of the directors elected by the voting group described in the preceding paragraph).

Director Voting Sunset Provision. If the number of Series A Common Shares issued and outstanding at any time falls below 500,000, because of the conversion of Series A Common Shares or otherwise, the holders of Series A Common Shares would lose the right to vote as a separate class (with the holders of any outstanding Preferred Shares which have voting rights) in the election of approximately 75% of the directors less one director, and thereafter the holders of Series A Common Shares (with ten votes per share) would vote with the holders of all other classes of capital stock as a single class in the election of all directors. In such election, holders of Common Shares and Special Common Shares would have one vote per share, and Preferred Shares would have the voting rights specified in the TDS Charter or designation. At this time it is unlikely that the number of outstanding Series A Common Shares will fall below 500,000, because more than 6,000,000 Series A Common Shares are held in the TDS Voting Trust, and the trustees of the TDS Voting Trust have informed TDS that they have no present intention of converting Series A Common Shares into Common Shares or

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Special Common Shares. The foregoing would not be changed by the Charter Amendments, except that there would no longer be any Special Common Shares authorized or outstanding.

Voting in Matters other than the Election of Directors. Actions submitted to a vote of shareholders other than the election of directors generally are voted on only by holders of Common Shares, Series A Common Shares and series of Preferred Shares that have voting rights. Under the TDS Charter, except as required under the Delaware General Corporation Law, the affirmative vote of the holders of a majority of the outstanding voting power of the Common Shares, Series A Common Shares and such voting Preferred Shares, voting as a group, will be required to amend the TDS Charter, approve any merger or consolidation of TDS with or into any other corporation, approve the dissolution of TDS or approve any other matter required to be voted on by shareholders. In such vote, outstanding voting Preferred Shares have one vote per share, Common Shares currently have one vote per share and Series A Common Shares have ten votes per share.

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 voting power that such shares have immediately before 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 Charter Amendments had become effective as of June 30, 2011, the voting power in matters other than the election of directors of the Series A Common Shares initially would have been set at about 56.7% of the total voting power of the common stock, and the voting power of the Common Shares initially would have been 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 above, 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. These actual percentages would be determined based on outstanding shares immediately before the effective time of the Charter Amendments.

Class Votes. Any merger or consolidation of TDS which requires a shareholder vote under the Delaware General Corporation Law will also require a vote by a majority of the holders of the Common Shares and Series A Common Shares, each voting separately as a class. The foregoing would not be changed by the Charter Amendments.

In addition, under Delaware law, the holders of the outstanding shares of a class are entitled to vote as a class upon a proposed amendment, whether or not entitled to vote thereon by the certificate of incorporation, if the amendment would increase or decrease the par value of the shares of such class or alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely. As discussed above, the TDS Charter permits the number of authorized shares of any class of capital stock, other than Series A Common Shares or Common Shares, to be increased or decreased (but not below the number of shares then outstanding in such class, respectively) by the affirmative vote of a majority of the voting power of the shares of capital stock entitled to vote with respect to matters other than the election of directors, without a class vote of the affected class.

Dividends. Subject to the satisfaction of all Preferred Share dividend preference and redemption provisions, holders of common stock are entitled to receive such dividends as may be declared from time to time by the TDS Board. Dividends on each of the Special Common Shares, Common Shares and Series A Common Shares are payable out of the assets of TDS legally available therefore.

Unless the same dividends, on a per share basis, are declared and paid at the same time on any issued Special Common Shares, no dividends may be declared or paid on the Common Shares and, unless the same, or greater, dividends, on a per share basis, are declared and paid at the same time on the Common Shares and any issued Special Common Shares, no dividends may be declared or paid on the Series A Common Shares.

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The foregoing would not be changed by the Charter Amendments, except that the provisions relating to Special Common Shares would be eliminated.

Any decision to pay dividends in the future will depend on the financial condition, results of operations and business requirements of TDS. See "Dividend Policy."

Share Distributions. In the case of dividends of shares of capital stock of TDS, the TDS Charter provides that shares of common stock (or in each case, securities convertible into or exercisable or exchangeable for such common stock) may be distributed only as follows:

- (i) Common Shares may be distributed on an equal per share basis to holders of Common Shares and holders of Series A Common Shares, and Special Common Shares may be distributed on an equal per share basis to holders of Special Common Shares;
- (ii) Series A Common Shares may be distributed on an equal per share basis to holders of Common Shares and holders of Series A Common Shares, and Special Common Shares may be distributed on an equal per share basis to holders of Special Common Shares;
- (iii) Common Shares may be distributed on an equal per share basis to holders of Common Shares, Series A Common Shares may be distributed on an equal per share basis to holders of Series A Common Shares and Special Common Shares may be distributed on an equal per share basis to holders of Special Common Shares; and
- (iv) Special Common Shares may be distributed on an equal per share basis to holders of Series A Common Shares, Common Shares and Special Common Shares.

The substance of the foregoing would not be changed by the Charter Amendments, except that the provisions relating to Special Common Shares would be eliminated.

Distribution of TDS Subsidiary in Dividend. The TDS Charter provides that if the TDS Board intends to distribute a subsidiary to the holders of shares of TDS in a dividend, the TDS Board shall, to the extent practicable, distribute subsidiary shares corresponding to Series A Common Shares to the holders of Series A Common Shares, distribute subsidiary shares corresponding to Common Shares to the holders of Common Shares, and distribute subsidiary shares corresponding to Special Common Shares to the holders of Special Common Shares, provided that the same number of shares of subsidiary common stock on a consolidated basis must be distributed for each Series A Common Share, Common Share and Special Common Share.

The TDS Charter provides that, if practicable, the TDS Board must recapitalize such subsidiary through an amendment to its charter or otherwise, so that the shares of capital stock of such subsidiary substantially correspond to the Series A Common Shares, Common Shares and Special Common Shares of TDS, as may be determined to be necessary or appropriate in the sole discretion of the TDS Board, in order to permit the distribution to be effected in the foregoing manner. The TDS Charter provides further that, if Special Common Shares are outstanding but the subsidiary has no shares corresponding to Special Common Shares and it is impracticable to recapitalize the subsidiary as provided in the preceding sentence, the TDS Board must distribute subsidiary shares corresponding to Common Shares to the holders of Special Common Shares.

The substance of the foregoing would not be changed by the Charter Amendments, except that the provisions relating to Special Common Shares would be eliminated.

Liquidation Rights. In the event of a liquidation, dissolution or winding up of TDS, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of TDS and subject to the prior payment in full of the preferential amounts to which any class or series of Preferred Shares or Undesignated Shares is entitled, the holders of the outstanding shares of common stock will be 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. Each Series A Common Share, Common Share and Special Common Share is attributed one Liquidation Unit.

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A consolidation, merger, or reorganization of TDS with any other corporation or corporations, or a sale of all or substantially all of the assets of TDS, will not be considered a dissolution, liquidation, or winding up of TDS within the meaning of these provisions.

The foregoing would not be changed by the Charter Amendments, except that the provisions relating to Special Common Shares would be eliminated.

Conversion Rights. Neither the Common Shares nor the Special Common Shares are convertible at the option of the holder into another class of common stock or any other security of TDS. The Series A Common Shares are convertible on a share-for-share basis at any time into Common Shares or Special Common Shares. If the Charter Amendments become effective, the Series A Common Shares would no longer be convertible into Special Common Shares.

Preemptive Rights. Neither the Common Shares nor the Special Common Shares carry any preemptive rights enabling a holder to subscribe for or receive shares of any class of stock of TDS or any other securities convertible into shares of any class of stock of TDS under the TDS Charter. The Series A Common Shares have a preemptive right to acquire additional Series A Common Shares for cash, including treasury shares. The foregoing would not be changed by the Charter Amendments, except that the provisions relating to Special Common Shares would be eliminated.

Merger Consideration. In the event of a merger or consolidation of TDS, whether or not TDS is the surviving entity, the holders of Special Common Shares and Common Shares are entitled to receive the same per share consideration. For this purpose, the foregoing will be deemed to be satisfied if the consideration received by the holders of Special Common Shares consists of securities which have relative rights, preferences and limitations vis-a-vis the securities received by the holders of Common Shares that, in the judgment of the TDS Board are substantially similar to the relative rights, preferences and limitations of the Special Common Shares vis-a-vis the Common Shares, respectively. The foregoing provision would be eliminated by the Charter Amendments, because there would no longer be any Special Common Shares authorized or outstanding.

Redemption to Protect Licenses. As permitted by Delaware law, the TDS Charter also includes a provision permitting TDS to redeem shares of capital stock (other than Series A Common Shares) to the extent necessary to prevent the loss or secure the reinstatement of any license or franchise from any governmental agency.

The TDS Board considers this provision important in order to permit the redemption of shares, if necessary, to avoid the loss of any franchise or license under the Communications Act of 1934, as amended (the "Communications Act") and the rules and regulations of the Federal Communications Commission (the "FCC"). Failure to comply with the requirements of the Communications Act and the FCC may result in denial or revocation of FCC licenses.

The TDS Charter permits TDS to redeem any shares of capital stock (other than Series A Common Shares) from disqualified holders at their fair market value to the extent necessary to prevent the loss of or secure the reinstatement of, or to prevent the denial of applications for or the renewal of any governmental license or franchise held by TDS or any of its subsidiaries, or any person in which TDS has any direct or indirect ownership or voting interest, if the license or franchise is conditioned upon some or all of the holders of the corporation's stock, or persons entitled to vote such stock, possessing prescribed qualifications or any other condition. A disqualified holder is any holder of shares of capital stock of TDS whose holding of such shares on his or her own behalf or on behalf of any other person, either individually or when taken together with the holding or voting of shares of capital stock of TDS by any other holders or persons entitled to vote such shares, may result, in the good faith judgment of the TDS Board, in the loss of, or the failure to secure the reinstatement of, or the denial of applications for or the renewal of, any license or franchise from any governmental agency held by TDS or any of its subsidiaries, or any person in which TDS has any direct or indirect ownership or voting interest.

The redemption price of the shares to be redeemed will be equal to the lesser of (i) the fair market value of such shares or (ii) if such shares were purchased by the disqualified holder within one year of the redemption date, the disqualified holder's purchase price for such shares (the "Required Price"). The

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fair market value of a share of capital stock of any class or series of TDS means the average closing price for such a share for the 20 most recent days on which shares of capital stock of such class or series have traded preceding the day on which notice of redemption is given, except that if shares of capital stock of such class or series are not traded on any securities exchange or in the over-the-counter market, "fair market value" will be determined by the TDS Board in good faith. The redemption price of such shares may be paid in cash, securities or any combination thereof.

TDS may redeem any shares in exchange for any debt or equity securities (other than Series A Common Shares or securities convertible into or exchangeable for, or carrying a right to subscribe to or acquire, Series A Common Shares) of TDS, any of its subsidiaries or any other corporation, or any combination thereof, having such terms and conditions as may be approved by the TDS Board and which, together with any cash to be paid as part of the redemption price, in the opinion of any nationally recognized investment banking firm selected by the TDS Board, have a value at the time of notice of redemption at least equal to the Required Price.

If less than all the shares held by disqualified holders are to be redeemed, the shares to be redeemed will be selected in a manner to be determined by the TDS Board, which may include selection first of the most recently purchased shares thereof, selection by lot or selection in any other manner determined by the TDS Board.

At least 30 days' written notice of the redemption date will be given to the record holders of the shares selected to be redeemed (unless waived in writing by any such holder), except that the redemption date may be the date on which written notice is given to record holders if the cash or securities necessary to effect the redemption is deposited in trust for the benefit of such record holders and subject to immediate withdrawal by them upon surrender of the stock certificates for their shares to be redeemed.

The foregoing would not be changed by the Charter Amendments.

Indemnification. The TDS Charter provides as follows:

"Subject to the last sentence of this paragraph, each person who is or was a director or officer of the Corporation, and each person who serves or served at the request of the Corporation as a director or officer of another enterprise, shall be indemnified by the Corporation in accordance with, and to the fullest extent authorized by, the DGCL as it may be in effect from time to time. The right of indemnity provided herein shall not be deemed exclusive of any other rights to which any person may be entitled under any Bylaw, agreement, vote of shareholders or directors, or otherwise. The Corporation may provide indemnification to any such person, by agreement or otherwise, on such terms and conditions as the Board of Directors may approve. Any agreement for indemnification of any director, officer, employee or other person may provide indemnification rights which are broader or otherwise differ from those set forth herein. In furtherance and not in limitation of the powers conferred by statute, the Board is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation regarding the manner and conditions under which indemnification shall be provided hereunder by the Corporation and the extent thereof from time to time as deemed appropriate by the TDS Board in the best interests of the Corporation."

Pursuant to the foregoing language, the TDS Bylaws provide for indemnification and permit the advancement of expenses by TDS to officers and directors generally in the same manner and to the extent permitted by the Delaware General Corporation Law, subject to compliance with certain requirements and procedures specified in the Bylaws. In general, the Bylaws require that any person seeking indemnification must provide TDS with adequate documentation demonstrating that such person is entitled to receive indemnification payments and that all amounts requested are reasonable in amount and, if an undertaking to return advances is required, to deliver an undertaking in the form prescribed by TDS and provide security for such undertaking if considered necessary by TDS. In addition, the Bylaws specify that, except to the extent required by law, TDS does not intend to provide indemnification to persons under certain circumstances, such as where the person was not acting in the interests of TDS or was otherwise involved in a crime or tort against TDS.

The foregoing would not be changed by the Charter Amendments.

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Consideration of Community Interests in Acquisition Proposals. Article VIII of the TDS Charter provides that, when evaluating any proposal or offer of another party to (i) make a tender or exchange offer for any equity security of TDS; (ii) merge or consolidate TDS with another corporation; or (iii) purchase or otherwise acquire all or substantially all of the properties and assets of TDS, the TDS Board may, in connection with the exercise of its judgment in determining what is in the best interests of TDS and its shareholders, give due consideration to all factors the directors deem relevant.

Such factors may include, without limitation, (i) the effects on the customers of TDS or any of its subsidiaries or on such other constituencies of TDS or its subsidiaries that the TDS Board considers relevant under the circumstances, (ii) not only the consideration being offered (after taking into account corporate and shareholder taxes) in relation to the then current market price for TDS' outstanding shares of capital stock, but also the TDS Board's estimate of the future value of TDS (including the unrealized value of its properties and assets) as an independent going concern, (iii) the purpose of TDS and any of its subsidiaries to provide quality products and services on a long-term basis and (iv) the long-term as well as short-term interests of the corporation and its shareholders, including the possibility that such interests may be best served by the continued independence of the corporation.

If, on the basis of such factors, the TDS Board determines that a proposal or offer to acquire or merge the corporation, or to sell its assets, is not in the best interests of TDS, it may reject the proposal or offer. If the TDS Board determines to reject any such proposal or offer, the TDS Board shall have no obligation to facilitate, to remove any barriers to, or to refrain from impeding, the proposal or offer, except as may be required by applicable law. The TDS Charter further provides that, "except to the extent required by applicable law, the consideration of any or all of such factors shall not be a violation of the business judgment rule or of any duty of the directors to the shareholders or a group of shareholders, even if the directors reasonably determine that any such factor or factors outweigh the financial or other benefits to the corporation or a shareholder or group of shareholders."

To the extent permitted by Delaware law, this provision may serve to discourage or make more difficult a change in control of TDS without the support of the TDS Board and could, under certain circumstances, prevent shareholders from profiting from an increase in the market value of their shares as a result of a change in control of TDS by delaying or preventing such change in control.

The foregoing would not be changed by the Charter Amendments.

Bylaws. The TDS Charter provides that, in furtherance and not in limitation of the powers conferred by Delaware law, the TDS Board is expressly authorized to adopt, amend or repeal the Bylaws of TDS, subject to any specific limitations on such power provided by any Bylaws adopted by the shareholders. The foregoing would not be changed by the Charter Amendments.

Other Rights. The TDS Charter expressly permits the TDS Board to issue and sell shares of any class of capital stock even if the consideration which could be obtained by issuing or selling any other class of capital stock would be greater. The TDS Charter also expressly permits the TDS Board to purchase shares of any class of capital stock, even if the consideration which would be paid by purchasing another class of capital stock would be less.

In no event will any of the Common Shares, Series A Common Shares, or Special Common Shares be split, subdivided or combined unless all such classes are proportionately split, subdivided or combined.

The foregoing would not be changed by the Charter Amendments except that the reference to Special Common Shares would be deleted.

The full text of the current TDS Charter has been filed with SEC as follows:

TDS' Restated Certificate of Incorporation, as amended through July 10, 1998, was filed as Exhibit 3.1 to TDS' Report on Form 8-A/A filed on July 10, 1998.

A Certificate of Amendment dated June 29, 2004 to TDS' Restated Certificate of Incorporation was filed as Exhibit 3.1 to TDS' Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

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A Certificate of Amendment dated April 11, 2005 to TDS' Restated Certificate of Incorporation, as amended, was filed as Exhibit 3 to TDS' Report on Form 8-A filed on April 11, 2005.

Anti-Takeover Considerations

The Delaware General Corporation Law, the TDS Charter and the TDS Bylaws contain provisions that could serve to discourage or to make more difficult a change in control of TDS without the support of the TDS Voting Trust or the TDS Board or without meeting various other conditions. The Charter Amendments will not alter the TDS Voting Trust's present control of TDS and may facilitate the ability of the TDS Voting Trust to continue to retain control of TDS. In particular, the following may facilitate the ability of the TDS Voting Trust to retain control of TDS:

Multiple Class Capital Structure and Control by TDS Voting Trust. Although the TDS Charter does not provide for cumulative voting (which permits minority shareholders to cumulate their votes in the election of directors and obtain representation on the TDS Board), the holders of Common Shares and Special Common Shares, voting together as a group, are entitled to elect 25% of the directors plus one director. Based on a board of twelve directors, the Common Shares and Special Common Shares have the voting power to elect four directors. Accordingly, TDS has a voting structure that permits public shareholders to obtain representation on the TDS Board. This will not be changed by the Charter Amendments, except that the Special Common Shares would be reclassified as Common Shares.

Series A Common Shares (with ten votes per share), together with outstanding Preferred Shares (with one vote per share), elect the remaining directors, representing 75% of the directors less one director. Based on a board of twelve directors, the Series A Common Shares and Preferred Shares have the voting power to elect eight directors. As of June 30, 2011, the TDS Voting Trust had approximately 94.6% of the voting power in the election of the eight directors elected by the holders of Series A Common Shares and Preferred Shares. This will not change as a result of the Charter Amendments. Following the effective time of the Charter Amendments, based on shares outstanding at June 30, 2011, the TDS Voting Trust would continue to have approximately 94.6% of the voting power in the election of the eight directors elected by the holders of Series A Common Shares and Preferred Shares.

In addition, outstanding Preferred Shares (with one vote per share), Common Shares (with one vote per share) and Series A Common Shares (with ten votes per share) vote in matters other than the election of directors. Holders of Special Common Shares do not generally vote in matters other than the election of directors. The Series A Common Shares had approximately 56.7% of the voting power in matters other than the election of directors as of June 30, 2011. Because the TDS Voting Trust had approximately 94.6% of the voting power with respect to Series A Common Shares and Preferred Shares at such time, it had approximately 53.6% of the voting power in matters other than the election of directors.

The Charter Amendments 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 voting power that such shares have immediately before 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 above, 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. These actual percentages

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would be determined based on outstanding shares of common stock immediately before the effective time of the Charter Amendments.

Following the effective time of the Charter Amendments, the Series A Common Shares held by the TDS Voting Trust initially would continue to have approximately 53.6% of the aggregate voting power of TDS with respect to all matters other than the election of directors based on shares outstanding at June 30, 2011, except that this could change due to changes in the Series A Common Shares, as discussed herein.

Although the voting power of the Series A Common Shares will not increase, the Charter Amendments would increase the voting power of the TDS Voting Trust in matters other than the election of directors due to the fact that the TDS Voting Trust also owns Special Common Shares, which will be reclassified as Common Shares in the Share Consolidation. In particular, the TDS Voting Trust owned approximately 6.1 million Special Common Shares as of June 30, 2011. These shares would be reclassified as Common Shares in the Share Consolidation. After the Share Consolidation, the Common Shares would have about 0.5 votes per share in matters other than the election of directors. As a result, based on shares held at June 30, 2011, the 6.1 million Common Shares that would be held by the TDS Voting Trust after the Share Consolidation would have about 3.1 million votes immediately after the Share Consolidation, due to the reclassification of its Special Common Shares as Common Shares with about 0.5 votes per share. This increase in votes would be approximately 2.7% of the total voting power in matters other than the election of directors. The voting power in matters other than the election of directors of the TDS Voting Trust at June 30, 2011, was about 53.6%, due entirely to the ownership of 6.2 million Series A Common Shares because the Special Common Shares currently do not vote for matters other than the election of directors. Therefore, based on shares outstanding as of such date, the voting power of the TDS Voting Trust would increase to about 56.3% (53.6% + 2.7%).

In addition, following the effective time of the Charter Amendments, such 6.1 million Common Shares held by the TDS Voting Trust would continue to have approximately 6.3% of the voting power in the election of the four directors currently elected by the holders of Common Shares and Special Common Shares. This would not involve a change, because the TDS Voting Trust currently has approximately 6.3% of the voting power in the election of such four directors as a result of the 6.1 million Special Common Shares held by the TDS Voting Trust.

The ability of the TDS Voting Trust to continue to control TDS is likely to deter any potential unsolicited or hostile takeover attempts or other efforts to obtain control of TDS and might make it more difficult for shareholders to sell shares of TDS at a premium over market prices as a result of a change-in-control transaction.

The Charter Amendments are not being proposed in response to or in anticipation of any existing or planned effort on the part of any party to accumulate material amounts of any shares of capital stock of TDS, or to acquire control of TDS by means of a merger, tender offer, solicitation in opposition to management or otherwise, or to change TDS' management.

Extraordinary Corporate Transactions. Delaware law provides that the holders of a majority of the voting power of shares entitled to vote must approve any fundamental corporate transactions such as mergers, sales of all or substantially all of a corporation's assets and dissolutions. The TDS Voting Trust currently holds a majority of the voting power of all shares of capital stock of TDS and this would continue if the Charter Amendments become effective. Accordingly, a merger, consolidation, sale of all or substantially all of the assets or other business combination or transaction involving TDS, which requires a shareholder vote, cannot currently be effected without the approval of the TDS Voting Trust, and this would not be changed by the Charter Amendments.

Consideration of Noneconomic Factors. Under the TDS Charter, to the extent permitted by Delaware law, the TDS Board is authorized to consider non-shareholder constituencies (e.g., employees, suppliers, customers and community at large) and factors other than short-term value (e.g., independence and long-term interests of the corporation) in the context of evaluating acquisition proposals or other potential changes in control. This would not be changed by the Charter Amendments.

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Delaware Business Combination Statute. Section 203 of the Delaware General Corporation Law, in general, prohibits a business combination between a corporation and an "interested stockholder" within three years of the time the stockholder became an interested stockholder, unless (i) prior to such time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, exclusive of shares owned by directors who are also officers and by certain employee stock plans or (iii) at or subsequent to such time, the business combination is approved by the board of directors and authorized by the affirmative vote at a stockholders' meeting of at least 66²/₃% of the outstanding voting stock that is not owned by the interested stockholder. The restrictions of Section 203 of the Delaware General Corporation Law do not apply to corporations that have elected, in the manner provided therein, not to be subject to Section 203 of the Delaware General Corporation Law. The TDS Charter does not specify that TDS is not subject to Section 203. Accordingly, TDS would be subject to Section 203 in the event of a business combination. This would not be changed by the Charter Amendments.

Undesignated Shares. The TDS Charter currently authorizes the issuance of 4,720,599 Undesignated Shares by action of the TDS Board without shareholder approval. In addition, the number of authorized Undesignated Shares may be increased by a vote of a majority of the voting power of the capital stock of TDS in matters other than the election of directors, which is controlled by the TDS Voting Trust. The foregoing would not be changed by the Charter Amendments. The existence of such Undesignated Shares may permit TDS to issue a newly authorized series of preferred or common stock with high or special voting rights or other preferences. Such Undesignated Shares could also be used for purposes of establishing a shareholder rights plan, commonly known as a "poison pill." Such actions could discourage an attempt to obtain control of TDS by means of a merger, tender offer, proxy contest or otherwise.

Removal of Directors. Delaware law provides that, except in the case of a classified board of directors or where cumulative voting applies, a director, or the entire board of directors, of a corporation may be removed, with or without cause, by the affirmative vote of a majority of the shares of the corporation entitled to vote at an election of directors. TDS does not have a classified board of directors and does not have cumulative voting. The TDS Charter provides that "The term of office of each director elected at an annual meeting, or elected or appointed at any time in the period between annual meetings, shall expire at the next annual meeting of shareholders following such election or appointment." In addition, the TDS Charter provides that "Any one or more of or all of the directors may be removed with or without cause only by a vote of the holders of at least a majority of the voting power of shares then entitled to vote in the election of such directors." There will be no changes to these provisions by the Charter Amendments.

Amendment of Charter. Delaware law provides that the holders of a majority of the voting power of shares entitled to vote must approve any amendment to a company's certificate of incorporation. Because the TDS Voting Trust controls over 50% of the voting power in matters other than the election of directors, the TDS Charter may not be amended by shareholders without the consent of the TDS Voting Trust. This would not be changed by the Charter Amendments.

Action by Written Consent of Shareholders. Delaware law provides that, unless otherwise stated in the certificate of incorporation, any action which may be taken at an annual meeting or special meeting of shareholders may be taken without a meeting, if a consent in writing is signed by the holders of the outstanding stock having the minimum number of votes necessary to authorize the action at a meeting of shareholders. The TDS Charter currently provides that "Any action required to be taken or which may be taken at any annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, shall be signed by persons entitled to vote capital stock of the Corporation representing not less than 90% of the voting power of the shares that would be necessary to authorize or take such action at a meeting at which all shares of capital stock of the Corporation entitled to vote thereon were present and voted." The foregoing provision limits the ability of

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shareholders to take action by written consent. There would be no changes to this provision by the Charter Amendments.

Advance Notice Requirements for Director Nominations and Business Proposals by Shareholders. The TDS Charter provides that "Advance notice of shareholder nominations for election of directors and other business to be brought by shareholders before a meeting of shareholders shall be given in the manner provided in the Bylaws of the Corporation." The TDS Bylaws provide that, in order for a shareholder to nominate directors or introduce a proposal at an annual meeting, notice must be given to TDS between 90 and 120 days before the date of the anniversary date of the annual meeting in the most recent preceding year. The TDS Bylaws also specify requirements as to the form and content of the shareholder's notice and impose certain requirements on director candidates. These provisions may make it more difficult for shareholders to nominate directors or bring matters before an annual meeting. There will be no changes to these provisions by the Charter Amendments.

Restrictions Relating to Special Meetings. The TDS Bylaws provide that special meetings of shareholders may be called by the TDS Board, by the Chairman of the TDS Board or the President and shall be called by the President at the request in writing, stating the purpose or purposes thereof, of holders of at least fifty percent of the voting power of the capital stock of TDS. The TDS Voting Trust currently holds at least fifty percent of the voting power of the capital stock of TDS. The foregoing limits the ability of shareholders other than the TDS Voting Trust to call special meetings. In addition, the TDS Bylaws provide that the only business that may be conducted at a special meeting is the business set forth in TDS' notice of meeting and Proxy Statement for such meeting. The foregoing limits the ability of shareholders other than the TDS Voting Trust to propose matters for consideration at a special meeting. The foregoing provisions will not be changed by the Charter Amendments.

Comparison of Current Capital Structure and Proposed Capital Structure

The following compares the current provisions of the TDS Charter impacted by the Charter Amendments and the proposed provisions following the Charter Amendments. The following does not describe Tracking Stock which would be eliminated in the Charter Amendments, except to note that Tracking Stock would no longer be authorized.

	<i>Current</i>	<i>Proposed</i>
<i>Authorized Preferred Shares and Undesignated Shares</i>	The TDS Charter currently authorizes 279,401 Preferred Shares and 4,720,599 Undesignated Shares, for a total of 5,000,000 shares.	After the Charter Amendments, the TDS Charter would authorize 279,401 Preferred Shares (of which 9,577 would relate to series that are outstanding and of which 269,824 would be undesignated) and 4,720,599 Undesignated Shares, for a total of 5,000,000 shares.
<i>Authorized Common Shares</i>	The TDS Charter currently authorizes 100,000,000 Common Shares.	After the Charter Amendments, the TDS Charter would authorize 265,000,000 Common Shares.
<i>Authorized Special Common Shares</i>	The TDS Charter currently authorizes 165,000,000 Special Common Shares.	After the Charter Amendments, Special Common Shares would cease to be designated or authorized.
<i>Authorized Series A Common Shares</i>	The TDS Charter currently authorizes 25,000,000 Series A Common Shares.	After the Charter Amendments, the TDS Charter would continue to authorize 25,000,000 Series A Common Shares.
<i>Authorized Tracking Stock</i>	The TDS Charter currently authorizes 325,000,000 shares of Tracking Stock.	After the Charter Amendments, the TDS Charter would not authorize any Tracking Stock.

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	<i>Current</i>	<i>Proposed</i>
<i>Increases in Authorized Shares</i>	<p>As permitted by Delaware law, the TDS Charter permits the number of authorized Special Common Shares (but not Common Shares) to be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of a majority of the voting power of shares of capital stock of TDS entitled to vote with respect to matters other than the election of directors. This provision in the TDS Charter gives TDS flexibility to authorize additional Special Common Shares for any corporate purpose, without the need to obtain the approval by a class vote of the holders of Special Common Shares, by obtaining the approval of the holders of a majority of the voting power of the shares of capital stock of TDS entitled to vote with respect to matters other than the election of directors, voting as a single group. The TDS Voting Trust presently holds a majority of the voting power of TDS.</p> <p>An amendment to the TDS Charter to increase or decrease the number of authorized Common Shares requires (i) the affirmative vote of the holders of a majority of the voting power of shares of capital stock of TDS entitled to vote with respect to matters other than the election of directors and (ii) the affirmative vote of a majority of the outstanding Common Shares, voting separately as a class.</p>	<p>There would no longer be any Special Common Shares authorized.</p> <p>Any amendment to the TDS Charter to increase or decrease the number of authorized Common Shares would continue to require (i) the affirmative vote of the holders of a majority of the voting power of shares of capital stock of TDS entitled to vote with respect to matters other than the election of directors and (ii) the affirmative vote of a majority of the outstanding Common Shares, voting separately as a class.</p>

Table of Contents*Current**Proposed****Voting for Directors***

In the election of directors, the holders of Special Common Shares and Common Shares vote together in the election of 25% of the directors (rounded up) plus one additional director (or four directors based on a board of twelve directors). The Special Common Shares and Common Shares have one vote per share in the election of such directors.

The holders of outstanding Preferred Shares and Series A Common Shares vote together in the election of 75% of the directors (rounded down), less one director (or eight directors based on a board of twelve directors). Each of the currently outstanding Preferred Shares has one vote per share and each of the Series A Common Shares has ten votes per share in the election of such eight directors.

In the election of directors, the holders of Common Shares would continue to vote in the election of 25% of the directors (rounded up) plus one additional director (or four directors based on a board of twelve directors). After the Charter Amendments, the outstanding Common Shares would include the prior outstanding Special Common Shares that were reclassified as Common Shares. The Common Shares would continue to have one vote per share in the election of such directors.

The holders of outstanding Preferred Shares and Series A Common Shares would continue to vote together in the election of 75% of the directors (rounded down), less one director (or eight directors based on a board of twelve directors). Each of the currently outstanding Preferred Shares would continue to have one vote per share and each of the Series A Common Shares would continue to have ten votes per share in the election of such eight directors.

Director Voting Sunset Provision

If the number of Series A Common Shares issued and outstanding at any time falls below 500,000, because of the conversion of Series A Common Shares or otherwise, the holders of Series A Common Shares would lose the right to vote as a separate class (with the holders of any outstanding Preferred Shares which have voting rights) in the election of approximately 75% of the directors less one director, and thereafter the holders of Series A Common Shares (with ten votes per share) would vote with the holders of all other classes of capital stock as a single class in the election of all directors. In such election, holders of Common Shares and Special Common Shares would have one vote per share, and Preferred Shares would have the voting rights specified in the TDS Charter or designation. At this time it is not anticipated that the number of outstanding Series A Common Shares will fall below 500,000, because more than 6,000,000 Series A Common Shares are held in the TDS Voting Trust, and the trustees of the TDS Voting Trust have informed TDS that they have no present intention of converting Series A Common Shares into Common Shares or Special Common Shares.

If the number of Series A Common Shares issued and outstanding at any time falls below 500,000, because of the conversion of Series A Common Shares or otherwise, the holders of Series A Common Shares would lose the right to vote as a separate class (with the holders of any outstanding Preferred Shares which have voting rights) in the election of approximately 75% of the directors less one director, and thereafter the holders of Series A Common Shares (with ten votes per share) would vote with the holders of all other classes of capital stock as a single class in the election of all directors. In such election, holders of Common Shares would have one vote per share, and Preferred Shares would have the voting rights specified in the TDS Charter or designation. At this time it is not anticipated that the number of outstanding Series A Common Shares will fall below 500,000, because more than 6,000,000 Series A Common Shares are held in the TDS Voting Trust, and the trustees of the TDS Voting Trust have informed TDS that they have no present intention of converting Series A Common Shares into Common Shares.

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	<i>Current</i>	<i>Proposed</i>
<i>Voting in Matters other than the Election of Directors</i>	Actions submitted to a vote of shareholders other than the election of directors will generally be voted on only by holders of Common Shares, Series A Common Shares and series of Preferred Shares that have voting rights. Under the TDS Charter, except as required under the Delaware General Corporation Law, the affirmative vote of the holders of a majority of the outstanding voting power of the Common Shares, Series A Common Shares and such voting Preferred Shares, voting as a group, will be required to amend the TDS Charter, approve any merger or consolidation of TDS with or into any other corporation, approve the dissolution of TDS or approve any other matter required to be voted on by shareholders.	Actions submitted to a vote of shareholders other than the election of directors would be voted on only by holders of Common Shares, Series A Common Shares and series of Preferred Shares that have voting rights. Under the TDS Charter, except as required under the Delaware General Corporation Law, the affirmative vote of the holders of a majority of the outstanding voting power of the Common Shares, Series A Common Shares and such voting Preferred Shares, voting as a group, would be required to amend the TDS Charter, approve any merger or consolidation of TDS with or into any other corporation, approve the dissolution of TDS or approve any other matter required to be voted on by shareholders.

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In such vote, the outstanding voting Preferred Shares have one vote per share, Common Shares have one vote per share and Series A Common Shares have ten votes per share.

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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 voting power that such shares have immediately before 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 herein, 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. The issuance of Preferred Shares or other classes of capital stock with votes in matters other than the election of directors could also change these percentages. These actual percentages would be determined based on outstanding shares immediately before the effective time of the Charter Amendments.

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	<i>Current</i>	<i>Proposed</i>
<i>Class Votes</i>	<p>Any merger or consolidation of TDS which requires a shareholder vote under the Delaware General Corporation Law will also require a vote by a majority of the holders of the Common Shares and Series A Common Shares, each voting separately as a class.</p> <p>In addition, under Delaware law, the holders of the outstanding shares of a class are entitled to vote as a class upon a proposed amendment, whether or not entitled to vote thereon by the certificate of incorporation, if the amendment would increase or decrease the par value of the shares of such class or alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely. As discussed above, the TDS Charter permits the number of authorized shares of any class of capital stock, other than Series A Common Shares or Common Shares, to be increased or decreased (but not below the number of shares then outstanding in such class, respectively) by the affirmative vote of a majority of the voting power of the shares of capital stock entitled to vote with respect to matters other than the election of directors, without a class vote of the affected class.</p>	<p>Any merger or consolidation of TDS which requires a shareholder vote under the Delaware General Corporation Law would also require a vote by a majority of the holders of the Common Shares and Series A Common Shares, each voting separately as a class.</p> <p>In addition, under Delaware law, the holders of the outstanding shares of a class would continued to be entitled to vote as a class upon a proposed amendment, whether or not entitled to vote thereon by the certificate of incorporation, if the amendment would increase or decrease the par value of the shares of such class or alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely. The TDS Charter would continue to permit the number of authorized shares of any class of capital stock, other than Series A Common Shares or Common Shares, to be increased or decreased (but not below the number of shares then outstanding in such class, respectively) by the affirmative vote of a majority of the voting power of the shares of capital stock entitled to vote with respect to matters other than the election of directors, without a class vote of the affected class. However, this would no longer apply to Special Common Shares because such shares would no longer be designated or authorized.</p>
<i>Dividends</i>	<p>Subject to the satisfaction of all Preferred Share dividend preference and redemption provisions, holders of common stock are entitled to receive such dividends as may be declared from time to time by the TDS Board. Dividends on each of the Special Common Shares, Common Shares and Series A Common Shares would be payable out of the assets of TDS legally available therefore.</p> <p>Unless the same dividends, on a per share basis, are declared and paid at the same time on any issued Special Common Shares, no dividends may be declared or paid on the Common Shares and, unless the same, or greater, dividends, on a per share basis, are declared and paid at the same time on the Common Shares and any issued Special Common Shares, no dividends may be declared or paid on the Series A Common Shares.</p>	<p>Subject to the satisfaction of all Preferred Share dividend preference and redemption provisions, holders of common stock would continue to be entitled to receive such dividends as may be declared from time to time by the TDS Board. Dividends on each of the Common Shares and Series A Common Shares would be payable out of the assets of TDS legally available therefore.</p> <p>Unless the same, or greater, dividends, on a per share basis, are declared and paid at the same time on the Common Shares, no dividends may be declared or paid on the Series A Common Shares.</p>

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Share Distributions

In the case of dividends of shares of capital stock of TDS, the TDS Charter provides that shares of common stock (or in each case, securities convertible into or exercisable or exchangeable for such common stock) may be distributed only as follows:

(i) Common Shares may be distributed on an equal per share basis to holders of Common Shares and holders of Series A Common Shares, and Special Common Shares may be distributed on an equal per share basis to holders of Special Common Shares;

(ii) Series A Common Shares may be distributed on an equal per share basis to holders of Common Shares and holders of Series A Common Shares, and Special Common Shares may be distributed on an equal per share basis to holders of Special Common Shares;

(iii) Common Shares may be distributed on an equal per share basis to holders of Common Shares, Series A Common Shares may be distributed on an equal per share basis to holders of Series A Common Shares and Special Common Shares may be distributed on an equal per share basis to holders of Special Common Shares; and

(iv) Special Common Shares may be distributed on an equal per share basis to holders of Series A Common Shares, Common Shares and Special Common Shares.

In the case of dividends of shares of capital stock of TDS, the TDS Charter would provide that shares of common stock (or in each case, securities convertible into or exercisable or exchangeable for such common stock) may be distributed only as follows:

(i) Common Shares may be distributed on an equal per share basis to holders of Common Shares and holders of Series A Common Shares;

(ii) Series A Common Shares may be distributed on an equal per share basis to holders of Common Shares and holders of Series A Common Shares; and

(iii) Common Shares may be distributed on an equal per share basis to holders of Common Shares and Series A Common Shares may be distributed on an equal per share basis to holders of Series A Common Shares.

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	<i>Current</i>	<i>Proposed</i>
<i>Distribution of TDS Subsidiary in Dividend</i>	<p>The TDS Charter provides that if the TDS Board intends to distribute a subsidiary to the holders of shares of TDS in a dividend, the TDS Board shall, to the extent practicable, distribute subsidiary shares corresponding to Series A Common Shares to the holders of Series A Common Shares, distribute subsidiary shares corresponding to Common Shares to the holders of Common Shares, and distribute subsidiary shares corresponding to Special Common Shares to the holders of Special Common Shares, provided that the same number of shares of subsidiary common stock on a combined basis must be distributed for each Series A Common Share, Common Share and Special Common Share.</p> <p>The TDS Charter provides that, if practicable, the TDS Board must recapitalize such subsidiary through an amendment to its charter or otherwise, so that the shares of capital stock of such subsidiary substantially correspond to the Series A Common Shares, Common Shares and Special Common Shares of TDS, as may be determined to be necessary or appropriate in the sole discretion of the TDS Board, in order to permit the distribution to be effected in the foregoing manner. The TDS Charter provides further that, if Special Common Shares are outstanding but the subsidiary has no shares corresponding to Special Common Shares and it is impracticable to recapitalize the subsidiary as provided in the preceding sentence, the TDS Board must distribute subsidiary shares corresponding to Common Shares to the holders of Special Common Shares.</p>	<p>The TDS Charter would provide that if the TDS Board intends to distribute a subsidiary to the holders of shares of TDS in a dividend, the TDS Board shall, to the extent practicable, distribute subsidiary shares corresponding to Series A Common Shares to the holders of Series A Common Shares and distribute subsidiary shares corresponding to Common Shares to the holders of Common Shares, provided that the same number of shares of subsidiary common stock on a combined basis must be distributed for each Series A Common Share and Common Share.</p> <p>The TDS Charter would provide that, if practicable, the TDS Board must recapitalize such subsidiary through an amendment to its charter or otherwise, so that the shares of capital stock of such subsidiary substantially correspond to the Series A Common Shares and Common Shares of TDS, as may be determined to be necessary or appropriate in the sole discretion of the TDS Board, in order to permit the distribution to be effected in the foregoing manner.</p>
<i>Liquidation Rights</i>	<p>In the event of a liquidation, dissolution or winding up of TDS, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of TDS and subject to the prior payment in full of the preferential amounts to which any class or series of Preferred Shares or Undesignated Shares is entitled, the holders of the outstanding shares of common stock will be 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. Each Series A Common Share, Common Share and Special Common Share is attributed one Liquidation Unit.</p>	<p>In the event of a liquidation, dissolution or winding up of TDS, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of TDS and subject to the prior payment in full of the preferential amounts to which any class or series of Preferred Shares or Undesignated Shares is entitled, the holders of the outstanding shares of common stock would be 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. Each Series A Common Share and Common Share is attributed one Liquidation Unit.</p>

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	<i>Current</i>	<i>Proposed</i>
	A consolidation, merger, or reorganization of TDS with any other corporation or corporations, or a sale of all or substantially all of the assets of TDS, will not be considered a dissolution, liquidation, or winding up of TDS within the meaning of these provisions.	A consolidation, merger, or reorganization of TDS with any other corporation or corporations, or a sale of all or substantially all of the assets of TDS, would not be considered a dissolution, liquidation, or winding up of TDS within the meaning of these provisions.
<i>Conversion Rights</i>	Neither the Common Shares nor the Special Common Shares are convertible at the option of the holder into another class of common stock or any other security of TDS. The Series A Common Shares are convertible on a share-for-share basis at any time into Common Shares or Special Common Shares.	Common Shares would continue not to be convertible at the option of the holder into another class of common stock or any other security of TDS. The Series A Common Shares would continue to be convertible on a share-for-share basis at any time into Common Shares, but would no longer be convertible into Special Common Shares because Special Common Shares would no longer be designated or authorized.
<i>Preemptive Rights</i>	Neither the Common Shares nor the Special Common Shares carry any preemptive rights enabling a holder to subscribe for or receive shares of any class of stock of TDS or any other securities convertible into shares of any class of stock of TDS. The Series A Common Shares have a preemptive right to acquire additional Series A Common Shares for cash, including treasury shares.	Common Shares would continue not to have any preemptive rights enabling a holder to subscribe for or receive shares of any class of stock of TDS or any other securities convertible into shares of any class of stock of TDS. The Series A Common Shares would continue to have a preemptive right to acquire additional Series A Common Shares for cash, including treasury shares.
<i>Merger Consideration</i>	In the event of a merger or consolidation of TDS, whether or not TDS is the surviving entity, the holders of Special Common Shares and Common Shares are entitled to receive the same per share consideration. The foregoing will be deemed to be satisfied if the consideration received by the holders of Special Common Shares consists of securities which have relative rights, preferences and limitations vis-a-vis the securities received by the holders of Common Shares that, in the judgment of the TDS Board, are substantially similar to the relative rights, preferences and limitations of the Special Common Shares vis-a-vis the Common Shares, respectively.	This provision would be deleted because there would no longer be any Special Common Shares designated or authorized.

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PLAN ADOPTION AND AMENDMENT

**PROPOSAL 6 ADOPTION OF TELEPHONE AND DATA SYSTEMS, INC.
2011 LONG-TERM INCENTIVE PLAN**

Prior to the 2005 Distribution, the Telephone and Data Systems, Inc. 2004 Long-Term Incentive Plan (the "2004 Incentive Plan") provided for awards relating to Common Shares but did not provide for awards relating to Special Common Shares. In connection with the 2005 Distribution, the 2004 Incentive Plan was amended to permit awards relating to Special Common Shares.

Under the 2004 Incentive Plan, as amended, a total of 4.4 million Common Shares and 12.0 million Special Common Shares, or a total of 16.4 million shares, are reserved for issuance. Such shares have been registered under the Securities Act on Registration Statements on Form S-8, Registration No. 333-105676 (Common Shares), and Registration No. 333-125002 (Special Common Shares). Also, 6.1 million shares of Tracking Stock are reserved for issuance under the 2004 Incentive Plan, but TDS has never issued any Tracking Stock, does not intend to issue any Tracking Stock and all Tracking Stock would cease to be authorized by the TDS Charter pursuant to the Charter Amendments.

As of June 30, 2011, approximately 2.4 million Common Shares and 2.9 million Special Common Shares, or a total of approximately 5.3 million shares, had been issued under the 2004 Incentive Plan. As a result, there were approximately 2.0 million Common Shares and 9.1 million Special Common Shares, or a total of approximately 11.1 million shares, that were available for issuance under the 2004 Incentive Plan as of June 30, 2011.

However, as of June 30, 2011, approximately 0.6 million Common Shares and 7.3 million Special Common Shares, or a total of approximately 7.9 million shares, were subject to stock option awards, restricted stock unit awards and deferred bonus and employer match awards. As a result, as of June 30, 2011, approximately 1.3 million Common Shares and 1.8 million Special Common Shares, or a total of approximately 3.1 million shares, remained available to be awarded under the 2004 Incentive Plan.

If the Charter Amendments become effective, there would no longer be any Special Common Shares authorized or outstanding. Outstanding awards under the 2004 Incentive Plan with respect to Special Common Shares would be adjusted to become awards with respect to an equal number of Common Shares. As a result, if the Charter Amendments become effective, approximately 7.9 million Common Shares would be subject to outstanding awards under the 2004 Incentive Plan.

To reflect the Charter Amendments and to increase the number of shares available for long-term incentive awards, TDS desires to adopt the Telephone and Data Systems, Inc. 2011 Long-Term Incentive Plan (the "2011 Incentive Plan"), which would replace the 2004 Incentive Plan. A total of 6 million Common Shares would be reserved for issuance under the 2011 Incentive Plan. These shares would be registered under the Securities Act on a Registration Statement on Form S-8.

Approval of this Proposal 6 will include approval of the 2011 Incentive Plan and will also include ratification and approval of the reclassification of the Special Common Shares that are currently available for issuance under the 2004 Incentive Plan (9.1 million as of June 30, 2011) as Common Shares for issuance under the 2004 Incentive Plan. If the 2011 Incentive Plan becomes effective, no additional awards would be granted under the 2004 Incentive Plan. As a result, the shares remaining available for grant under the 2004 Incentive Plan (approximately 3.1 million as of June 30, 2011) would be forfeited. However, the awards that are outstanding under the 2004 Incentive Plan would remain in effect, but would be adjusted to reflect the reclassification of the Special Common Shares as Common Shares.

The proposed 2011 Incentive Plan is attached hereto as Exhibit C. The TDS Board has approved the adoption of the 2011 Incentive Plan and the termination of the 2004 Incentive Plan with respect to new grants of awards, in each case subject to shareholder approval of this Proposal 6 and the Charter Amendments. The TDS Board unanimously recommends approval of the 2011 Incentive Plan, which is being submitted for approval by the shareholders at the Special Meeting. If approved by shareholders, the 2011 Incentive Plan will be effective upon the effective date of the Charter Amendments. If the 2011 Incentive Plan is not approved by shareholders, or the Charter Amendments are not approved or

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implemented, this Proposal 6 will not be implemented and the 2004 Incentive Plan will remain in full force and effect.

See "Dividends and Price Ranges of Special Common Shares and Common Shares" above for information on the closing price of the Common Shares and the closing price of the Special Common Shares shortly before the date of this Proxy Statement.

The following is a description of the proposed 2011 Incentive Plan.

Description of 2011 Incentive Plan

Types of Awards. Under the 2011 Incentive Plan, as under the 2004 Incentive Plan, TDS is authorized to grant incentive stock options ("ISOs"), nonqualified stock options, stock appreciation rights ("SARs"), bonus stock awards, restricted stock awards, restricted stock unit ("RSU") awards, performance share awards and employer match awards for deferred bonus payments, as described below.

Incentive Plan Stock. As discussed above, a total of 6 million Common Shares would be reserved for issuance under the 2011 Incentive Plan, of which (i) no more than 6 million Common Shares in the aggregate could be issued under the 2011 Incentive Plan in connection with ISOs and (ii) no more than 300,000 Common Shares in the aggregate could be issued under the 2011 Incentive Plan in connection with bonus stock awards. Such numbers would be subject to adjustment in the event of a stock split, stock dividend, merger or other event described in "Adjustment" below. To the extent that Common Shares subject to an outstanding award under the 2011 Incentive Plan are not issued or delivered by reason of (i) the expiration, termination, cancellation or forfeiture of such award or (ii) the settlement of the award in cash, then those Common Shares again will be available under the 2011 Incentive Plan, except that Common Shares subject to an award under the 2011 Incentive Plan will not again be available under the 2011 Incentive Plan if such shares are (y) shares delivered to or withheld by TDS to pay the exercise price or the withholding taxes related to an outstanding award or (z) shares that were subject to a stock-settled SAR and were not issued or delivered upon the net settlement of such SAR.

Effective Date and Termination. If approved by our shareholders, the 2011 Incentive Plan will become effective as of the effective date of the Charter Amendments and will terminate ten years after the date of shareholder approval at the Special Meeting, unless terminated earlier by the TDS Board. The 2004 Incentive Plan will terminate with respect to new grants of awards on the date that the 2011 Incentive Plan becomes effective. If the 2011 Incentive Plan does not become effective, then the 2004 Incentive Plan will remain in effect until it terminates on June 29, 2014, unless terminated earlier by the TDS Board.

Purposes. The purposes of the 2011 Incentive Plan are to:

align the interests of the shareholders of TDS and the recipients of awards under the 2011 Incentive Plan by increasing the proprietary interest of such recipients in TDS' growth and success;

advance the interests of TDS by attracting and retaining officers and other employees of TDS and certain of its affiliates; and

motivate such persons to act in the long-term best interests of TDS and TDS' shareholders.

Eligibility. Certain employees of TDS, and of affiliates of TDS approved by the TDS Board, who are selected by the Committee (as defined below under "Administration"), will be eligible to participate in the 2011 Incentive Plan. As of June 30, 2011, approximately 3,200 employees would have been eligible to be selected by the Committee to receive awards under the 2011 Incentive Plan. However, as of June 30, 2011, the Committee had selected only approximately 200 of such employees to receive awards.

Maximum Per Person Award. In the case of an award intended to be "qualified performance-based compensation" under Section 162(m) of the Internal Revenue Code, to the extent necessary to so qualify, (i) the maximum number of Common Shares with respect to which stock options or SARs or a combination thereof may be granted during any fiscal year of TDS to any person shall be 800,000,

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(ii) the maximum number of Common Shares with respect to which bonus stock awards, restricted stock awards and RSU awards (collectively, "Stock Awards") subject to performance measures may be granted during any fiscal year of TDS to any person shall be 400,000, and (iii) the maximum number of Common Shares with respect to which performance share awards may be granted during any fiscal year of TDS to any person shall be 400,000, in each case subject to adjustment in the event of a stock split, stock dividend, merger or other event described in "Adjustment" below.

As noted below under "Stock Options" and "Stock Appreciation Rights," the purchase price per share subject to a stock option and the base price per share subject to an SAR may not be less than 100% of the fair market value of a Common Share on the date of grant of the award.

Amendments. The TDS Board may amend the 2011 Incentive Plan at any time, subject to any required shareholder approval and any rule of the principal national stock exchange on which the Common Shares are then traded. Without the approval of the shareholders of TDS, no amendment may:

increase the maximum number of Common Shares available for issuance under the 2011 Incentive Plan (except in the event of a stock split, stock dividend, merger or other event described in "Adjustment" below); or

with respect to any ISO, effect any change inconsistent with Section 422 of the Internal Revenue Code.

Administration. The 2011 Incentive Plan will be administered by a committee (for purposes of this description, the "Committee") selected by the TDS Board and made up of two or more members of the TDS Board, each of whom may be an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code and a "Non-Employee Director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934.

Subject to the terms of the 2011 Incentive Plan, the Committee will be authorized to select employees for participation in the 2011 Incentive Plan and to determine the form, amount and timing of each award and, if applicable, the number of Common Shares subject to each award, the purchase price or base price associated with the award, the exercise price of any option award, the time and conditions of exercise or settlement of the award, and all other terms and conditions of the award, including without limitation, the form of the agreement evidencing the award. The Committee will also have the authority to interpret the 2011 Incentive Plan and establish any rules and procedures necessary or desirable for the administration of the 2011 Incentive Plan. In addition, the Committee may impose, incidental to the grant of an award, conditions with respect to the award, such as limiting competitive employment or other activities, and may accelerate the exercisability or vesting of outstanding awards. The determinations of the Committee will be binding on all parties.

Except in the event of a stock split, stock dividend, merger or other event described in "Adjustment" below, or in the event of a "Change in Control" as defined below, the Committee may not, without shareholder approval, (i) reduce the purchase price or base price of an outstanding stock option or SAR; (ii) cancel an outstanding stock option or SAR in exchange for another stock option or SAR with a lower purchase price or base price; (iii) cancel an outstanding stock option or SAR in exchange for cash or another award if the purchase price of the stock option or the base price of the SAR exceeds the fair market value of a Common Share on the date of such cancellation or (iv) take any other action that would constitute a "repricing" within the meaning of The New York Stock Exchange Listed Company Manual.

Delegation. To the extent legally permissible, the Committee may delegate some or all of its power and authority under the 2011 Incentive Plan to the TDS Board or to the President and Chief Executive Officer or other executive officer of TDS as it deems appropriate; provided, however, that:

the Committee may not delegate its power and authority to the TDS Board or the President and Chief Executive Officer or other executive officer of TDS regarding the grant of an award under the 2011 Incentive Plan to any person deemed to be a "covered employee" within the meaning of Section 162(m) of the Internal Revenue Code or who, in the Committee's judgment, is likely to be

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a covered employee at any time during the period an award to such employee may result in taxable income to the employee, or

the Committee may not delegate its power and authority to the President and Chief Executive Officer or other executive officer of TDS regarding the selection for participation in the 2011 Incentive Plan of an officer of TDS or other person subject to Section 16 of the Securities Exchange Act of 1934, as amended, or decisions concerning the timing, pricing or number of shares subject to an award granted to such an officer or other person.

Performance Measures. The Committee may establish performance measures that must be attained:

as a condition to the grant or exercisability of certain stock options or SARs;

a condition to the grant of certain restricted stock, bonus stock or RSU awards; or

during the applicable restriction period or performance period as a condition to the employee's vesting, in the case of certain restricted stock awards, in Common Shares subject to such awards or, as a condition to the employee's receipt, in the case of certain RSU awards or performance share awards, of Common Shares subject to such awards or the cash amount payable with respect to such awards (or a combination thereof).

In the case of an award intended to be "qualified performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code, to the extent necessary to so qualify, the performance measures shall be one or more of the following corporate-wide or subsidiary, division, operating unit or individual measures, stated in either absolute or relative terms:

the attainment by a Common Share of a specified fair market value for a specified period of time; return to stockholders (including dividends); earnings before or after taxes and/or interest; interest expense; economic value created; operating or gross margin; return on assets, equity, investments, operating costs or capital; net income before or after taxes; operating earnings either before or after interest expense and either before or after incentives; pretax earnings before interest, depreciation and/or amortization; ratios of capital spending and investment to volume of business measures; cost per gross or net customer addition; revenue per customer; customer turnover rate; ratios of employees to volume of business measures and population in licensed or operating markets; sales; costs; financing costs; expenses; revenues; earnings per share; customer count; market share; cash flows; attainment of cost reduction goals; and/or strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion goals, cost targets, customer satisfaction, reductions in errors and omissions, reductions in lost business, management of employment practices and employee benefits, supervision of litigation and information technology, quality and quality audit scores, and goals relating to acquisitions or divestitures.

Subject to Section 162(m) of the Internal Revenue Code with respect to an award that is intended to be qualified performance-based compensation, the Committee may amend or adjust the performance measures in recognition of unusual or nonrecurring events affecting TDS or its financial statements or changes in law or accounting principles.

Stock Options. The 2011 Incentive Plan provides for the grant of ISOs and nonqualified stock options and specifies that the Committee will determine the number of Common Shares subject to a stock option and the purchase price per Common Share subject to a stock option, provided that such purchase price per share may not be less than 100% of the fair market value of a Common Share on the date of grant of the stock option. The exercise of a stock option entitles the holder thereof to receive (subject to withholding tax, if applicable) whole Common Shares. To the extent that the aggregate fair market value (determined as of the date the stock option is granted) of the Common Shares with respect to which stock options designated as ISOs are exercisable for the first time by the option holder during any calendar year (under the 2011 Incentive Plan or any other plan of TDS or any related corporation, including its subsidiaries) exceeds the amount (currently \$100,000) established by the Internal Revenue Code, such stock options shall be nonqualified stock options. The Committee will determine the period

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during which a stock option may be exercised, provided that a stock option granted under the 2011 Incentive Plan may not be exercised later than ten years from the date of grant. In the case of an eligible employee who owns or is deemed to own stock possessing more than 10% of the total combined voting power of all classes of stock of TDS or any related corporation, including its subsidiaries, the purchase price per share of an ISO granted under the 2011 Incentive Plan to such employee may not be less than 110% of the fair market value of a Common Share on the date of grant, and the exercise period may not exceed five years from the date of grant.

Stock Appreciation Rights. The 2011 Incentive Plan provides for the grant of SARs. The number of Common Shares subject to an SAR and the base price of an SAR will be determined by the Committee, provided that the base price per Common Share subject to an SAR may not be less than 100% of the fair market value of a Common Share on the date of grant. The Committee will determine the period during which an SAR may be exercised, provided that an SAR may not be exercised later than ten years from the date of grant. The exercise of an SAR entitles the holder thereof to receive (subject to withholding taxes, if applicable) whole Common Shares, cash or a combination thereof (as determined by the Committee and set forth in the agreement evidencing the SAR) with a value equal to the difference between the fair market value of a Common Share on the exercise date and the base price of the SAR, multiplied by the number of Common Shares with respect to which such SAR is exercised.

Bonus Stock, Restricted Stock and RSU Awards. The 2011 Incentive Plan provides for the grant of bonus stock awards, which are vested upon grant. As noted above, no more than 300,000 Common Shares in the aggregate may be issued under the 2011 Incentive Plan in connection with bonus stock awards. The 2011 Incentive Plan also provides for the grant of restricted stock awards and RSU awards, which are subject to a restriction period. An RSU is a right to receive, contingent upon termination of the restriction period, a Common Share or cash equal to the fair market value of a Common Share, as specified by the agreement evidencing the award. The number of Common Shares subject to an award of bonus stock or restricted stock and the number of RSUs subject to an RSU award, the purchase price (if any) applicable to the award, any restriction period and performance measures applicable to the award and the other terms of the award will be determined by the Committee. Unless otherwise determined by the Committee, shares of restricted stock and RSUs will be subject to forfeiture if the holder does not remain continuously employed by TDS or an affiliate during the restriction period or, if the restricted stock or RSU is subject to performance measures, if such performance measures are not attained during the restriction period.

Unless otherwise set forth in an award agreement and subject to the terms and conditions of a restricted stock award, the holder of a restricted stock award shall have all the rights as a shareholder of TDS, including but not limited to, voting rights, the right to receive dividends or other distributions and the right to participate in any capital adjustment applicable to all holders of Common Shares. However, (i) a distribution with respect to Common Shares, other than a regular cash dividend, and (ii) a regular cash dividend with respect to Common Shares that are subject to performance-based vesting conditions, in each case, will be deposited with TDS and will be subject to the same restrictions as the Common Shares with respect to which such distribution was made.

Prior to the settlement of an RSU award in Common Shares, the holder of such RSU award will have no rights as a shareholder of TDS with respect to the Common Shares subject to the award. However, the agreement for the award may allow the holder of the RSU award to receive, on a current or deferred basis, dividend equivalents on the RSU award and may also provide interest on, or the deemed reinvestment of, any deferred dividend equivalents. Any dividend equivalents with respect to RSU awards that are subject to performance-based vesting conditions will be subject to the same restrictions as the RSU awards.

Performance Share Awards. The 2011 Incentive Plan provides for the grant of performance share awards. Each performance share is a right, contingent upon the attainment of specified performance measures within a specified performance period, to receive a Common Share, which may be restricted stock, or the fair market value of such share in cash, as specified by the agreement evidencing the award. The number of performance shares subject to a performance share award, the applicable performance measures and performance period, and the other terms of a performance share award will

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be determined by the Committee. Unless otherwise determined by the Committee, if the specified performance measures are not attained during the applicable performance period, then the award recipient will forfeit the performance share award.

Prior to the settlement of a performance share award in Common Shares, the holder of such performance share award will have no rights as a shareholder of TDS with respect to the Common Shares subject to the award. However, the agreement for the award may allow the holder of the performance share award to receive, on a current or deferred basis, dividend equivalents on the performance share award and may also provide interest on, or the deemed reinvestment of, any deferred dividend equivalents. Any dividend equivalents with respect to performance share awards will be subject to the same restrictions as the performance share awards.

Deferred Bonus and Employer Match Awards. The 2011 Incentive Plan permits an employee selected by the Committee to irrevocably elect to defer all or a portion of his or her annual bonus to a deferred compensation account. If a selected employee elects to defer all or a portion of his or her annual bonus, an employer match award may be allocated to the employee's deferred compensation account in an amount equal to a percentage specified by the Committee of the employee's deferred annual bonus amount, provided that such percentage may not exceed 33¹/₃%. An employee will be fully vested in the deferred bonus amounts credited to his or her deferred compensation account. One-third of the employer match award credited to the employee's deferred compensation account will become vested on each of the first three annual anniversaries of the last day of the year for which the applicable bonus is payable, provided that the employee remains continuously employed by TDS or an affiliate until such date and the related bonus amount credited to his or her deferred compensation account has not been distributed before such date. Any employer match award that is not vested as of the date that the related bonus amount is distributed will be forfeited as of the date of the distribution. An employer match award previously not forfeited will become fully vested in the event the employee separates from service by reason of death, retirement (as defined in the 2011 Incentive Plan) or disability (as defined in the 2011 Incentive Plan). An employee's deferred compensation account will be deemed to be invested in whole and fractional Common Shares.

An employee will receive an amount equal to his or her vested deferred compensation account during the seventh calendar month following the calendar month of his or her separation from service with TDS and its affiliates, except that an employee may irrevocably elect to receive all or a portion of his or her vested deferred compensation account at an earlier date if:

such election is made at the time the employee elects to defer the bonus amount; and

such earlier date is at least three calendar years after the calendar year during which the employee's deferral election is made.

In the event of the employee's death, his or her vested deferred compensation account will be paid to the employee's beneficiary within 60 days following the employee's death.

The Committee may approve a distribution of all or a portion of an employee's vested deferred compensation account in the event of an unforeseeable emergency causing the employee severe financial hardship. If an employee receives a distribution from his or her deferred compensation account (whether under the 2011 Incentive Plan, the 2004 Incentive Plan or another plan maintained by TDS or its affiliates) due to unforeseeable emergency, any deferral election by the employee in effect under the 2011 Incentive Plan immediately will be cancelled.

An employee's vested deferred compensation account will be paid in a lump sum. Payment will be in whole Common Shares and in cash equal to the fair market value of any fractional Common Share.

Adjustment

In the event of any conversion, stock split, stock dividend, recapitalization, reclassification, reorganization, merger, consolidation, spin-off, combination, exchange of shares, liquidation or other similar change in capitalization or event, or any distribution to holders of Common Shares other than a regular cash dividend, the number and class of securities available under the 2011 Incentive Plan, the

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maximum number of securities with respect to which stock options or SARs, or a combination thereof, may be granted during any fiscal year of TDS to any person, the maximum number of securities with respect to which Stock Awards subject to performance measures may be granted during any fiscal year of TDS to any person, the maximum number of securities with respect to which performance share awards may be granted during any fiscal year of TDS to any person, the maximum aggregate number of securities that may be issued under the 2011 Incentive Plan in connection with ISOs, the maximum aggregate number of securities that may be issued under the 2011 Incentive Plan in connection with bonus stock awards, the terms of each outstanding stock option or SAR, including the number and class of securities subject to each outstanding stock option or SAR and the purchase price or base price per security, the terms of each outstanding Stock Award or performance share award, including the number and class of securities subject to each such outstanding Stock Award or performance share award, and the number and class of securities deemed to be held in each deferred compensation account shall be appropriately and equitably adjusted by the Committee, such adjustment to be made in the case of outstanding stock options and SARs without an increase in the aggregate purchase price or base price.

Change in Control

Notwithstanding any other provision in the 2011 Incentive Plan or any agreement, in the event of a Change in Control (as defined below), the TDS Board (as constituted prior to the Change in Control) may in its discretion, but shall not be required to, make such adjustments to outstanding awards under the 2011 Incentive Plan as it deems appropriate, including without limitation:

(i) causing some or all outstanding stock options and SARs to immediately become exercisable in full; (ii) causing some or all outstanding restricted stock awards to become nonforfeitable and the restriction periods applicable to some or all outstanding restricted stock awards to lapse in full or in part; (iii) causing some or all outstanding RSU awards to become nonforfeitable, and to the extent permissible under Section 409A of the Internal Revenue Code, causing the restriction periods applicable to some or all outstanding RSU awards to lapse in full or in part; (iv) causing some or all outstanding performance share awards to become nonforfeitable, and to the extent permissible under Section 409A of the Internal Revenue Code, causing the performance periods applicable to some or all outstanding performance share awards to lapse in full or in part; (v) causing the performance measures applicable to some or all outstanding performance share awards, restricted stock awards or RSU awards (if any) to be deemed to be satisfied at the target, maximum or any other level, as determined by the TDS Board (as constituted prior to such Change in Control); and (vi) causing some or all amounts deemed to be held in deferred compensation accounts to become nonforfeitable; and/or

substituting for some or all of the Common Shares available under the 2011 Incentive Plan, whether or not then subject to an outstanding award, the number and class of shares into which each outstanding Common Share shall be converted pursuant to such Change in Control; and/or

requiring that outstanding awards, in whole or in part, be surrendered to TDS in exchange for a payment of cash, shares of capital stock of the company resulting from or succeeding to the business of TDS in connection with the Change in Control or the parent thereof, or a combination of cash and shares.

For purposes of the 2011 Incentive Plan, "Change in Control" means:

the acquisition by any individual, group, firm, corporation, general partnership, limited partnership, limited liability partnership, limited liability company, joint venture, association, trust or other entity (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, of the then outstanding securities of TDS (the "Outstanding Voting Securities") (x) having sufficient voting power of all classes of capital stock of TDS to elect at least 50% or more of the members of the TDS Board or (y) having 50% or

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more of the combined voting power of the Outstanding Voting Securities entitled to vote generally on matters (without regard to the election of directors), excluding, however, the following:

any acquisition directly from TDS or an affiliate (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege, unless the security being so exercised, converted or exchanged was acquired directly from TDS or an affiliate);

any acquisition by TDS or an affiliate;

any acquisition by an employee benefit plan (or related trust) sponsored or maintained by TDS or an affiliate;

any acquisition by any corporation pursuant to a transaction which complies with the definition of an excluded Corporate Transaction described in the second bullet point below; or

any acquisition by the following persons:

LeRoy T. Carlson or his spouse, any child of LeRoy T. Carlson or the spouse of any such child, or any grandchild of LeRoy T. Carlson, including any child adopted by any child of LeRoy T. Carlson, or the spouse of any such grandchild (the "Carlson Family Members"),

the estate of any of the Carlson Family Members,

any trust or similar arrangement (including any acquisition on behalf of such trust or similar arrangement by the trustees or similar persons) provided that all of the current beneficiaries of such trust or similar arrangement are the Carlson Family Members, or their lineal descendants, or

the voting trust which expires on June 30, 2035, or any successor to such voting trust, including the trustees of such voting trust on behalf of such voting trust (all such persons, collectively, the "Exempted Persons");

individuals who, as of July 29, 2011, constituted the TDS Board (the "Incumbent TDS Board") cease for any reason to constitute at least a majority of such TDS Board; provided that any individual who becomes a director of TDS after July 29, 2011, whose election, or nomination for election by TDS' shareholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent TDS Board will be deemed a member of the Incumbent TDS Board; and provided further, that any individual who was initially elected as a director of TDS as a result of an actual or threatened solicitation by a Person other than the TDS Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the TDS Board will not be deemed a member of the Incumbent TDS Board;

consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of TDS (a "Corporate Transaction"), excluding, however, a Corporate Transaction pursuant to which:

all or substantially all of the Persons who are the beneficial owners of the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, (x) sufficient voting power to elect at least a majority of the members of the board of directors of the corporation resulting from the

Corporate Transaction and (y) more than 50% of the combined voting power of the outstanding securities which are entitled to vote generally on matters (without regard to the election of directors) of the corporation resulting from such Corporate Transaction (including in each of clauses (x) and (y), without limitation, a corporation which as a result of such transaction owns, either directly or indirectly, TDS or all or substantially all of TDS' assets), in substantially the same proportions relative to each other as the shares of Outstanding Voting Securities are owned immediately prior to such Corporate Transaction;

no Person, other than the following Persons:

TDS or an affiliate,

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any employee benefit plan (or related trust) sponsored or maintained by TDS or an affiliate,

the corporation resulting from such Corporate Transaction,

the Exempted Persons, and

any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 50% or more of the Outstanding Voting Securities, will beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding securities of such corporation entitled to vote generally on matters (without regard to the election of directors); and

individuals who were members of the Incumbent TDS Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

approval by the shareholders of TDS of a plan of complete liquidation or dissolution of TDS.

Termination of Employment

All of the terms relating to the treatment of an award (other than deferred bonus and employer match awards) upon an employee's termination of employment with TDS and its affiliates, whether by reason of disability, retirement, death or any other reason, shall be determined by the Committee and set forth in the agreement evidencing the award. Notwithstanding the foregoing, if an employee ceases to be employed by TDS and its affiliates because of the employee's negligence, willful misconduct, competition with TDS or any of its affiliates or misappropriation of confidential information of TDS or any of its affiliates, then the award shall terminate immediately upon such termination of employment, unless such award terminated earlier.

An employee is fully vested in the deferred bonus amounts credited to his or her deferred compensation account, and the employee's separation from service with TDS and its affiliates will not result in forfeiture of such deferred bonus amounts, irrespective of the reason for such separation. If an employee separates from service with TDS and its affiliates by reason of retirement (as defined in the 2011 Incentive Plan), disability (as defined in the 2011 Incentive Plan) or death, all employer match awards credited to the employee's deferred compensation account will become nonforfeitable upon such separation from service to the extent such awards had not been forfeited previously. If an employee separates from service with TDS and its affiliates for any other reason, any unvested employer match awards will be forfeited. Notwithstanding the foregoing, if an employee separates from service with TDS and its affiliates because of the employee's negligence, willful misconduct, competition with TDS or any of its affiliates or misappropriation of confidential information of TDS or any of its affiliates, then any employer match awards will be forfeited immediately upon such separation from service, unless such awards were forfeited earlier.

Forfeiture of Award upon Competition with TDS or its Affiliates, or Misappropriation of Confidential Information

Notwithstanding any other provision of the 2011 Incentive Plan, any option, SAR, restricted stock award, RSU award or performance share award, and any balance credited to a deferred compensation account attributable to an employer match award, shall be forfeited if the employee:

enters into competition with TDS or its affiliates, including the following:

directly or indirectly, individually or in conjunction with any person or entity, contacting any customer of TDS or its affiliates or any prospective customer who has been contacted or solicited by or on behalf of TDS or its affiliates for the purpose of soliciting or selling to such customer or prospective customer any competing product or service (except to the extent such contact is made on behalf of TDS or its affiliates); or

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otherwise competing with TDS or its affiliates in any manner or otherwise engaging in the business of TDS or its affiliates; or

misappropriates confidential information of TDS or its affiliates.

Transferability

No ISO is transferable other than pursuant to a beneficiary designation effective on the award recipient's death.

RSU awards, performance share awards and amounts credited to an employee's deferred compensation account are not transferable other than:

pursuant to a beneficiary designation effective on the award recipient's death; or

pursuant to a court order entered in connection with a dissolution of marriage or child support.

No other award under the 2011 Incentive Plan is transferable other than:

pursuant to a beneficiary designation effective on the award recipient's death;

pursuant to a court order entered in connection with a dissolution of marriage or child support; or

by gift to a permitted transferee (as defined under the 2011 Incentive Plan), to the extent permitted under:

securities laws relating to the registration of securities subject to employee benefit plans, and

the agreement evidencing the grant of such award.

Except as permitted by the preceding sentences, upon any attempt to sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any award or deferred compensation account, such award and all rights thereunder will immediately become null and void and any employer match awards credited to a deferred compensation account will immediately be forfeited.

Federal Income Tax Consequences

The following is a brief summary of certain federal income tax consequences, pursuant to the tax laws in effect as of the date of this Proxy Statement, of awards made under the 2011 Incentive Plan. Federal income tax laws are complex and subject to different interpretations, and the following summary is not a complete description of the possible federal income tax consequences of awards made under the 2011 Incentive Plan. The following also does not address the state, local, foreign or other tax consequences of awards made under the 2011 Incentive Plan. The following should not be interpreted as tax advice.

Nonqualified Stock Options. An award recipient will not recognize taxable income at the time of grant of a nonqualified stock option, and TDS will not be entitled to a corporate income tax deduction at that time. An award recipient will recognize compensation taxable as ordinary income (and subject to income tax withholding) at the time of exercise of a nonqualified stock option in an amount equal to the excess of the fair market value on the date of exercise of the shares purchased over their exercise price, and TDS generally will be entitled to a corresponding corporate income tax deduction.

Incentive Stock Options. An award recipient will not recognize taxable income at the time of grant of an ISO, and TDS will not be entitled to a corporate income tax deduction at that time. An award recipient will not recognize taxable income (except for purposes of the alternative minimum tax) at the time of exercise of an ISO, and TDS will not be entitled to a corporate income tax deduction at that time. If the shares acquired by exercise of an ISO are not disposed of during the period ending on the later of: (i) two years from the date the ISO was granted and (ii) one year from the date the ISO was exercised, any gain or loss arising from a subsequent disposition of such shares will be taxed as long-term capital gain or loss, and TDS will not be entitled to any corporate income tax deduction. If, however, such shares are disposed of within such two or one year period, then in the year of such disposition, the award recipient will realize compensation taxable as ordinary income in an amount equal to the lesser of

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(i) the excess of the fair market value of the shares purchased on the date of exercise over their exercise price or (ii) if the disposition is a taxable sale or exchange, the amount of gain realized. Any gain recognized by the award recipient on the disposition in excess of the amount taxable as ordinary income will be treated as capital gain, long or short term depending on whether the stock has been held for more than one year. Upon such a disposition, TDS generally will be entitled to a corporate income tax deduction in the same amount as the award recipient realized as ordinary income.

SARs. An award recipient will not recognize taxable income at the time of grant of an SAR, and TDS will not be entitled to a corporate income tax deduction at that time. An award recipient will recognize compensation taxable as ordinary income (and subject to income tax withholding) at the time of exercise of an SAR in an amount equal to the fair market value of any shares delivered and the amount of any cash paid by TDS, and TDS generally will be entitled to a corresponding corporate income tax deduction.

Bonus Stock. An award recipient will recognize compensation taxable as ordinary income (and subject to income tax withholding) at the time shares of bonus stock are awarded in an amount equal to the excess of the fair market value of such shares at such time over the amount, if any, paid for such shares, and TDS will be entitled to a corresponding corporate income tax deduction, except to the extent the deduction limits of Section 162(m) of the Internal Revenue Code apply.

Restricted Stock. An award recipient generally will not recognize taxable income at the time of grant of shares of restricted stock, and TDS will not be entitled to a corporate income tax deduction at that time, unless the award recipient makes an election under Section 83(b) of the Internal Revenue Code to be taxed at the time the shares of restricted stock are granted. If such election is made, the award recipient will recognize compensation taxable as ordinary income (and subject to income tax withholding) at the time of grant in an amount equal to the excess of the fair market value of the shares at such time over the amount, if any, paid for such shares. If such election is not made, the award recipient will recognize compensation taxable as ordinary income (and subject to income tax withholding) at the time the restrictions on the shares lapse in an amount equal to the excess of the fair market value of the shares at such time over the amount, if any, paid for such shares. TDS will be entitled to a corresponding corporate income tax deduction at the time the ordinary income is recognized by the award recipient, except to the extent the deduction limits of Section 162(m) of the Internal Revenue Code apply. In addition, an award recipient receiving dividends with respect to restricted stock for which the above-described election has not been made and prior to the time the restrictions on the shares lapse will recognize compensation taxable as ordinary income (and subject to income tax withholding), rather than dividend income, in an amount equal to the dividends paid, and TDS will be entitled to a corresponding corporate income tax deduction, except to the extent the deduction limits of Section 162(m) of the Internal Revenue Code apply.

Restricted Stock Units. An award recipient will not recognize taxable income at the time of grant of an RSU, and TDS will not be entitled to a corporate income tax deduction at that time. An award recipient will recognize compensation taxable as ordinary income (and subject to income tax withholding) at the time the award is settled in an amount equal to the fair market value of any shares delivered and the amount of any cash paid by TDS, and TDS will be entitled to a corresponding corporate income tax deduction, except to the extent the deduction limits of Section 162(m) of the Internal Revenue Code apply.

Performance Share Awards. An award recipient will not recognize taxable income at the time of grant of a performance share award, and TDS will not be entitled to a corporate income tax deduction at that time. Upon the settlement of a performance share award in the form of unrestricted shares, cash or a combination of both, the award recipient will recognize compensation taxable as ordinary income (and subject to income tax withholding) in an amount equal to the fair market value of any shares delivered and the amount of any cash paid by TDS, and TDS generally will be entitled to a corresponding corporate income tax deduction. Upon the settlement of a performance share award in the form of restricted stock, the federal income tax consequences associated with such restricted stock shall be determined in accordance with the section above titled "Restricted Stock."

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Deferral of Annual Bonus Amount and Employer Match Awards. An award recipient will not recognize taxable income:

at the time of deferral of any annual bonus amount which he or she properly elects not to receive currently by deferring such amount into a deferred compensation account; or

at the time of grant of an employer match award;

and TDS will not be entitled to a corporate income tax deduction at that time. At the time the award recipient receives a distribution from his or her deferred compensation account, the award recipient will recognize the distributed amount as compensation taxable as ordinary income (and subject to income tax withholding), and TDS will be entitled to a corresponding corporate income tax deduction, except to the extent the deduction limits of Section 162(m) of the Internal Revenue Code apply.

Section 162(m) of the Internal Revenue Code

Section 162(m) of the Internal Revenue Code generally limits to \$1 million the amount that a publicly held corporation is allowed each year to deduct for the compensation paid to each of the corporation's Chief Executive Officer and the corporation's three most highly compensated executive officers other than the Chief Executive Officer and Chief Financial Officer. However, "qualified performance-based compensation" is not subject to the \$1 million deduction limit. Qualified performance-based compensation generally must satisfy all of the following requirements:

the compensation must be payable solely on account of the attainment of pre-established objective performance measures;

the performance measures must be determined by a committee consisting solely of two or more "outside directors";

the material terms under which the compensation is to be paid, including the performance measures, must be approved by a majority of the corporation's shareholders before the compensation is paid; and

except in the case of compensation, such as that payable with respect to stock options and SARs, that is attributable solely to the increase in the value of the corporation's stock, the committee administering the plan must certify that the applicable performance measures were satisfied before payment of any performance-based compensation is made.

Compensation payable with respect to stock options and SARs will be considered payable solely on account of the attainment of pre-established objective performance measures (i) if such award has a purchase or base price at least equal to the fair market value of the underlying stock on the date of grant; (ii) if such award is granted by a committee consisting solely of two or more "outside directors" and (iii) if the plan under which the stock option or SAR is granted states the maximum number of shares with respect to which stock options or SARs may be granted during a specified period to any employee (see the section above titled "Maximum Per Person Award").

It is intended that the Committee, which would administer the 2011 Incentive Plan, will consist solely of two or more "outside directors" as defined for purposes of Section 162(m) of the Internal Revenue Code. As a result, certain compensation under the 2011 Incentive Plan, such as that payable with respect to stock options, SARs and performance-based awards is intended to qualify as performance-based compensation not subject to the \$1 million deduction limit under Section 162(m) of the Internal Revenue Code. Other compensation under the 2011 Incentive Plan, such as that payable with respect to restricted stock, RSUs and bonus stock that are not performance-based and employer match awards, generally is expected to be subject to such limit.

Other Information

Disclosure cannot be made of the future benefits or amounts that will be received by or allocated to any participants because the benefit or amount is not determinable until awarded. Accordingly, in lieu of providing information regarding benefits that will be received in the future, the following table provides

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information concerning the benefits that were received by the following persons and groups under the 2004 Incentive Plan during 2011 year to date, which year to date information includes the annual equity award granted in May, 2011.

PLAN BENEFITS IN 2011 YEAR TO DATE UNDER 2004 INCENTIVE PLAN

<i>Name and Position</i>	<i>Number of Special Common Shares Subject to Options (1)</i>	<i>Stock Awards for 2011 Year to Date (2)</i>	
		<i>Dollar Value</i>	<i>Number of Special Common Shares Subject to Stock Awards</i>
LeRoy T. Carlson, Jr., President and CEO of TDS.	230,000	\$ 1,088,345	37,866
Kenneth R. Meyers, Executive Vice President and CFO of TDS	121,200	502,429	17,486
Mary N. Dillon, President and CEO of U.S. Cellular (3)			
Scott H. Williamson, Senior Vice President Acquisitions and Corporate Development of TDS	80,800	325,000	11,300
David A. Wittwer, President and CEO of TDS Telecom	89,600	457,301	15,900
Other Executive Officers (4)	161,100	818,874	28,519
Total for Executive Group	682,700	3,191,949	111,071
Non-Executive Board of Director Group			
Non-Executive Employee Group	351,000	3,700,263	128,888
TOTAL	1,033,700	6,892,212	239,959

(1) Because the exercise price for all options is equal to the fair market value of the Special Common Shares on the grant date, no value was assigned to the options for purposes of the above table. If the Share Consolidation described in Proposals 1 and 2 becomes effective, all grants of stock options will be made with respect to Common Shares.

(2) Represents the dollar value and number of Special Common Shares subject to restricted stock units and employer match awards for 2011. If the Share Consolidation described in Proposals 1 and 2 becomes effective, all stock awards will be made with respect to Common Shares.

(3) Mary N. Dillon does not participate in TDS' long-term incentive plan but is listed above pursuant to the rules of the SEC. Ms. Dillon participates in U.S. Cellular's long-term incentive plan, which is not affected by the matters described in this Proxy Statement.

(4) Includes LeRoy T. Carlson, Peter L. Sereda, Douglas D. Shuma, Kurt B. Thaus, C. Theodore Herbert and Joseph R. Hanley.

Executive officers and other officers and employees of TDS, including persons who are participants in the solicitation of proxies for the proposals in this Proxy Statement, have an interest in the foregoing proposal because they may be granted awards under the 2011 Incentive Plan.

This description of the 2011 Incentive Plan is a summary only and is qualified by the terms of the 2011 Incentive Plan attached hereto as Exhibit C.

The TDS Board unanimously recommends a vote "FOR" approval of the 2011 Incentive Plan.

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PROPOSAL 7 AMENDMENT AND RESTATEMENT OF TELEPHONE AND DATA SYSTEMS, INC. COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

Under the existing Telephone and Data Systems, Inc. Compensation Plan for Non-Employee Directors (the "Director Plan"), 125,000 Special Common Shares were previously reserved for issuance. Such shares have been registered under the Securities Act on Registration Statements on Form S-8 (Registration Nos. 333-161118 and 333-125003).

As of June 30, 2011, 70,476 Special Common Shares had been issued under the Director Plan. As a result, there were 54,524 Special Common Shares available for issuance under the Director Plan as of June 30, 2011.

If the Charter Amendments become effective, there would no longer be any authorized or outstanding Special Common Shares. Accordingly, in connection with the Charter Amendments, TDS desires to amend and restate the Director Plan to replace the Special Common Shares reserved for issuance under the Director Plan with Common Shares. As a result, the remaining reserved but unissued Special Common Shares (54,524 as of June 30, 2011) would be reclassified as an equal number of Common Shares under the Director Plan as it is proposed to be amended and restated.

TDS also desires to amend the Director Plan to provide that the number of shares distributed in satisfaction of the annual stock award of \$55,000 will be determined on the basis of the closing price of a Common Share for the first trading day in the month of March of the calendar year of payment, rather than the last trading day of February as is the case under the existing Director Plan.

Subject to shareholder approval and effectiveness of the Charter Amendments, the TDS Board unanimously recommends approval of these amendments as part of a restatement of the Director Plan, which we refer to as the "Restated Director Plan."

Approval of this Proposal 7 will include approval of the Restated Director Plan, as well as the reclassification of the Special Common Shares (54,524 as of June 30, 2011), that are currently available for issuance under the Director Plan, as an equal number of Common Shares for issuance under the Restated Director Plan. Such Common Shares would be registered under the Securities Act on a Registration Statement on Form S-8 for issuance under the Restated Director Plan.

The Restated Director Plan is attached hereto as Exhibit D.

The TDS Board has approved the Restated Director Plan, subject to shareholder approval of Proposal 7 and the Charter Amendments. The Restated Director Plan is being submitted for approval by the shareholders at the Special Meeting. If approved by shareholders, the Restated Director Plan will be effective upon the effectiveness of the Charter Amendments. This Proposal 7 will not be implemented if the Charter Amendments are not approved or implemented. In such case, the Director Plan will remain in effect, without regard to the proposed amendments discussed herein.

The following is a description of the Restated Director Plan. The following terms of the Restated Director Plan are generally consistent with the terms of the existing Director Plan, except as indicated.

Description of Restated Director Plan

General

Under the Restated Director Plan, the Chairperson of the TDS Board will receive an annual director's retainer fee of \$100,000 paid in cash, and non-employee directors other than the Chairperson of the TDS Board will receive an annual director's retainer fee of \$55,000 paid in cash. Non-employee directors also will receive an annual stock award of \$55,000 paid in the form of Common Shares, which will be distributed in March on or prior to March 15, for services performed during the 12 month period that commenced on March 1 of the immediately preceding calendar year and ended on the last day of February of the calendar year of payment. The number of shares will be determined on the basis of the closing price of a Common Share for the first trading day in the month of March of the calendar year of payment (under the existing Director Plan, the number of shares was determined on the basis of the closing price of a Special Common Share for the last trading day of February).

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Each non-employee director who serves on the Audit Committee, other than the Chairperson, will receive an annual committee retainer fee of \$11,000, and the Chairperson will receive an annual committee retainer fee of \$22,000.

Each non-employee director who serves on the Compensation Committee, other than the Chairperson, will receive an annual committee retainer fee of \$7,000, and the Chairperson will receive an annual committee retainer fee of \$14,000.

Each non-employee director who serves on the Corporate Governance and Nominating Committee, other than the Chairperson, will receive an annual committee retainer fee of \$5,000, and the Chairperson will receive an annual committee retainer fee of \$10,000.

Non-employee directors also will receive a meeting fee of \$1,750 for each board or committee meeting attended, and will be reimbursed for reasonable expenses incurred in connection with attendance at meetings.

The TDS Board may also authorize the payment of fees and reimbursement of reasonable expenses incurred in connection with other meetings (such as meetings of the independent directors) or activities of the non-employee directors.

Upon effectiveness of the Restated Director Plan, directors will have the authority without further shareholder approval to further amend the Restated Director Plan from time to time, including amendments to increase the amount of the compensation payable in Common Shares from time to time, provided that the total number of Common Shares issued under the Restated Director Plan may not exceed the number previously approved by shareholders.

Under the Restated Director Plan, annual retainers will be paid in cash on a quarterly basis, as of the last day of each quarter. Fees for all board and committee meetings or activities will be paid in cash on a quarterly basis, as of the last day of each quarter.

Subject to effectiveness of the Restated Director Plan, pursuant to Section 303A.08 of the NYSE Listed Company Manual, the authorization to issue Common Shares pursuant to the Restated Director Plan will expire ten years after the date of shareholder approval, unless reapproved by shareholders. (The date of approval of the existing Director Plan was May 21, 2009.) If for any reason shares cannot be issued under the Restated Director Plan pursuant to the requirements of the NYSE or otherwise, the value of such shares that cannot be issued shall be paid in the form of cash.

Federal Income Tax Consequences

The following is a brief summary of certain federal income tax consequences, pursuant to the tax law in effect as of the date of this Proxy Statement, of awards made under the Restated Director Plan. Federal income tax laws are complex and subject to different interpretations, and the following summary is not a complete description of the possible federal income tax consequences of awards made under the Restated Director Plan. The following also does not address the state, local, foreign or other tax consequences of awards made under the Restated Director Plan. The following should not be interpreted as tax advice.

In general, a non-employee director who is issued Common Shares under the Restated Director Plan will recognize taxable compensation in the year of issuance in an amount equal to the fair market value of such Common Shares on the date of issuance, and TDS will be allowed a deduction for federal income tax purposes at the time the non-employee director recognizes taxable compensation equal to the amount of compensation recognized by such non-employee director.

In general, a non-employee director will recognize taxable compensation in the year of payment of the cash annual retainer or meeting or activity fees in an amount equal to such cash payment, and in the year of payment TDS will be allowed a deduction for federal income tax purposes equal to the amount of compensation recognized by such non-employee director.

Table of Contents**Other Information**

Disclosure cannot be made of the future benefits or amounts that will be received by or allocated to any participants in the future because the benefit or amount is not determinable until earned and paid. Accordingly, in lieu of providing information regarding benefits that will be received in the future, the following table provides information concerning the benefits that were received under the Director Plan by the non-executive board of director group during 2011 year to date. No further stock awards are expected to be made under the Director Plan (or if approved and becomes effective, under the Restated Director Plan) for the remainder of 2011. No information is provided for the named executive officers, other executive officers or employees who are not executive officers because such groups do not participate in the Director Plan and will not participate in the Restated Director Plan.

PLAN BENEFITS IN 2011 YEAR TO DATE UNDER DIRECTOR PLAN

<i>Name and Position</i>	<i>Stock Awards for 2011 Year to Date (1)</i>	
	<i>Dollar Value</i>	<i>Number of Special Common Shares</i>
Non-Executive Board of Director Group	\$ 550,000	18,560

(1)

Pursuant to the Director Plan, each non-employee director received \$55,000 paid in the form of Special Common Shares. The number of shares issued was based on the closing price of Special Common Shares for the last trading day in February 2011. The above chart does not address benefits under the Director Plan paid in cash during 2011.

Non-employee directors of TDS, including persons who are participants in the solicitation of proxies for the proposals in this Proxy Statement, have an interest in the foregoing proposal because they would receive equity compensation under the Restated Director Plan.

This description of the Restated Director Plan is a summary only and is qualified by the terms of the Restated Director Plan attached hereto as Exhibit D.

The TDS Board unanimously recommends a vote "FOR" approval of the Restated Director Plan.

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OTHER PROPOSAL

PROPOSAL 8 ADJOURNMENT OF SPECIAL MEETING

At the Special Meeting, if TDS determines that it needs additional time to solicit and obtain sufficient votes to approve the Share Consolidation Amendment or the Vote Amendment (Proposal 1, 2, 3 or 4), shareholders may be asked to vote upon a proposal to adjourn the Special Meeting for the purpose of allowing additional time for the solicitation of additional votes. If shareholders approve the adjournment proposal, TDS may adjourn the Special Meeting, and any adjourned session of the Special Meeting, and use the additional time to solicit additional proxies in favor of Proposals 1, 2, 3 and/or 4, which may include the solicitation of changes in votes from shareholders who have previously voted against Proposals 1, 2, 3 and/or 4. Among other things, approval of the adjournment proposal could mean that, even if TDS receives proxies representing a sufficient number of votes against such proposals to defeat either of such proposals, TDS could adjourn the Special Meeting or any adjournment thereof without a vote on such proposals and seek to convince shareholders voting against either or both proposals to change their votes to votes in favor of both proposals.

If the Special Meeting is adjourned to a different place, date or time, TDS will not need to give notice of the new place, date or time if this information is announced at the meeting before adjournment, unless the adjournment is for more than 30 days. If a new record date is or must be set for the adjourned meeting, notice of the adjourned meeting will be given to persons who are shareholders of record entitled to vote at the Special Meeting as of the new record date.

The TDS Board unanimously recommends a vote "FOR" approval of the foregoing Adjournment Proposal.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

On June 30, 2011, TDS had outstanding and entitled to vote 46,859,323 Special Common Shares, par value \$.01 per share (excluding 16,099,089 Special Common Shares held by TDS and 484,012 Special Common Shares held by a subsidiary of TDS), 49,937,250 Common Shares, par value \$.01 per share (excluding 6,671,251 Common Shares held by TDS and 484,012 Common Shares held by a subsidiary of TDS); 6,526,443 Series A Common Shares, par value \$.01 per share; and 8,300 Preferred Shares, par value \$.01 per share.

With respect to matters other than the election of directors, each of the outstanding Common Shares and Preferred Shares is entitled to one vote and each of the outstanding Series A Common Shares is entitled to ten votes. Special Common Shares are not entitled to a vote in matters other than the election of directors. Accordingly, the voting power of all outstanding Series A Common Shares was 65,264,430 votes at June 30, 2011 with respect to matters other than the election of directors. The total voting power of all outstanding shares of all classes of capital stock was 115,209,980 votes at June 30, 2011 with respect to matters other than the election of directors.

For purposes of the following tables, percentages are calculated pursuant to SEC Rule 13d-3(d)(1). Under such rule, shares underlying options that are currently exercisable or exercisable within 60 days after June 30, 2011, restricted stock units that become vested within 60 days after June 30, 2011 and vested phantom stock units are deemed to be outstanding for the purpose of calculating the number of shares owned and percentages of shares and voting power with respect to the person holding such options, restricted stock units or phantom stock units, but are not deemed to be outstanding for the purpose of calculating the percentages of shares or voting power of other persons.

Security Ownership of Management

The following table sets forth as of June 30, 2011, or the latest practicable date, the number of Common Shares, Special Common Shares and Series A Common Shares beneficially owned, and the percentage of the outstanding shares of each such class so owned, by each director of TDS, by each of the executive officers named below and by all directors and executive officers as a group. As of June 30, 2011 or the latest practicable date, none of the directors or executive officers of TDS beneficially owned Preferred Shares.

<i>Name of Individual or Number of Persons in Group</i>	<i>Title of Class or Series</i>	<i>Amount and Nature of Beneficial Ownership(1)</i>	<i>Percent</i>		
			<i>Percent of Class or Series</i>	<i>Percent of Common Shares</i>	<i>Percent of Voting Power (2)</i>
LeRoy T. Carlson, Jr., Walter C.D. Carlson, Letitia G. Carlson, M.D. and Prudence E. Carlson (3)	Special Common Shares				
	Series A Common Shares	6,091,126	13.0%	5.9%	
LeRoy T. Carlson (4)(11)	Common Shares	6,175,523	94.6%	6.0%	53.6%
	Special Common Shares				
	Series A	189,969	*	*	*
	Common	366,571	*	*	*
	Shares	55,863	*	*	*
LeRoy T. Carlson, Jr. (5)(11)	Common Shares	340,415	*	*	*
	Shares	1,279,663	2.7%	*	
	Special Common Shares	18,585	*	*	*

	Series A				
	Common				
	Shares				
Walter C.D. Carlson (6)	Common				
	Shares				
	Special				
	Common				
	Shares				
	Series A	6,134	*	*	*
	Common	14,721	*	*	
	Shares	925	*	*	*
Letitia G. Carlson, M.D. (7)					