TELEPHONE & DATA SYSTEMS INC /DE/
Form DEF 14A
April 16, 2012

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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 ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

Telephone and Data Systems, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

TELEPHONE AND DATA SYSTEMS, INC.

30 North LaSalle Street
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Chicago, Illinois 60602
Phone: (312) 630-1900
Fax: (312) 630-9299

April 16, 2012

Dear Shareholders:

You are cordially invited to attend the 2012 Annual Meeting of shareholders of Telephone and Data Systems, Inc. ("TDS") on Thursday, May 17, 2012, at 10:00 a.m., Chicago time, at the Renaissance Chicago O'Hare Suites Hotel, 8500 W. Bryn Mawr Avenue, Chicago, Illinois.

The formal notice of the meeting and our board of directors' Proxy Statement are enclosed. Also enclosed is our 2011 Annual Report to Shareholders. At our 2012 Annual Meeting, shareholders are being asked to take the following actions:

1. elect members of the board of directors nominated by the TDS board of directors and named in the attached Proxy Statement;

2. ratify the selection of independent registered public accountants for the current fiscal year; and

3. approve, on an advisory basis, the compensation of our named executive officers as disclosed in the attached Proxy Statement (commonly known as "Say-on-Pay").

The board of directors unanimously recommends a vote "**FOR**" its nominees for election as directors, "**FOR**" the proposal to ratify accountants and "**FOR**" approval of the Say-on-Pay proposal.

In addition, as required by the rules of the Securities and Exchange Commission ("SEC"), the Proxy Statement includes a proposal submitted by a shareholder of TDS calling for the board of directors to take steps to adopt a plan for all of TDS' outstanding stock to have one vote per share. The board of directors unanimously recommends that you vote "**AGAINST**" this proposal.

As noted above, the Say-on-Pay proposal asks shareholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in the attached Proxy Statement.

TDS operates in highly competitive markets through its primary business units, United States Cellular Corporation ("U.S. Cellular") and TDS Telecommunications Corporation ("TDS Telecom"), and needs to and has been able to attract and retain high-quality executives. We believe that our compensation practices are transparent and reflect our commitment to align compensation with our business strategy and our short- and long-term performance.

Highlights of the TDS compensation programs:

- We have a Compensation Committee, comprised solely of independent directors, that reviews and approves the salaries, bonuses and long-term compensation of executive officers (other than executive officers of U.S. Cellular).

- We develop our compensation programs to motivate executive officers to act in the best long-term interests of TDS.

- We benchmark our executive officer compensation levels using market data supplied by our Compensation Committee's independent compensation consultant, Compensation Strategies, Inc., and by our compensation consultant, Towers Watson.

A major compensation goal is to provide compensation and benefit programs that are both attractive and fiscally responsible.

We provide few perquisites or "perks" to our officers.

We don't enter into employment contracts as a general practice.

We endeavor to conform with generally accepted compensation practices as defined by leading proxy advisory firms.

Our executive bonus program is appropriately balanced between individual and company performance. In 2011, we adjusted the company performance portion of our executive bonus program so that 70% of the target bonus for company performance is based on a quantitative calculation of the company's financial performance, and 30% is based on a qualitative assessment of the company's performance with respect to enhancing its longer term value and success.

As a general practice, we do not enter into agreements to provide substantial pre-defined termination benefits, such as "golden parachutes".

2011 Compensation

Our executive officers' compensation comprises a mix of base salary, annual cash bonuses and equity-based, long-term incentive awards.

When setting base salaries, we consider the benchmarking analyses performed by our compensation consultants, the executives' personal accomplishments and their overall contribution to the success of the organization. Please refer to the detailed description of those considerations for each named executive in the attached Proxy Statement under "Compensation Discussion and Analysis Annual Cash Compensation Base Salary".

Bonus awards are based on a combination of company and individual performance. For 2011, the weighting was based 50% on individual performance and 50% on company performance. As to company performance, using both quantitative (70%) and qualitative (30%) assessments designed to provide a balanced approach to measuring performance for both U.S. Cellular (weighted at 75%) and TDS Telecom (weighted at 25%), we determined that the company performance portion of the TDS bonus would be paid at 93.9% of the targeted amount. Please refer to a description of TDS' 2011 performance in the attached Proxy Statement under "Compensation Discussion and Analysis Company Performance" and a description of each named executive officer's bonus under "Compensation Discussion and Analysis Annual Cash Compensation Bonus".

Long-term compensation awards for executive officers are based, in part, on company and individual performance, with the goal of increasing long-term company performance and shareholder value. Stock options, restricted stock units and bonus match units generally vest over several years, to reflect the goal of relating long-term executive compensation to increases in shareholder value over the same period. Please refer to the detailed description of those considerations for each named executive officer in the attached Proxy Statement under "Compensation Discussion and Analysis Long-Term Equity Compensation".

Corporate Governance

TDS endeavors to follow good corporate governance practices and other best practices. For instance, TDS has established a fully independent Compensation Committee, even though it is not required to do so under law, SEC regulations or New York Stock Exchange listing requirements because it is a controlled company. Good corporate governance is an important consideration to the Compensation Committee. TDS' commitment to good corporate governance has been recognized by *Forbes* and *Governance Metrics International* (GMI) who identified TDS as one of only 100 companies to be named *Most Trustworthy for 2012*. GMI analyzed more than 8,000 companies before selecting the top 100. TDS also made the list in 2009. For 2012, TDS had an accounting and governance risk score of 98 out of 100. Additional information relating to TDS' good corporate governance practices and other best practices is set forth below in the Compensation Discussion and Analysis.

We encourage you to read the Compensation Discussion and Analysis in the attached Proxy Statement for a detailed discussion and analysis of our executive compensation program, including information about the fiscal 2011 compensation of our named executive officers.

We would like to have as many shareholders as possible represented at the meeting. Therefore, whether or not you plan to attend the meeting, please sign and return the enclosed white proxy card(s), or vote on the Internet in accordance with the instructions set forth on the proxy card(s).

We look forward to visiting with you at the Annual Meeting.

Very truly yours,

Walter C.D. Carlson	LeRoy T. Carlson, Jr.
Chairman of the Board	President and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT
AND
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 17, 2012

TO THE SHAREHOLDERS OF

TELEPHONE AND DATA SYSTEMS, INC.

The 2012 Annual Meeting of shareholders of Telephone and Data Systems, Inc., a Delaware corporation, will be held at the Renaissance Chicago O'Hare Suites Hotel, 8500 W. Bryn Mawr Avenue, Chicago, Illinois, on Thursday, May 17, 2012, at 10:00 a.m., Chicago time, for the following purposes:

1. To elect members of the board of directors nominated by the TDS board of directors and named in this Proxy Statement. Your board of directors unanimously recommends that you vote **FOR** the directors nominated by the TDS board of directors.

2. To consider and ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accountants for the year ending December 31, 2012. Your board of directors unanimously recommends that you vote **FOR** this proposal.

3. To approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement (commonly known as "Say-on-Pay"). Your board of directors unanimously recommends that you vote **FOR** the Say-on-Pay proposal.

4. If properly presented at the Annual Meeting, to consider and vote upon a proposal submitted by a shareholder of TDS calling for the board of directors to take steps to adopt a plan for all of TDS' outstanding stock to have one vote per share. Your board of directors unanimously recommends that you vote **AGAINST** this proposal.

5. To transact such other business as may properly come before the meeting or any adjournments thereof.

We are first mailing this Notice of Annual Meeting and Proxy Statement to you on or about April 16, 2012. We have fixed the close of business on March 29, 2012, as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments thereof.

The following additional information is being provided as required by SEC rules:

The Proxy Statement and Annual Report to Shareholders 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 website:

1. Proxy Statement for the 2012 Annual Meeting

2. Annual Report to Shareholders for 2011

3. 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 Annual Meeting will be held is the Renaissance Chicago O'Hare Suites Hotel. This hotel is located in Chicago, Illinois at 8500 W. Bryn Mawr Avenue, just south of Interstate 90 and approximately one block west of Cumberland Avenue.

RECENT DEVELOPMENTS

On January 13, 2012 TDS shareholders approved certain amendments ("Charter Amendments") to the Restated Certificate of Incorporation of TDS. A Restated Certificate of Incorporation reflecting the Charter Amendments (the "Restated Charter") was filed by TDS on January 24, 2012 and became effective at 5:01 p.m. eastern time on such date (the "Effective Time"). The Charter Amendments were described in TDS' definitive proxy statement dated August 31, 2011 as filed with the Securities and Exchange Commission ("SEC") on Schedule 14A on such date, and the supplement thereto dated November 29, 2011 as filed with the SEC on such date.

Among other things, effective as of the Effective Time, the Charter Amendments reclassified (i) each issued TDS Special Common Share, par value $0.01 per share ("Special Common Shares"), as one TDS Common Share, par value $0.01 per share ("Common Shares"), (ii) each issued Common Share as 1.087 Common Shares, and (iii) each issued TDS Series A Common Share, par value $0.01 per share ("Series A Common Shares") as 1.087 Series A Common Shares (the "Reclassification").

As of January 24, 2012, immediately prior to the Reclassification, there were outstanding 6,548,932 Series A Common Shares, 49,980,080 Common Shares, 47,012,101 Special Common Shares and 8,300 Preferred Shares.

As of January 24, 2012, immediately following the Reclassification and after reflecting the payment of cash in lieu of fractional shares, there were outstanding 7,118,667 Series A Common Shares, 101,339,873 Common Shares and 8,300 Preferred Shares.

Beginning with the opening of trading on January 25, 2012, all new Common Shares issued in the Reclassification now trade together with the previously existing Common Shares on the New York Stock Exchange ("NYSE") under the ticker symbol "TDS."

The Special Common Shares, which previously traded on the NYSE under the ticker symbol "TDS.S," have ceased to be outstanding and ceased to trade. As a result, TDS voluntarily requested that the Special Common Shares be delisted from the NYSE.

As a result of the Charter Amendments, the TDS Compensation Committee took action to reclassify, effective as of the Effective Time, the Special Common Shares available for issuance under the Telephone and Data Systems, Inc. 2004 Long-Term Incentive Plan ("TDS 2004 Long-Term Incentive Plan") immediately prior to the Effective Time as an equal number of Common Shares available for issuance under the TDS 2004 Long-Term Incentive Plan.

In addition, the TDS Compensation Committee took action to adjust outstanding awards under the TDS 2004 Long-Term Incentive Plan.

Prior to the Effective Time, the following awards were outstanding under the TDS 2004 Long-Term Incentive Plan: (i) stock options to purchase Special Common Shares, (ii) tandem stock options to purchase an equal number of Common Shares and Special Common Shares ("Tandem Options," and each Common Share/Special Common Share unit subject to a Tandem Option, a "Tandem Unit"), (iii) restricted stock unit awards to be settled in Special Common Shares, (iv) annual bonus deferrals and related employer match awards to be settled in Special Common Shares and (v) annual bonus deferrals and related employer match awards to be settled in part in Common Shares and in part in Special Common Shares.

As a result of the Reclassification, the TDS Compensation Committee took action to adjust outstanding awards under the TDS 2004 Long-Term Incentive Plan as follows:

(i) each stock option (other than a Tandem Option) to purchase Special Common Shares granted under the TDS 2004 Long-Term Incentive Plan and outstanding immediately prior to the Effective Time was adjusted, effective as of the Effective Time, to be a stock option to purchase an equal number of Common Shares, at the same purchase price per Common Share as in effect immediately prior to the Effective Time;

(ii) each Tandem Option granted under the TDS 2004 Long-Term Incentive Plan and outstanding immediately prior to the Effective Time was adjusted, effective as of the Effective Time, to be a stock option to purchase a number of Common Shares equal to the product of (i) the number of Tandem Units subject to the Tandem Option and (ii) 2.087, with a purchase price per Common Share subject to the stock option equal to the quotient of (A) the purchase price per Tandem Unit and (B) 2.087;

(iii) each restricted stock unit award to be settled in Special Common Shares granted under the TDS 2004 Long-Term Incentive Plan and outstanding immediately prior to the Effective Time was adjusted, effective as of the Effective Time, to be a restricted stock unit award to be settled in an equal number of Common Shares;

(iv) the portion of each deferred compensation account under the TDS 2004 Long-Term Incentive Plan that was deemed to hold Special Common Shares immediately prior to the Effective Time in lieu thereof was deemed to hold, effective as of the Effective Time, an equal number of Common Shares; and

(v) the portion of each deferred compensation account under the TDS 2004 Long-Term Incentive Plan that was deemed to hold Common Shares immediately prior to the Effective Time in lieu thereof was deemed to hold, effective as of the Effective Time, a number of Common Shares equal to the product of (i) the number of Common Shares deemed to be held in such account immediately prior to the Effective Time and (ii) 1.087.

Except as modified above, the terms and conditions of the TDS 2004 Long-Term Incentive Plan and related award agreements as applied to outstanding awards under the TDS 2004 Long-Term Incentive Plan remain in effect.

The information regarding awards under the TDS 2004 Long-Term Incentive Plan reported herein for 2011 and as of December 31, 2011 reflects information that existed as of such time, and has not been restated to reflect the effects of the Reclassification that occurred in January 2012. The adjusted award information will be reflected in the 2013 proxy statement for compensation earned in 2012 and as of December 31, 2012.

For the adjustments made to outstanding equity awards in connection with the Reclassification, see "Other Benefits and Plans Available to Identified Officers TDS 2004 Long-Term Incentive Plan Reclassification" under "Compensation Discussion and Analysis" below.

SUMMARY

The following is a summary of the actions being taken at the 2012 Annual Meeting and does not include all of the information that may be important to you. You should carefully read this entire Proxy Statement and not rely solely on the following summary.

Proposal 1 Election of Directors

Under TDS' Restated Certificate of Incorporation, as amended, the terms of all incumbent directors will expire at the 2012 Annual Meeting.

Holders of Series A Common Shares and Preferred Shares, voting as a group, will be entitled to elect eight directors. Your board of directors has nominated the following incumbent directors for election by the holders of Series A Common Shares and Preferred Shares: LeRoy T. Carlson, Jr., Letitia G. Carlson, M.D., Prudence E. Carlson, Walter C.D. Carlson, Kenneth R. Meyers, Donald C. Nebergall, George W. Off and Herbert S. Wander.

Holders of Common Shares will be entitled to elect four directors. Your board of directors has nominated the following incumbent directors for election by the holders of Common Shares: Clarence A. Davis, Christopher D. O'Leary, Gary L. Sugarman and Mitchell H. Saranow.

The TDS board of directors determined to nominate Herbert S. Wander (currently a director who was elected by the holders of Common Shares and Special Common Shares at the 2011 Annual Meeting), for election as a director by the holders of Series A Common Shares and Preferred Shares at the 2012 Annual Meeting, and to nominate Mitchell H. Saranow (currently a director who was elected by the holders of Series A Common Shares and Preferred Shares at the 2011 Annual Meeting), for election as a director by the holders of Common Shares at the 2012 Annual Meeting. The TDS board of directors did this so that the independent director who serves on the TDS Corporate Governance and Nominating Committee (Mr. Saranow) is elected by the holders of Common Shares rather than the holders of Series A Common Shares and Preferred Shares.

Your board of directors unanimously recommends that you vote "**FOR**" its nominees for election as directors.

Proposal 2 Ratification of Independent Registered Public Accounting Firm for 2012

As in prior years, shareholders are being asked to ratify PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2012.

Your board of directors unanimously recommends that you vote "**FOR**" this proposal.

Proposal 3 Advisory Vote on Executive Compensation or "Say-on-Pay"

As required by the Dodd Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), at the 2012 Annual Meeting shareholders are being asked to approve, on an advisory basis, the compensation of our named executive officers for 2011 as disclosed in this Proxy Statement.

Your board of directors unanimously recommends that you vote "**FOR**" this proposal.

Proposal 4 Proposal Submitted by a Shareholder

As required by the rules of the SEC, the Proxy Statement includes a proposal submitted by a shareholder of TDS calling for the board of directors to take steps to adopt a plan for all of TDS' outstanding stock to have one vote per share.

Your board of directors unanimously recommends that you vote "**AGAINST**" this proposal.

VOTING INFORMATION

What is the record date for the meeting?

The close of business on March 29, 2012 is the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments thereof.

A complete list of shareholders entitled to vote at the Annual Meeting, arranged in alphabetical order and by voting group, showing the address of and number of shares held by each shareholder, will be made available at the offices of TDS, 30 North LaSalle Street, 40th Floor, Chicago, Illinois 60602, for examination by any shareholder during normal business hours, for a period of at least ten days prior to the Annual Meeting.

What shares of stock entitle holders to vote at the meeting?

We have the following classes of stock outstanding, each of which entitles holders to vote at the meeting:

Common Shares;

Series A Common Shares; and

Preferred Shares.

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

There is generally no public trading of the Series A Common Shares, but the Series A Common Shares are convertible on a share-for-share basis into Common Shares, which are publicly-traded on the NYSE.

No public market exists for the Preferred Shares. The Preferred Shares are divided into series, none of which is currently convertible into any class of common stock. All holders of Preferred Shares vote together with the holders of Common Shares and Series A Common Shares, except in the election of directors. In the election of directors, all holders of Preferred Shares vote together with the holders of Series A Common Shares.

What is the voting power of the outstanding shares in the election of directors?

The following shows information relating to the outstanding shares and voting power of such shares in the election of directors as of the record date:

Class of Stock	Outstanding Shares	Votes per Share	Voting Power	Total Number of Directors Elected by Voting Group and Standing for Election
Series A Common Shares	7,118,667	10	71,186,670	
Preferred Shares	8,300	1	8,300	
Subtotal			71,194,970	8
Common Shares		1	101,361,802	4

Total Directors	12

What is the voting power of the outstanding shares in matters other than the election of directors?

The following shows information relating to the outstanding shares and voting power of such shares in matters other than the election of directors as of the record date:

Class of Stock	Outstanding Shares	Votes per Share	Total Voting Power	Percent
Series A Common Shares	7,118,667	10	71,186,670	56.7%
Common Shares	101,361,802	0.535983	54,328,203	43.3%
Preferred Shares	8,300	1	8,300	*
			125,523,173	100.0%

* Less than .1%

As a result of the Reclassification, the initial aggregate voting power of Series A Common Shares and Common Shares in matters other than the election of directors was set at the percentages held by such shares immediately prior to the Effective Time, of approximately 56.7% and 43.3%, respectively. The initial percentages will be adjusted under certain circumstances, except that the aggregate voting percentage of the Series A Common Shares could not increase above the initial fixed percentage voting power of approximately 56.7%.

As of the record date for the Annual Meeting, the per share voting power of the Common Shares is 0.535983 votes per share, calculated as follows pursuant to Section B.9 of Article IV of the Restated Charter:

(a) The Series A Common Shares continue to have ten votes per share.

(b) Accordingly, in order to achieve the foregoing aggregate percentage voting power, the per share voting power of the Common Shares now floats and is redetermined on the record date for each shareholder vote. The Restated Charter provides that each Common Share shall entitle the holder thereof to cast a number of votes and fractional votes (rounded to the nearest six decimal places) determined by dividing the Aggregate Common Share Voting Power (as defined below) by the number of Common Shares outstanding on the record date. The number of Common Shares outstanding on the record date of March 29, 2012 was 101,361,802.

(c) Except to the extent provided in paragraph (d) below, the Aggregate Common Share Voting Power is the number of votes equal to the sum of the number of Common Shares outstanding immediately before the Effective Time (49,980,080) and the number of Series A Common Shares converted into Common Shares after the Effective Time (no Series A Common Shares were converted into Common Shares between January 25 and March 29, 2012). Accordingly, this sum is 49,980,080.

(d) The Restated Charter provides that, if the quotient determined in clause (i) below is greater than the quotient determined in clause (ii) below, the Aggregate Common Share Voting Power will not be determined as set forth in paragraph (c) above but instead will be determined as set forth in paragraph (e) below.

(i) The quotient (rounded to the nearest six decimal places) obtained pursuant to the following formula:

$$\frac{(SA_{RD}\times 10)}{(SA_{RD}\times 10)+CSO_{ET}+AC} = \frac{(7{,}118{,}667\times 10)}{(7{,}118{,}667\times 10)+49{,}980{,}080+0} = 58.750994\%$$

(ii) The quotient (rounded to the nearest six decimal places) obtained pursuant to the following formula ("SA_{VP}"):

$$\frac{(SA_{ET}\times 10)}{(SA_{ET}\times 10)+CSO_{ET}} = \frac{(6{,}548{,}932\times 10)}{(6{,}548{,}932\times 10)+49{,}980{,}080} = 56.715736\%$$

6

(e) If the condition in paragraph (d) is satisfied, the Aggregate Common Share Voting Power is the aggregate number of votes determined as follows:

$$\frac{(SA_{RD} \times 10)}{SA_{VP}} \qquad (SA_{RD} \times 10) \quad = \quad \frac{(7{,}118{,}667 \times 10)}{56.715736\%} \qquad (7{,}118{,}667 \times 10) \quad = \quad 54{,}328{,}178$$

(f) For purposes of this Section:

SA_{RD} = the number of Series A Common Shares outstanding on the record date, which was 7,118,667 Series A Common Shares on March 29, 2012.

SA_{VP} = the Aggregate Percentage of Series A Voting Power (Expressed as a Fraction) as of the Effective Time, as defined in clause (ii) of paragraph (d).

SA_{ET} = the number of Series A Common Shares outstanding immediately prior to the Effective Time, which was 6,548,932.

AC = the total number of Common Shares issued upon conversion of Series A Common Shares after the Effective Time. No Common Shares have been issued upon conversion of Series A Common Shares between January 25, 2012 and March 29, 2012.

CSO_{ET} = the number of Common Shares outstanding immediately before the Effective Time, which was 49,980,080.

Accordingly, because the condition in paragraph (d) was satisfied, the per share voting power on the record date of March 29, 2012 is equal to the Aggregate Common Share Voting Power of 54,328,178 determined in paragraph (e) divided by the number of Common Shares outstanding on the record date of 101,361,802, or 0.535983 votes per share.

How may shareholders vote with respect to the election of directors in Proposal 1?

Shareholders may, with respect to directors to be elected by such shareholders:

- vote FOR the election of such director nominees, or
- WITHHOLD authority to vote for such director nominees.

Your board of directors unanimously recommends a vote **FOR** its nominees for election as directors.

How may shareholders vote with respect to the ratification of our independent registered public accounting firm for 2012 in Proposal 2?

Shareholders may, with respect to the proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2012:

- vote FOR,
- vote AGAINST, or
- ABSTAIN from voting on this proposal.

Your board of directors unanimously recommends a vote **FOR** this proposal.

How may shareholders vote with respect to Say-on-Pay in Proposal 3?

Shareholders may, with respect to Say-on-Pay:

- vote FOR,
- vote AGAINST, or
- ABSTAIN from voting on this proposal.

Your board of directors unanimously recommends a vote **FOR** this proposal.

How may shareholders vote with respect to the shareholder proposal in Proposal 4?

Shareholders may, with respect to the shareholder proposal:

vote FOR,

vote AGAINST, or

ABSTAIN from voting on this proposal.

Your board of directors unanimously recommends a vote **AGAINST** this proposal.

How does the TDS Voting Trust intend to vote?

The Voting Trust under Agreement dated June 30, 1989, as amended (the "TDS Voting Trust"), held 6,736,420 Series A Common Shares on the record date, representing approximately 94.6% of the Series A Common Shares. By reason of such holding, the TDS Voting Trust has the voting power to elect all of the directors to be elected by the holders of Series A Common Shares and Preferred Shares and has approximately 53.7% of the voting power with respect to matters other than the election of directors. The TDS Voting Trust also held 6,100,979 Common Shares on the record date, representing approximately 6.0% of the Common Shares. By reason of such holding, the TDS Voting Trust has approximately 6.0% of the voting power with respect to the election of directors elected by the holders of Common Shares and an additional 2.6% of the voting power in matters other than the election of directors. Accordingly, the TDS Voting Trust has an aggregate of 56.3% of the voting power in matters other than the election of directors. The TDS Voting Trust does not currently own Preferred Shares.

The TDS Voting Trust has advised us that it intends to vote:

FOR the board of directors' nominees for election by the holders of Series A Common Shares and Preferred Shares, and FOR the board of directors' nominees for election by the holders of Common Shares,

FOR the proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2012,

FOR the Say-on-Pay proposal, and

AGAINST the shareholder proposal.

How do I vote?

Proxies are being requested from the holders of Common Shares in connection with the election of four directors in Proposal 1 and in connection with Proposals 2, 3, and 4.

Proxies are being requested from the holders of Series A Common Shares and Preferred Shares in connection with the election of eight directors in Proposal 1 and in connection with Proposals 2, 3, and 4.

Whether or not you intend to be present at the 2012 Annual Meeting, please sign and mail your proxy card(s) in the enclosed self-addressed envelope to Computershare Trust Company, N.A., P.O. Box 43126, Providence, Rhode Island 02940-5138, or vote on the Internet using the control/identification number on your proxy card(s) and in accordance with the instructions set forth on the proxy card(s). To assure that all your shares are represented, please vote on the Internet or return the enclosed proxy card(s) by mail. If you hold more than one class of our shares, you will find enclosed a separate proxy card for each holding as follows.

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.

How will proxies be voted?

All properly executed and unrevoked proxies received in the enclosed form in time for our 2012 Annual Meeting of shareholders will be voted in the manner directed on the proxies.

If no direction is made on the applicable proxy card(s), a proxy by any shareholder will be voted FOR the election of the board of directors' nominees to serve as directors in Proposal 1, FOR Proposal 2, FOR Proposal 3, and AGAINST Proposal 4.

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

Because the board of directors has no knowledge of any other proposals that may be properly presented at the 2012 Annual Meeting and because no other proposals were received by TDS by the date specified by the advance notice provision in TDS' Bylaws, the proxy solicited by the board of directors for the 2012 Annual Meeting confers discretionary authority to the proxies named therein to vote on any matter that may properly come before such meeting or any adjournment, postponement, continuation or rescheduling thereof, in addition to the foregoing proposals, to the extent permitted by applicable law and regulation.

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 have standing instructions on file with the broker, under Rule 452 of the NYSE, depending on the timing of certain actions, the broker may be entitled to vote the shares with respect to "discretionary" items but 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"). In addition, whether the broker can or will vote your shares with respect to discretionary items if you have not given instructions to the broker and how such shares may be voted by the broker (i.e., proportionately with voting instructions received by the broker from other shareholders or pursuant to the recommendation of management, etc.) depend on the particular broker's policies. As a result, we cannot advise you whether your broker will or will not vote your shares or how it may vote the shares if it does not receive or have voting instructions from you and, accordingly, recommend that you contact your broker. In general, the ratification of auditors is a discretionary item. On the other hand, matters such as the election of directors (whether contested or not), votes on Say-on-Pay, the approval of an equity compensation plan, and shareholder proposals are non-discretionary items. In such cases, 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 constitutes a quorum for the 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 Annual Meeting to proceed. Withheld votes and abstentions of shares entitled to vote and broker "non-votes" will be treated as present in person or represented by proxy for purposes of establishing a quorum for the meeting. 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 Annual Meeting, such shares will constitute a quorum at the Annual 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 is also required with respect to such proposal for the vote to proceed with respect to such proposal.

In the election of directors, the holders of a majority of the votes of the stock of such class or group issued and outstanding and entitled to vote with respect to such director, present in person or represented by proxy, will constitute a quorum with respect to such election. Withheld votes by shares entitled to vote with respect to a director and broker "non-votes" with respect to such director will be treated as present in person or represented by proxy for purposes of establishing a quorum for the election of such director. If Series A Common Shares beneficially owned by the TDS Voting Trust are present in person or represented by proxy at the Annual Meeting, such shares will constitute a quorum at the Annual Meeting in connection with the election of directors by the holders of Series A Common Shares and Preferred Shares. If a quorum of the holders of Common Shares is not present at the time the Annual Meeting is convened, the chairman of the meeting or holders of a majority of the voting power in matters other than the election of directors represented in person or by proxy may adjourn or postpone the Annual Meeting with respect to all proposals or only with respect to the election of directors by the holders of Common Shares.

With respect to Proposals 2, 3, and 4, the holders of a majority of the votes of the stock issued and outstanding and entitled to vote with respect to such proposals, present in person or represented by proxy, will constitute a quorum at the Annual Meeting in connection with such proposals. Abstentions from voting on such proposals by shares entitled to vote on such proposals and broker "non-votes" with respect to such proposals will be treated as present in person or represented by proxy for purposes of establishing a quorum for such proposals. If TDS shares beneficially owned by the TDS Voting Trust are present in person or represented by proxy at the Annual Meeting, such shares will constitute a quorum at the Annual Meeting in connection with such proposals.

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 Annual Meeting. Because it holds a majority of the voting power of all classes of stock, the TDS Voting Trust has the voting power to approve an adjournment or postponement. TDS does not currently have any expectation that the Annual Meeting would be adjourned or postponed for any reason. However, if there is a proposal to adjourn or postpone the Annual Meeting by a vote of the stockholders, the persons named in the enclosed proxy will have discretionary authority to vote with respect to such adjournment or postponement.

What vote is required to elect directors in Proposal 1?

Directors will be elected by a plurality of the votes cast in the election of directors by the class or group of stockholders entitled to vote in the election of such directors which are present in person or represented by proxy at the meeting.

Accordingly, if a quorum exists, the persons receiving a plurality of the votes cast by shareholders entitled to vote with respect to the election of such directors will be elected to serve as directors. Withheld votes and broker non-votes with respect to the election of such directors will not be counted as votes cast for purposes of determining if a director has received a plurality of the votes.

What vote is required with respect to Proposals 2, 3 and 4?

The holders of Common Shares, Preferred Shares and Series A Common Shares will vote together as a single group with respect to Proposals 2, 3 and 4. 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.

If a quorum is present at the Annual Meeting, the approval of Proposals 2, 3 and 4 will require the affirmative vote of the holders of stock having a majority of the votes which could be cast by the holders of all stock entitled to vote on such question which are present in person or represented by proxy at the meeting. Abstentions by shares entitled to vote on such proposals will be treated as votes which could be cast that are present for such purposes and, accordingly, will effectively count as a vote cast against such proposal. Broker non-votes with respect to such proposals will not be included in the total of votes which could be cast which are present for purposes of determining whether such proposals are approved, even though they may be included for purposes of determining a quorum.

PROPOSAL 1
ELECTION OF DIRECTORS

The terms of all incumbent directors will expire at the 2012 Annual Meeting. The board of directors' nominees for election of directors are identified in the tables below. Each of the nominees has consented to be named in the Proxy Statement and consented to serve if elected. In the event any such nominee fails to stand for election, the persons named in the proxy presently intend to vote for a substitute nominee if one is designated by the board of directors.

To be Elected by Holders of Common Shares

Name	*Age*	*Position with TDS and Principal Occupation*	*Served as Director since*
Clarence A. Davis	70	Director of TDS and Business Consultant	2009
Christopher D. O'Leary	52	Director of TDS and Executive Vice President, Chief Operating Officer International of General Mills, Inc.	2006
Mitchell H. Saranow	66	Director of TDS and Chairman of The Saranow Group, L.L.C.	2004
Gary L. Sugarman	59	Director of TDS, Executive Chairman of FXecosystem, Inc., Managing Member Richfield Capital Partners and Principal of Richfield Associates, Inc.	2009

To be Elected by Holders of Series A Common Shares and Preferred Shares

Name	*Age*	*Position with TDS and Principal Occupation*	*Served as Director since*
LeRoy T. Carlson, Jr.	65	Director and President and Chief Executive Officer of TDS	1968
Letitia G. Carlson, M.D.	51	Director of TDS and Physician and Associate Clinical Professor at George Washington University Medical Center	1996
Prudence E. Carlson	60	Director of TDS and Private Investor	2008
Walter C.D. Carlson	58	Director and non-executive Chairman of the Board of TDS and Partner, Sidley Austin LLP, Chicago, Illinois	1981
Kenneth R. Meyers	58	Director and Executive Vice President and Chief Financial Officer of TDS	2007
Donald C. Nebergall	83	Director of TDS and Consultant	1977
George W. Off	65	Director of TDS, Private Investor and retired Director and Chairman of Checkpoint Systems, Inc.	1997
Herbert S. Wander	77	Director of TDS and Partner, Katten Muchin Rosenman LLP, Chicago, Illinois	1968

Background of Board of Directors' Nominees

The following briefly describes the business experience during at least the past five years of each of the nominees, including each person's principal occupation(s) and employment during at least the past five years; the name and principal business of any corporation or other organization in which such occupation(s) and employment were carried on; and whether such corporation or organization is a parent, subsidiary or other affiliate of TDS. The following also indicates any other directorships held, including any other directorships held during at least the past five years, by each nominee in any SEC registered company or any investment company, and the identity of such company.

In addition, the following also briefly discusses the specific experience, qualifications, attributes or skills that led to the conclusion that each such person should serve as a director for TDS, in light of TDS' business and structure, including information about the person's particular areas of expertise or other relevant qualifications. Except as discussed below under "Director Nomination Process", TDS does not have any specific, minimum qualifications that the board believes must be met by a nominee for a position on the TDS board of directors, or any specific qualities or skills that the board believes are necessary for one or more of the TDS directors to possess. The TDS board believes that substantial judgment, diligence and care are required to identify and select qualified persons as directors. The TDS board has consistently sought to nominate to the board of directors eminently qualified individuals whom the board believes would provide substantial benefit and guidance to TDS. Also, as discussed below under "Director Nomination Process", TDS believes that it is desirable for directors to have diverse backgrounds, experience, skills and other characteristics. In addition, the conclusion of which persons should serve as directors of TDS is based in part on the fact that TDS is a controlled company with a capital structure in which different classes of stock vote for different directorships. In particular, as discussed under "Director Nomination Process", because the TDS Voting Trust has over 90% of the voting power in the election of directors elected by holders of Series A Common Shares and Preferred Shares, nominations of directors for election by the holders of Series A Common Shares and Preferred Shares are based on the recommendation of the trustees of the TDS Voting Trust.

Nominees for Election by Holders of Common Shares

Clarence A. Davis. Clarence A. Davis is currently a director who was last elected by the holders of Common Shares (and Special Common Shares) at the 2011 Annual Meeting. He initially was nominated to the TDS board of directors pursuant to a Settlement Agreement dated April 24, 2009 between GAMCO Asset Management, Inc. and TDS (the "Settlement Agreement"). Although TDS initially nominated Mr. Davis to the TDS board of directors in 2009 as part of such settlement, after observing the performance and contributions of Mr. Davis on the TDS board of directors since that time, the TDS board of directors has re-nominated Mr. Davis to the TDS board of directors each year since 2010. In addition, Mr. Davis was appointed to the TDS Audit Committee in 2010. The following provides information on the background of Mr. Davis, including the specific factors that led to the conclusion that he should serve as a director of TDS.

Mr. Davis is currently a business consultant.

Mr. Davis was previously a director of Nestor, Inc., a software solutions company (formerly NASDAQ: NEST), and was a member and the chairman of Nestor's audit committee. He was the chief executive officer and an employee of Nestor from August 2007 until January 2009. Within the last ten years, Nestor successfully petitioned the Rhode Island Superior Court for a court-appointed receiver who assumed all aspects of the company's operations in June 2009. The receiver sold the assets of Nestor to American Traffic Solutions in September 2009. Mr. Davis ceased to be a director of Nestor at that time.

From May 2006 to August 2007, Mr. Davis was an independent consultant, and from September 2005 through May 2006, he served as consultant to the National Headquarters, American Red Cross.

Prior thereto, Mr. Davis was employed by the American Institute of Certified Public Accountants ("AICPA"), serving as chief financial officer from 1998 through 2000 and chief operating officer from 2000 through 2005. Mr. Davis was an accountant at the public accounting firm of Spicer & Oppenheim and a predecessor public accounting firm between 1967 and 1990, and was a partner at such firm between 1979 and 1990. Mr. Davis is a Certified Public Accountant (inactive). Mr. Davis has a Bachelor of Science degree in Accounting from Long Island University.

Mr. Davis is, and has been since 2007, a member of the board of directors and board of trustees of The Gabelli SRI Green Fund and The GDL Fund, respectively, which are registered investment companies that are managed by an affiliate of GAMCO Asset Management, Inc. Mr. Davis is a member of the audit committee of each of such funds. (As noted above, TDS was previously a party to a Settlement Agreement with GAMCO Asset Management, Inc. that resulted in the initial nomination of Mr. Davis as a director of TDS in 2009.)

In addition, between 2009 and January 2012, Mr. Davis was a director of Sonesta International Hotels (Nasdaq: SNSTA), a company that operates hotels, and was a member of its audit committee. Sonesta International Hotels was acquired in January 2012 and Mr. Davis is no longer a director thereof or member of its audit committee.

Between 2009 and January 2012, Mr. Davis was a director of Pennichuck Corp. (Nasdaq: PNNW), a water utility company, and was a member of its audit committee. Pennichuck Corp. was acquired in January 2012 and Mr. Davis is no longer a director thereof or member of its audit committee.

Mr. Davis was appointed to the TDS Audit Committee on May 26, 2010.

In 2011, Mr. Davis was appointed as a director of Bizequity.com, a private company and website that provides capital, knowledge and talent for emerging growth companies. In October 2011, Bizequity.com announced that Mr. Davis was appointed as its Chairman.

Between 2005 and 2006, Mr. Davis was a director of Oneida Ltd., a privately-held company which designs and distributes stainless steel and silverplated flatware.

Mr. Davis has been a member of the Finance Council of the Diocese of Savannah, Georgia, since 2010.

Mr. Davis brings to the TDS board of directors substantial experience, expertise and qualifications as a director and former chief executive officer of a public technology company, as a chief financial officer and chief operating officer of the AICPA and as a director or trustee of investment funds. In addition, he has substantial experience, expertise and qualifications in accounting as a result of having been a chief financial officer of the AICPA and a Certified Public Accountant in a public accounting firm for many years, and as a result of being or having been a member of six audit committees, including the TDS Audit Committee since 2010. Further, his background and attributes bring diversity to the board.

Christopher D. O'Leary. Christopher D. O'Leary is currently a director who was last elected by the holders of Common Shares (and Special Common Shares) at the 2011 Annual Meeting. He has been a director of TDS since 2006 and was initially nominated as a director based on a search conducted by TDS' executive search firm. He is also a member of the TDS Compensation Committee. The following provides information on the background of Mr. O'Leary, including the specific factors that led to the conclusion that he should serve as a director of TDS.

In June 2006, Christopher D. O'Leary was appointed executive vice president, chief operating officer international of General Mills, Inc. (NYSE: GIS), which manufactures and markets branded consumer foods on a worldwide basis. In this capacity, he oversees over 14,000 employees in over 100 countries. Before that, he was a senior vice president of General Mills since 1999. In addition, he was the president of the General Mills Meals division between 2001 and 2006 and was president of the Betty Crocker division between 1999 and 2001. Mr. O'Leary joined General Mills in 1997.

Prior to his employment with General Mills, Mr. O'Leary was employed for 17 years with PepsiCo (NYSE: PEP), which manufactures, markets, and sells various snacks, beverages and foods on a worldwide basis. His assignments included leadership roles for the Walkers-Smiths business in the United Kingdom and the Hostess Frito-Lay business in Canada.

Mr. O'Leary has an MBA from New York University.

Mr. O'Leary brings to the TDS board of directors substantial experience, expertise and qualifications in retail and marketing as a result of over 30 years experience in retail and marketing. In addition, Mr. O'Leary has over 15 years of significant and high-level experience in management of large retail businesses with a large number of employees, including businesses outside the U.S. Because of the retail nature of the TDS businesses, the TDS board of directors believes that it is highly desirable to have a director with significant knowledge and experience in retail and marketing, as well as significant, high-level experience in managing retail businesses.

Mitchell H. Saranow. Mitchell H. Saranow is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2011 Annual Meeting. He has been a director of TDS since 2004 and has served as a member of, and an "audit committee financial expert" on, TDS' Audit Committee since that time. He is also a member of the TDS Corporate Governance and Nominating Committee. The following provides information on the background of Mr. Saranow, including the specific factors that led to the conclusion that he should serve as a director of TDS.

Mr. Saranow is chairman of The Saranow Group, L.L.C., a family-owned investment company he founded in 1984, through which Mr. Saranow founded or co-founded, developed and sold several successful ventures.

Mr. Saranow is chairman and a director of SureTint Systems, LLC and SureTint Technologies, LLC. These are privately-held companies that are involved in commercializing a series of inventions in the field of hair color formulation.

Mr. Saranow was chairman of the board and co-chief executive officer of Navigant Consulting, Inc. (NYSE: NCI), which provides consulting services to various industries on an international level, from November 1999 to June 2000.

Prior thereto, he was chairman and managing general partner of Fluid Management, L.P. for more than five years until it was acquired in 1996. Fluid Management was a privately-held specialized equipment manufacturer which was the world leader in designing, manufacturing and distributing dispensing and mixing equipment for the paint, coatings, ink and personal care industries.

Within the last ten years, Mr. Saranow served as chief executive officer of two related privately-held Dutch companies which were sold under Dutch insolvency laws in 2008.

Earlier in his career, he was an accountant, chief financial officer of two large, privately-held food manufacturers, a vice president of finance and law of a privately-held candy manufacturer, a venture capital officer specializing in financing the cable television industry, and an attorney with Mayer, Brown and Platt in Chicago, Illinois. Mr. Saranow is a Certified Public Accountant (inactive).

Mr. Saranow was formerly a director of Navigant Consulting, Inc. (NYSE: NCI), Lawson Products, Inc. (Nasdaq: LAWS), which distributes industrial maintenance and repair supplies, North American Scientific, Inc. (Nasdaq: NASM), which designs, develops, manufactures, and sells radioisotopic products for the treatment of cancer, and Telular Corp. (Nasdaq: WRLS), which designs, develops, manufactures and markets fixed cellular products. At Lawson Products, Mr. Saranow was a member and chairman of the nominating and corporate governance committee and the financial strategies committee and was a member of the audit committee and the compensation committee. Mr. Saranow also was a member of the audit committee of Navigant Consulting, a member and an "audit committee financial expert" of the audit committee of North American Scientific and a member and chairman of the audit committee of Telular Corp.

Mr. Saranow has a JD/MBA degree from Harvard University.

Mr. Saranow brings to the TDS board of directors substantial experience, expertise and qualifications as a result of his extensive background. Mr. Saranow is a Certified Public Accountant (inactive) and has been an accountant, lawyer, investment banker and a chief financial officer, chief executive officer and/or chairman at multiple companies. Mr. Saranow has founded or co-founded, developed and sold several successful ventures. He has significant experience with public companies and their boards of directors, having been a director of five public companies, including TDS. He has been a member of the audit committees of all five of such companies and was designated an audit committee financial expert by two of such companies, including TDS. In addition, Mr. Saranow brings to the board of directors experience and qualifications with respect to TDS and the telecommunications industry as a result of his earlier experience in the cable television industry and his service as a director of TDS and as its audit committee financial expert for over five years.

Gary L. Sugarman. Gary L. Sugarman is currently a director who was last elected by the holders of Common Shares (and Special Common Shares) at the 2011 Annual Meeting. He initially was nominated to the TDS board of directors pursuant to the Settlement Agreement between GAMCO Asset Management, Inc. and TDS. Although TDS initially nominated Mr. Sugarman to the TDS board of directors in 2009 as part of such settlement, after observing the performance and contributions of Mr. Sugarman on the TDS board of directors since that time, the TDS board of directors has re-nominated Mr. Sugarman to the TDS board of directors each year since 2010. In addition, Mr. Sugarman was appointed to the TDS Compensation Committee in 2010. The following provides information on the background of Mr. Sugarman, including the specific factors that led to the conclusion that he should serve as a director of TDS.

Mr. Sugarman founded and has been the managing member of Richfield Capital Partners, a private venture capital firm, since 2010. Mr. Sugarman is also principal of Richfield Associates, Inc., a privately-held telecom investment/merchant banking firm he founded in 1994.

In November 2010, Richfield Capital Partners invested in FXecosystem, Inc., a private infrastructure provider to foreign exchange markets. In connection with this investment, Mr. Sugarman became a director and executive chairman of FXecosystem, Inc.

Previously, Mr. Sugarman was the executive chairman of Veroxity Technology Partners, a privately-held facilities-based fiber network provider, between December 2007 and September 2010.

Mr. Sugarman was on the board of directors of PrairieWave Communications, Inc., a privately-held over-builder providing telecommunications and cable television service in South Dakota, Iowa and Minnesota, from 2003 until it was sold in 2007.

Prior to that, he served as chairman and chief executive officer of Mid-Maine Communications, a privately-held facilities-based telecom company, from the time he co-founded the company in 1994 until it was sold in 2006.

Prior thereto, Mr. Sugarman held various operating positions at Rochester Telephone Company (now known as Frontier Corporation (NYSE: FTR)), a public telecommunications company, from 1984 to 1991, including as Director of Business Development, in which capacity he was involved in many acquisitions and other development activities in the telecommunications industry.

Mr. Sugarman is currently a director of LICT Corporation, a telecommunications company that is quoted on the Pink Sheets. (Mario J. Gabelli, who is the chairman of and may be deemed to control LICT Corporation, controls GAMCO Asset Management, Inc. As noted above, TDS was previously a party to a Settlement Agreement with GAMCO Asset Management, Inc. that resulted in the initial nomination of Mr. Sugarman as a director of TDS in 2009.)

Mr. Sugarman has an MBA from the University at Buffalo State University of New York.

Mr. Sugarman brings to the TDS board of directors substantial experience, expertise and qualifications in the telecommunications industry as a result of his current position at LICT Corporation and his many years of prior experience with other companies in the telecommunications industry. Mr. Sugarman also has management experience as executive chairman of FXecosystem, Inc. and Veroxity Technology Partners and as chairman and chief executive officer of Mid-Maine Communications, a company that he co-founded, has been a director of business development of a public telecommunications company and has substantial experience in acquisitions and development activities in the telecommunications industry.

Your board of directors unanimously recommends a vote "FOR" each of the above nominees for election by the holders of Common Shares.

Nominees for Election by Holders of Series A Common Shares and Preferred Shares

LeRoy T. Carlson, Jr. LeRoy T. Carlson, Jr. is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2011 Annual Meeting. He has been a director of TDS since the time that TDS was founded. He is also a member of the TDS Corporate Governance and Nominating Committee. The following provides information on the background of Mr. Carlson, including the specific factors that led to the conclusion that he should serve as a director of TDS.

LeRoy T. Carlson, Jr. is TDS' President and Chief Executive Officer (an executive officer of TDS). He has been TDS' President since 1981 and its Chief Executive Officer since 1986.

LeRoy T. Carlson, Jr. has been a director of United States Cellular Corporation (NYSE: USM), a subsidiary of TDS which operates and invests in wireless telephone companies and properties ("U.S. Cellular"), since 1984, and has been its Chairman (an executive officer) since 1989. He has also been a director of TDS Telecommunications Corporation, a wholly owned subsidiary of TDS which operates local telephone companies ("TDS Telecom"), and its Chairman (an executive officer) for over 20 years.

Mr. Carlson was previously a director of former TDS subsidiaries Aerial Communications, Inc. (formerly Nasdaq: AERL), which developed and operated wireless personal communications services, and American Paging, Inc. (formerly AMEX: APP), which operated wireless paging services.

Mr. Carlson has an MBA from Harvard University.

Mr. Carlson is one of the four largest beneficial owners of TDS Series A Common Shares and also beneficially owns a significant number of TDS Common Shares.

Mr. Carlson brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and the telecommunications industry as a result of his many years as a director and President and Chief Executive Officer of TDS, and as a director and Chairman of its two principal business units. As the senior executive officer of TDS and each of its business units, the board of directors considers it essential that Mr. Carlson serve on the TDS board to provide the board with his views on strategy and operations of TDS and its business units. In addition, as a shareholder with a significant economic stake in TDS, Mr. Carlson provides to the TDS board of directors the perspective of shareholders in managing and operating TDS in the best long-term interests of shareholders.

LeRoy T. Carlson, Jr. is the son of LeRoy T. Carlson and the brother of Walter C.D. Carlson, Letitia G. Carlson, M.D. and Prudence E. Carlson.

Letitia G. Carlson, M.D. Letitia G. Carlson, M.D. is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2011 Annual Meeting. She has been a director of TDS since 1996. The following provides information on the background of Dr. Carlson, including the specific factors that led to the conclusion that she should serve as a director of TDS.

Dr. Carlson has been a physician at George Washington University Medical Center for over twenty years.

At such medical center, she was a primary care fellow between 1990 and 1992, an assistant professor between 1992 and 2001 and an assistant clinical professor between 2001 and 2003, and has been an associate clinical professor since 2003.

Dr. Carlson has an M.D. from Harvard Medical School.

Dr. Carlson is one of the four largest beneficial owners of TDS Series A Common Shares and also beneficially owns a significant number of TDS Common Shares.

Dr. Carlson brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and the telecommunications industry as a result of her many years as a director of TDS. Further, her background and attributes bring diversity to the board. In addition, as a shareholder with a significant economic stake in TDS, Dr. Carlson provides to the TDS board of directors the perspective of shareholders in managing and operating TDS in the best long-term interests of shareholders.

Dr. Carlson is the daughter of LeRoy T. Carlson and the sister of LeRoy T. Carlson, Jr., Walter C.D. Carlson and Prudence E. Carlson.

Prudence E. Carlson. Prudence E. Carlson is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2011 Annual Meeting. She has been a director of TDS since 2008 and was initially elected as a director based on the recommendation of the trustees of the TDS Voting Trust, which holds over 90% of the Series A Common Shares. The following provides information on the background of Ms. Carlson, including the specific factors that led to the conclusion that she should serve as a director of TDS.

Ms. Carlson has a Bachelor of Arts degree from Harvard University.

Ms. Carlson has been a private investor for more than five years. Ms. Carlson is one of the four largest beneficial owners of TDS Series A Common Shares and also beneficially owns a significant number of TDS Common Shares.

Ms. Carlson is the daughter of LeRoy T. Carlson and the sister of LeRoy T. Carlson, Jr., Walter C.D. Carlson and Letitia G. Carlson, M.D. and is a trustee of the TDS Voting Trust. Ms. Carlson was elected to the TDS board of directors in 2008 to fill the vacancy created on the board of directors by the decision of LeRoy T. Carlson not to stand for election in 2008. As a director elected by the holders of Series A Common Shares and Preferred Shares, the decision to nominate Ms. Carlson was based primarily on the recommendation of the trustees of the TDS Voting Trust.

Ms. Carlson brings to the TDS board of directors experience with respect to TDS and the telecommunications industry as a result of her background as an investor in TDS for many years, as a trustee of the TDS Voting Trust, and as a director of TDS, and brings diversity of background and attributes to the board. In addition, as a shareholder with a significant economic stake in TDS, Ms. Carlson provides to the TDS board of directors the perspective of shareholders in managing and operating TDS in the best long-term interests of shareholders.

Walter C.D. Carlson. Walter C.D. Carlson is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2011 Annual Meeting. He has been a director of TDS since 1981. He is also a member and chairperson of the TDS Corporate Governance and Nominating Committee. The following provides information on the background of Mr. Carlson, including the specific factors that led to the conclusion that he should serve as a director of TDS.

Mr. Carlson was elected non-executive Chairman of the Board of TDS in 2002.

Mr. Carlson has been a partner of the law firm of Sidley Austin LLP for more than 20 years and is a member of its executive committee. Mr. Carlson is an experienced litigator, and has represented various clients in a variety of types of specialized and general commercial litigation. Mr. Carlson is the head of the Financial and Securities Litigation group in the Chicago office of Sidley Austin LLP. The law firm of Sidley Austin LLP provides legal services to TDS, U.S. Cellular and their subsidiaries on a regular basis. See "Certain Relationships and Related Transactions" below. Walter C.D. Carlson does not provide legal services to TDS, U.S. Cellular or their subsidiaries.

Mr. Carlson has been a director of U.S. Cellular (NYSE: USM) since 1989.

Mr. Carlson was previously a director of former TDS subsidiary Aerial Communications, Inc. (formerly Nasdaq: AERL).

Mr. Carlson has a J.D. from Harvard University.

Mr. Carlson is one of the four largest beneficial owners of TDS Series A Common Shares and also beneficially owns a significant number of TDS Common Shares.

Mr. Carlson brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and the telecommunications industry as a result of his many years as a director of TDS and U.S. Cellular and as Chairman of the Board of TDS, and as a result of having represented many corporate clients. In addition, as a shareholder with a significant economic stake in TDS, Mr. Carlson provides to the TDS board of directors the perspective of shareholders in managing and operating TDS in the best long-term interests of shareholders.

Walter C.D. Carlson is the son of LeRoy T. Carlson and the brother of LeRoy T. Carlson, Jr., Letitia G. Carlson, M.D. and Prudence E. Carlson.

Kenneth R. Meyers. Kenneth R. Meyers is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2011 Annual Meeting. He was appointed as a director of TDS in 2007. The following provides information on the background of Mr. Meyers, including the specific factors that led to the conclusion that he should serve as a director of TDS.

Mr. Meyers was appointed as a director of TDS in connection with his appointment as Executive Vice President and Chief Financial Officer of TDS (an executive officer of TDS), in 2007.

Mr. Meyers was appointed Vice President and Assistant Treasurer of U.S. Cellular in 2011. He was Chief Accounting Officer (an executive officer) of U.S. Cellular and Chief Accounting Officer (an executive officer) of TDS Telecom between 2007 and 2011.

Prior to his appointment to his current position at TDS in 2007, he was the Executive Vice President Finance, Chief Financial Officer and Treasurer of U.S. Cellular since 1999. Prior to that, Mr. Meyers was Senior Vice President-Finance (Chief Financial Officer) and Treasurer of U.S. Cellular from 1997 to 1999 and was the Vice President-Finance (Chief Financial Officer) and Treasurer of U.S. Cellular for more than five years prior to 1997. Mr. Meyers had been employed by U.S. Cellular in accounting and financial capacities since 1987.

Mr. Meyers has also been a director of U.S. Cellular since 1999 and a director of TDS Telecom since 2007.

Mr. Meyers is a Certified Public Accountant (inactive) and has an MBA from Northwestern University's J. L. Kellogg Graduate School of Management.

Mr. Meyers brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and the telecommunications industry as a result of his background as a director and Executive Vice President and Chief Financial Officer of TDS since 2007, and his many years as a director and Executive Vice President Finance, Chief Financial Officer and Treasurer and in other positions at U.S. Cellular. He also brings substantial experience, expertise and qualifications in management, finance and accounting as a result of such background.

Donald C. Nebergall. Donald C. Nebergall is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2011 Annual Meeting. He has been a director of TDS since 1977. He is also a member of the TDS Audit Committee. The following provides information on the background of Mr. Nebergall, including the specific factors that led to the conclusion that he should serve as a director of TDS.

Mr. Nebergall has been a consultant to companies since 1988, including TDS from 1988 to 2002.

Mr. Nebergall was vice president of The Chapman Company, a privately-held registered investment advisory company located in Cedar Rapids, Iowa, from 1986 to 1988.

Prior to that, he was the chairman of Brenton Bank & Trust Company, Cedar Rapids, Iowa, from 1982 to 1986, and was its president from 1972 to 1982.

Mr. Nebergall also is or has been a board member of several private, civic and charitable organizations.

Mr. Nebergall also manages several family farms.

Mr. Nebergall has a Bachelor of Science degree in Agricultural Economics from Iowa State University.

Mr. Nebergall brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and the telecommunications industry as a result of his many years as a director of TDS and his prior background as a consultant to TDS. He also brings experience and knowledge as a result of his background in investment advisory services and banking and as a result of his board service for several organizations.

George W. Off. George W. Off is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2011 Annual Meeting. He has been a director of TDS since 1997 and was initially nominated as a director based on a search conducted by TDS' executive search firm. He is also a member of the TDS Compensation Committee and a member and chairperson of the TDS Audit Committee. The following provides information on the background of Mr. Off, including the specific factors that led to the conclusion that he should serve as a director of TDS.

In February 2012, Mr. Off was appointed as a director of The Retail Equation, a privately-held company that provides solutions to retailers to optimize revenues and margins.

In May 2011, Mr. Off was appointed as a director and interim chief executive officer of Catalina Marketing Corporation, a privately-held provider of in-store electronic marketing services, of which Mr. Off was previously an officer and director, as discussed below. Mr. Off served as a director and interim chief executive officer until the appointment of a permanent replacement in October 2011.

Before he retired in 2009, Mr. Off was a director of Checkpoint Systems, Inc. (NYSE: CKP) from 2002 to 2009, and was its chairman between 2002 and 2008. He was also the chief executive officer of Checkpoint Systems, Inc. between 2002 and 2007. Checkpoint Systems is a multinational manufacturer and marketer of integrated system solutions for retail security, labeling and merchandising.

Prior to that, Mr. Off was chairman of the board of directors of Catalina Marketing Corporation, which at the time was a NYSE listed company (formerly NYSE: POS), from 1998 until 2000. Mr. Off served as president and chief executive officer of Catalina from 1994 to 1998. Catalina was acquired and became privately-held in 2007.

Mr. Off is a director of Infinian Mobile Commerce & Analytic Solutions Inc., a private start-up company that provides promotions and coupons for mobile phones.

In addition, Mr. Off has significant experience with the telecommunications industry as a director of TDS since 1997. Mr. Off also has been a member of the TDS Audit Committee for over 10 years and a member of the TDS Compensation Committee for over 5 years.

Mr. Off has a Bachelor of Science degree from the Colorado School of Mines.

Mr. Off brings to the TDS board of directors substantial experience, expertise and qualifications in marketing and management as a result of his prior positions as a director and as chief executive officer and chairman of Checkpoint Systems, Inc. and of Catalina Marketing Corporation. Because of the retail nature of the TDS businesses, the TDS board of directors believes that it is highly desirable to have directors with significant knowledge and experience in retail and marketing, as well as significant, high-level experience in managing retail businesses. In addition, Mr. Off has significant experience with respect to TDS and the telecommunications industry as a result of his many years as a director of TDS and as a member of the TDS Audit Committee and the TDS Compensation Committee.

Herbert S. Wander. Herbert S. Wander is currently a director who was last elected by the holders of Common Shares (and Special Common Shares) at the 2011 Annual Meeting. He has been on the TDS board of directors since the time that TDS was founded in 1968. He is also a member of the TDS Audit Committee and a member and chairperson of the TDS Compensation Committee. The following provides information on the background of Mr. Wander, including the specific factors that led to the conclusion that he should serve as a director of TDS.

Herbert S. Wander has been a partner of the law firm of Katten Muchin Rosenman LLP for more than 30 years. He has been a lawyer for over 50 years, concentrating on all aspects of business law, including corporate governance and business acquisitions. Katten Muchin Rosenman LLP does not provide legal services to TDS or its subsidiaries.

In 2004, Mr. Wander was appointed by the chairman of the Securities and Exchange Commission ("SEC"), William Donaldson, to co-chair the SEC Advisory Committee on smaller public companies, which committee delivered its final report to the SEC in 2006.

Mr. Wander is the former chair of the Corporate Laws Committee of the American Bar Association's Business Law Section and former chair of the Business Law Section. Mr. Wander is a frequent lecturer on topics of corporate governance.

Mr. Wander served two terms as a member of the Legal Advisory Committee to the NYSE Board of Governors and was a member of the Legal Advisory Committee to the National Association of Securities Dealers, Inc.

In addition, Mr. Wander has significant experience with the telecommunications industry and TDS as a director of TDS for over 40 years, as a member of the TDS Audit Committee for over 15 years and as a member of the TDS Compensation Committee for over 5 years.

Mr. Wander has also previously served as a director of Advance Ross Corporation (formerly Nasdaq: AROS), the primary business of which was operating a value-added tax (VAT) refund service in Europe.

Mr. Wander has a law degree from Yale Law School.

Mr. Wander brings to the TDS board of directors substantial experience, expertise and qualifications, with a national reputation as a corporate and acquisitions lawyer and as a corporate governance expert. He also brings to the board substantial experience, expertise and qualifications with TDS and the telecommunications industry as a result of his many years as a director of TDS and as a member of the TDS Audit Committee and the TDS Compensation Committee.

Your board of directors unanimously recommends a vote "FOR" each of the above nominees for election by the holders of Series A Common Shares and Preferred Shares.

CORPORATE GOVERNANCE

Board of Directors

The business and affairs of TDS are managed by or under the direction of the board of directors. The board of directors consists of twelve members. Holders of Common Shares elect 25% of the directors rounded up plus one director, or a total of four directors based on a board size of twelve directors. Holders of Series A Common Shares and Preferred Shares elect the remaining eight directors. The TDS Voting Trust has approximately 94.6% of the voting power in the election of such eight directors and approximately 56.3% of the voting power in all other matters.

Board Leadership Structure

Under the leadership structure selected for TDS, the same person does not serve as both the Chief Executive Officer and Chairman of the Board. Walter C.D. Carlson, who is not an employee or officer of TDS, serves as the non-executive Chairman of the Board and presides over meetings of the full board of directors. LeRoy T. Carlson, Jr., who is an officer and employee of TDS, serves as President and Chief Executive Officer and is responsible for day-to-day leadership and performance of TDS. This leadership structure is set forth in TDS' Bylaws. TDS has determined that this leadership structure is appropriate given the specific characteristics and circumstances of TDS. In particular, TDS considers it appropriate that the person who is the President and Chief Executive Officer of TDS also not serve as the Chairman of the Board in order to separate the executive who is primarily responsible for the performance of the company from the person who presides over board meetings at which performance of TDS is evaluated.

Board Role in Risk Oversight

The following discloses the extent of the board of directors' role in the risk oversight of TDS, including how the board administers its oversight function, and the effect of the board's leadership structure discussed above on risk oversight.

The TDS board of directors is primarily responsible for oversight of risk assessment and risk management of TDS. Although the TDS board of directors can delegate this responsibility to board committees, the TDS board has not done so, and continues to have full responsibility relating to risk oversight. Although the TDS board of directors has oversight responsibilities, the actual risk assessment and risk management is carried out by the President and Chief Executive Officer and other officers of TDS and reported to the board.

TDS has established an Enterprise Risk Management (ERM) program, which applies to TDS and all of its business units. This program was designed with the assistance of an outside consultant and was integrated into TDS' existing management and strategic planning processes. The ERM program provides a common enterprise-wide language and discipline around risk identification, quantification and mitigation. The TDS board of directors currently receives periodic updates about the status and progress of this ERM program and takes action to the extent appropriate based on such updates.

Although the TDS board of directors has ultimate oversight authority over risk and has not delegated such responsibility to any committees, certain TDS committees also have certain responsibilities relating to risk.

Under NYSE listing standards, and as set forth in its charter, the Audit Committee is required to "discuss policies with respect to risk assessment and risk management." NYSE listing standards further provide that, "while it is the job of the CEO and senior management to assess and manage the listed company's exposure to risk, the audit committee must discuss guidelines and policies to govern the process by which this is handled. The audit committee should discuss the listed company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The audit committee is not required to be the sole body responsible for risk assessment and management, but, as stated above, the committee must discuss guidelines and policies to govern the process by which risk assessment and management is undertaken."

Accordingly, pursuant to the foregoing requirements, the Audit Committee discusses TDS' major financial risk exposures and the steps management has taken to monitor and control such exposures in connection with its review of financial statements and related matters on a quarterly basis.

In addition, as part of the ERM program, the Audit Committee discusses guidelines and policies to govern the process by which risk assessment and risk management are handled. The Audit Committee receives updates and discusses policies with respect to risk assessment and risk management on a regular basis. The Audit Committee is not solely responsible for ERM, but the committee discusses guidelines and policies to govern the process by which ERM is undertaken.

In addition, in connection with the functions of the Compensation Committee relating to the compensation of the executive officers of TDS (other than executive officers of U.S. Cellular), the Compensation Committee considers risks relating to compensation of executive officers of TDS, as discussed below in the Compensation Discussion and Analysis. In addition, the Compensation Committee has responsibilities under its charter with respect to long-term compensation for all employees, as discussed below under "Risks from Compensation Policies and Practices".

Also, the TDS Corporate Governance and Nominating Committee may consider certain risks in connection with its responsibilities relating to corporate governance and director nominations, as described below.

TDS believes that the leadership structure described above facilitates risk oversight because the role of the President and Chief Executive Officer, who has primary operating responsibility to assess and manage TDS' exposure to risk, is separated from the role of the Chairman of the Board, who sets the agenda for and presides over board of directors' meetings at which the TDS board exercises its oversight responsibility with respect to risk.

Director Independence and New York Stock Exchange Listing Standards

TDS Common Shares are listed on the NYSE. Accordingly, TDS is subject to the listing standards applicable to companies that have equity securities listed on the NYSE.

Under listing standards of the NYSE, TDS is a "controlled company" as such term is defined by the NYSE. TDS is a controlled company because over 50% of the voting power for the election of directors of TDS is held by the trustees of the TDS Voting Trust (i.e., the TDS Voting Trust has the voting power to elect eight of the twelve directors, or 66.7% of the directors). Accordingly, it is exempt from certain listing standards that require listed companies that are not controlled companies to (i) have a board composed of a majority of directors who qualify as independent under the rules of the NYSE, (ii) have a compensation committee composed entirely of directors who qualify as independent under the rules of the NYSE, and (iii) have a nominating/corporate governance committee composed entirely of directors who qualify as independent under the rules of the NYSE.

As a controlled company, TDS is required to have at least three directors who qualify as independent to serve on the Audit Committee. The TDS Audit Committee has five members: George W. Off (chairperson), Clarence A. Davis, Donald C. Nebergall, Mitchell H. Saranow and Herbert S. Wander. Such directors must qualify as independent under the NYSE Listed Company Manual, including Section 303A.02(a) and Section 303A.02(b), and Section 303A.06, which incorporates the independence requirements of Rule 10A-3 under Section 10A-3 of the Securities Exchange Act of 1934, as amended (collectively, "Section 10A-3"). Except as required by listing standards or SEC rule, TDS does not have any categorical standards of independence that must be satisfied.

Pursuant to the requirements of the NYSE Listed Company Manual, the TDS board of directors affirmatively determined that each member of the TDS Audit Committee has no material relationship with TDS or any other member of the TDS consolidated group ("TDS Consolidated Group"), either directly or as a partner, shareholder or officer of an organization that has a relationship with any member of the TDS Consolidated Group, and that each of such persons is independent (pursuant to Section 303A.02(a), Section 303A.02(b) and Section 10A-3) considering all relevant facts and circumstances, including commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, if any.

Such relevant facts and circumstances included the following: None of such persons is an employee or officer of TDS or any other member of the TDS Consolidated Group. None of such persons has any direct or indirect business relationships and/or fee arrangements with the TDS Consolidated Group and none of such persons receives any compensation from the TDS Consolidated Group except for his services as a director and member of board committees of TDS. None of such persons has any other relationship or arrangement with the TDS Consolidated Group other than in his capacity as a director of TDS. Each of such persons qualifies as independent under each of the categorical standards in Section 303A.02(b) of the NYSE Listed Company Manual. Each of such persons qualifies as independent under Section 10A-3 because none of such persons receives any compensatory fee from any member of the TDS Consolidated Group and is not an "affiliated person" (as defined by the SEC) with respect to any member of the TDS Consolidated Group. None of such persons is an "immediate family member" (as defined by Section 303A.02(b)) of any person who is not independent under Section 303A.02 of the NYSE Listed Company Manual. The only relationship and/or fee arrangement which such persons have with the TDS Consolidated Group are as directors and members of board committees of TDS. See also "Security Ownership of Certain Beneficial Owners and Management" below for information relating to beneficial share ownership and other relationships of Donald C. Nebergall.

In addition, incumbent directors Christopher D. O'Leary and Gary L. Sugarman would qualify as independent directors under the listing standards of the NYSE. As a result, seven of the twelve incumbent directors, or over 58% of the directors, have been determined to qualify or would qualify as independent under the listing standards of the NYSE.

Meetings of Board of Directors

The board of directors held seventeen meetings during 2011. Each director attended at least 75% of the total number of meetings of the board of directors (held during 2011 at which time such person was a director) and at least 75% of the total number of meetings held by each committee of the board on which such person served (during the period that such person served).

Corporate Governance Guidelines

Under NYSE listing standards, TDS is required to adopt and disclose corporate governance guidelines that address certain specified matters. TDS has adopted Corporate Governance Guidelines that address (i) board of directors structure, (ii) director qualification standards, (iii) director responsibilities, orientation and continuing education, (iv) director compensation and stock ownership, (v) board resources and access to management and independent advisors, (vi) annual performance evaluation of the board, (vii) board committees, (viii) management succession and (ix) periodic review of the guidelines. A copy of such guidelines is available on TDS' website, *www.teldta.com*, under Corporate Governance Corporate Governance Guidelines.

Corporate Governance and Nominating Committee

Because TDS is a controlled company, it is not required under NYSE listing standards to have a corporate governance/nominating committee or, if it has one, that the corporate governance/nominating committee be composed entirely of independent directors. Although not required to do so under NYSE listing standards, TDS voluntarily has established a Corporate Governance and Nominating Committee. The members of the Corporate Governance and Nominating Committee are Walter C.D. Carlson (chairperson), LeRoy T. Carlson, Jr. and Mitchell H. Saranow. Mr. Saranow qualifies as an independent director under NYSE listing standards. The primary function of the Corporate Governance and Nominating Committee is to advise the board on corporate governance matters, including developing and recommending to the board the corporate governance guidelines for TDS. In addition, the charter of the committee provides that the committee will develop selection objectives and oversee the search for qualified individuals to serve on the board of directors and recommend to the board prospective nominees and the re-nomination of incumbent directors as it deems appropriate. A copy of the committee charter is available on TDS' website, *www.teldta.com*, under Corporate Governance Board Committee Charters.

The Corporate Governance and Nominating Committee held two meetings in 2011.

Audit Committee

The purpose and primary functions of the Audit Committee are to (a) assist the board of directors of TDS in its oversight of (1) the integrity of TDS' financial statements, (2) TDS' compliance with legal and regulatory requirements, (3) the qualifications and independence of TDS' registered public accounting firm, and (4) the performance of TDS' internal audit function and registered public accounting firm; (b) prepare an audit committee report as required by the rules of the SEC to be included in TDS' annual proxy statement and (c) perform such other functions as set forth in the Audit Committee charter, which shall be deemed to include the duties and responsibilities set forth in Section 10A-3. A copy of the Audit Committee charter is available on TDS' website, *www.teldta.com*, under Corporate Governance Board Committee Charters.

The Audit Committee is currently composed of five members who qualify as independent under NYSE listing standards, including Section 10A-3, as discussed above. The current members of the Audit Committee are George W. Off (chairperson), Clarence A. Davis, Donald C. Nebergall, Mitchell H. Saranow and Herbert S. Wander. The board of directors has determined that each of the members of the Audit Committee is financially literate and has "accounting or related financial management expertise" pursuant to listing standards of the NYSE.

The board has made a determination that Mr. Saranow is an "audit committee financial expert" as such term is defined by the SEC.

In accordance with the SEC's safe harbor rule for "audit committee financial experts," no member designated as an audit committee financial expert shall (i) be deemed an "expert" for any other purpose or (ii) have any duty, obligation or liability that is greater than the duties, obligations and liability imposed on a member of the board or the audit committee not so designated. Additionally, the designation of a member or members as an "audit committee financial expert" shall in no way affect the duties, obligations or liability of any member of the audit committee, or the board, not so designated.

The Audit Committee held eight meetings during 2011.

Pre-Approval Procedures

The Audit Committee has adopted a policy pursuant to which all audit and non-audit services must be pre-approved by the Audit Committee. The following describes the policy as amended. Under no circumstances may TDS' principal independent registered public accounting firm provide services that are prohibited by the Sarbanes Oxley Act of 2002 or rules issued thereunder. Non-prohibited audit related services and certain tax and other services may be provided to TDS, subject to such pre-approval process and prohibitions. The Audit Committee has delegated to the chairperson together with one other member of the Audit Committee the authority to pre-approve services by the principal independent registered public accounting firm. In the event the chairperson is unavailable, pre-approval may be given by any two members of the Audit Committee. In addition to pre-approval of specific services, specified services have been pre-approved in detail up to specified dollar limits pursuant to the policy. All services are required to be reported to the full Audit Committee at each of its regularly scheduled meetings. The pre-approval policy relates to all services provided by TDS' principal independent registered public accounting firm.

Review, Approval or Ratification of Transactions with Related Persons

The Audit Committee charter provides that the Audit Committee has responsibilities with respect to related party transactions, as such term is defined by the rules of the NYSE. Related party transactions are addressed in Section 314.00 of the NYSE Listed Company Manual.

Section 314.00 of the NYSE Listed Company Manual states that "Related party transactions normally include transactions between officers, directors, and principal shareholders and the company." In general, "related party transactions" would include transactions required to be disclosed in TDS' Proxy Statement pursuant to Item 404 of Regulation S-K of the SEC. Pursuant to Item 404, TDS is required to disclose any transaction, which includes any financial transaction, arrangement, or relationship (including any indebtedness or guarantee of indebtedness) or a series of transactions, that has taken place since the beginning of TDS' last fiscal year or any currently proposed transaction in which: (1) TDS was or is to be a participant, (2) the amount involved exceeds $120,000 and (3) any "related person" had or will have a direct or indirect material interest in the transaction during any part of the fiscal year. For this purpose, in general, the term "related person" includes any director or executive officer of TDS, any nominee for director, any beneficial owner of more than five percent of any class of TDS' voting securities and any "immediate family member" of such persons, within the meaning of Item 404.

Section 314.00 of the NYSE Listed Company Manual provides that "Each related party transaction is to be reviewed and evaluated by an appropriate group within the listed company involved. While the Exchange does not specify who should review related party transactions, the Exchange believes that the Audit Committee or another comparable body might be considered as an appropriate forum for this task. Following the review, the company should determine whether or not a particular relationship serves the best interest of the company and its shareholders and whether the relationship should be continued or eliminated."

Accordingly, pursuant to such provisions, the TDS Audit Committee has responsibilities over transactions that are deemed to be related-party transactions under Section 314.00 of the NYSE Listed Company Manual. Other than the foregoing, TDS has no related party policies or procedures relating to (i) the types of transactions that are covered by such policies and procedures; (ii) the standards to be applied pursuant to such policies and procedures; or (iii) the persons or groups of persons on the board of directors or otherwise who are responsible for applying such policies and procedures, and TDS does not maintain any other written document evidencing such policies and procedures.

See Executive and Director Compensation Compensation Committee Interlocks and Insider Participation Certain Relationships and Related Transactions for discussion of any related party transactions since the beginning of the last fiscal year.

Compensation Committee

Although not required to do so under NYSE listing standards because it is a controlled company, TDS voluntarily has established a Compensation Committee comprised solely of directors who qualify as independent under the rules of the NYSE.

Under the Dodd-Frank Act, the SEC is required to direct the NYSE to adopt listing standards prohibiting the listing of any equity security of an issuer that does not comply with listing requirements with respect to the independence of members of the compensation committee of the board of directors of such issuer, except that this provision of the Dodd-Frank Act expressly provides that it does not apply to an issuer that is a controlled company. Although such listing standards have not yet been issued, when issued, they are not expected to be generally applicable to TDS because it is a controlled company. Nevertheless, as indicated above, the Compensation Committee is comprised solely of directors who qualify as independent under the current listing standards of the NYSE.

The primary functions of the Compensation Committee are to discharge the board of director's responsibilities relating to the compensation of the executive officers of TDS, other than executive officers of U.S. Cellular or any of its subsidiaries. The responsibilities of the Compensation Committee include the review of salary, bonus, long-term compensation and all other elements of compensation of such executive officers.

For these purposes, "executive officers" means all officers that are employees who are or will be identified in TDS' annual proxy statement as "executive officers," including the President and Chief Executive Officer of TDS Telecom, except that the compensation of the President and Chief Executive Officer of U.S. Cellular is established and administered by U.S. Cellular's chairman and long-term incentive compensation committee, as described in the proxy statement of U.S. Cellular relating to its 2012 Annual Meeting of shareholders.

The Compensation Committee is comprised of at least two non-employee members of TDS' board of directors, each of whom is an "outside director" within the meaning of section 162(m) of the Internal Revenue Code of 1986, as amended, and a "Non-Employee Director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. As noted above, such members also qualify as independent under the rules of the NYSE. The members of the Compensation Committee are Herbert S.

Wander (chairperson), George W. Off, Christopher D. O'Leary and Gary L. Sugarman. These persons do not have any compensation committee interlocks and are not related to any other directors.

The Compensation Committee charter permits it to delegate some or all of the administration of the long-term incentive plans or programs to the President and Chief Executive Officer or other executive officers of TDS as the committee deems appropriate, to the extent permitted by law and the applicable long-term incentive plan or program, but not regarding any award to the President and Chief Executive Officer. However, the Compensation Committee has not delegated any of its authority with respect to any of the officers identified in the below Summary Compensation Table.

The Compensation Committee's charter provides that it will obtain advice and assistance from the Chief Executive Officer and the Vice President of Human Resources and from any other officer or employee of TDS, as it determines is appropriate. TDS' Human Resources Department also supports the Compensation Committee in its work. As discussed below, the Compensation Committee also utilizes the services of an independent compensation consultant. See the Compensation Discussion and Analysis below for information about compensation consultants, which information is incorporated by reference herein.

The Compensation Committee does not approve director compensation. It is the view of the TDS board of directors that this should be the responsibility of the full board of directors. Only non-employee directors receive compensation in their capacity as directors and, as a result, the view of the TDS board of directors is that all directors should participate in such compensation decisions, rather than only some or all of the non-employee directors.

A copy of the charter of the Compensation Committee is available on TDS' website, *www.teldta.com*, under Corporate Governance Board Committee Charters.

The Compensation Committee held six meetings during 2011. It also took actions by unanimous written consent.

Other Committee

TDS has a Pricing Committee, consisting of LeRoy T. Carlson, Jr., as Chairman, and Kenneth R. Meyers, as a regular member. Walter C.D. Carlson is an alternate member of this committee. The Pricing Committee does not have a charter. Pursuant to resolutions of the TDS board of directors from time to time, the Pricing Committee is authorized to take certain actions with respect to financing and capital transactions of TDS, such as the issuance, redemption or repurchase of debt or the repurchase of shares of capital stock of TDS.

Director Nomination Process

As discussed above, because TDS is a controlled company, it is not required under NYSE listing standards to have a corporate governance/nominating committee or, if it has one, that it be composed entirely of independent directors. Although not required to do so under NYSE listing standards, TDS voluntarily has established a Corporate Governance and Nominating Committee. The charter of the committee provides that the committee will develop selection objectives and oversee the search for qualified individuals to serve on the board of directors and recommend to the board of directors prospective nominees and the re-nomination of incumbent directors as it deems appropriate. The committee does not nominate directors. It only recommends to the board of directors prospective nominees and the re-nomination of incumbent directors as it deems appropriate. The entire board of directors determines whether to nominate prospective nominees and re-nominate incumbent directors.

TDS does not have a formal policy with regard to the consideration of any director candidates recommended by shareholders. However, because the TDS Voting Trust has over 90% of the voting power in the election of directors elected by holders of Series A Common Shares and Preferred Shares, nominations of directors for election by the holders of Series A Common Shares and Preferred Shares are based on the recommendation of the trustees of the TDS Voting Trust. With respect to candidates for director to be elected by the holders of Common Shares, the Corporate Governance and Nominating Committee and/or the TDS board may from time to time informally consider candidates submitted by shareholders that hold a significant number of Common Shares. Although TDS has no formal procedures to be followed by shareholders in submitting recommendations of candidates for director, shareholders that desire to nominate directors must follow the procedures set forth in TDS' Bylaws.

Except to the extent provided in the next paragraph, TDS does not have any specific, minimum qualifications that the board believes must be met by a nominee for a position on the TDS board of directors, or any specific qualities or skills that the board believes are necessary for one or more of the TDS directors to possess. The TDS board believes that substantial judgment, diligence and care are required to identify and select qualified persons as directors and does not believe that it would be appropriate to place limitations on its own discretion, except to the extent provided in the next paragraph. The TDS board has consistently sought to nominate to the board of directors eminently qualified individuals whom the board believes would provide substantial benefit and guidance to TDS.

Considering the importance of Federal Communications Commission ("FCC") licenses to TDS, the TDS Bylaws include a qualification requirement providing that a candidate will not be eligible for election or continued service as a director unless he or she is eligible to serve as a director of a company that controls licenses granted by the FCC, as determined by the TDS Corporate Governance and Nominating Committee or the board of directors with the advice of counsel. Another qualification requirement provides that a candidate will not be eligible for election or continued service as a director if he or she is or becomes affiliated with, employed by or a representative of, or has or acquires a material personal involvement with, or material financial interest in, a Business Competitor (as defined in the TDS Bylaws), as determined by the TDS Corporate Governance and Nominating Committee or the board of directors. Another qualification requirement provides that a candidate will not be eligible for election or continued service as a director if, as determined by the TDS Corporate Governance and Nominating Committee or the board of directors with the advice of counsel, (i) such candidate's election as a director would violate federal, state or foreign law or applicable stock exchange requirements (other than those related to independence) or (ii) such candidate has been convicted, including a plea of guilty or nolo contendere, of any felony, or of any misdemeanor involving moral turpitude.

The TDS Corporate Governance and Nominating Committee does not have a policy with regard to the consideration of diversity in identifying director nominees. However, as reflected in its Code of Business Conduct, TDS values diversity and does not discriminate on the basis of gender, age, race, color, sexual orientation, religion, ancestry, national origin, marital status, disability, military or veteran status or citizenship status. In considering whether to nominate individuals as director candidates, the Corporate Governance and Nominating Committee takes into account all facts and circumstances, including diversity. For this purpose, diversity broadly means a variety of backgrounds, experience, skills, education, attributes, perspectives and other differentiating characteristics. TDS believes that it is desirable for a board to have directors who can bring the benefit of diverse backgrounds, experience, skills and other characteristics to permit the board to have a variety of views and insights. Accordingly, the Corporate Governance and Nominating Committee considers how director candidates can contribute to board diversity as one of the many factors it considers in identifying nominees for director.

Section 1.15 of the TDS Bylaws provides that a person properly nominated by a shareholder for election as a TDS director shall not be eligible for election as a director unless he or she signs and returns to the Secretary of TDS, within fifteen days of a request therefor, written responses to any questions posed by the Secretary, that are intended to (i) determine whether such person may qualify as independent and would qualify to serve as a director of TDS under rules of the FCC, and (ii) obtain information that would be disclosed in a proxy statement with respect to such person as a nominee for election as a director and other material information about such person.

Whether or not the Corporate Governance and Nominating Committee will recommend that the TDS board re-nominate, and the TDS board will re-nominate, existing directors for re-election depends on all facts and circumstances, including views on how the director has performed and is performing his or her duties. In the event of a vacancy on the board of a director elected by the Series A Common Shares and Preferred Shares, nominations are based on the recommendation of the trustees of the TDS Voting Trust. In the event of a vacancy on the board of a director elected by the Common Shares, TDS may use various sources to identify potential candidates, including an executive search firm. In addition, the Corporate Governance and Nominating Committee may consider recommendations by shareholders that hold a significant number of Common Shares. Potential candidates are initially screened by the

Corporate Governance and Nominating Committee and by other persons as the Corporate Governance and Nominating Committee designates. Following this process, the Corporate Governance and Nominating Committee will consider whether one or more candidates should be considered by the full board of directors. When appropriate, information about the candidate is presented to and discussed by the full board of directors.

All of the nominees approved by the TDS board for inclusion on TDS' proxy card for election at the 2012 Annual Meeting are executive officers and/or directors who are standing for re-election and were recommended for re-nomination by the Corporate Governance and Nominating Committee.

From time to time, TDS may pay a fee to an executive search firm to identify potential candidates for election as directors. TDS did not pay a fee in 2011 or 2012 to any third party or parties to identify or evaluate or assist in identifying or evaluating potential new nominees for election as directors at the 2012 Annual Meeting.

Non-Management Directors and Shareholder Communication with Directors

As required by NYSE listing standards, the non-management directors of TDS meet at regularly scheduled executive sessions without management. The TDS Chairman of the Board, Walter C.D. Carlson, a non-management director, presides at all meetings of the non-management directors. In addition, as required by NYSE listing standards, the independent directors of TDS meet at least once per year in an executive session without management or directors who are not independent.

Shareholders or other interested parties may send communications to the TDS board of directors, to the Chairman of the Board, to the non-management directors or to specified individual directors of TDS at any time. Shareholders or other interested parties should direct their communication to such persons or group in care of the Secretary of TDS at its corporate headquarters, 30 N. LaSalle St., Suite 4000, Chicago IL 60602. Any shareholder communications that are addressed to the board of directors, the Chairman of the Board, the non-management directors or specified individual directors will be delivered by the Secretary of TDS to such persons or group.

For more information, see the instructions on TDS' website, *www.teldta.com*, under Corporate Governance Contacting the TDS Board of Directors.

TDS Policy on Attendance of Directors at Annual Meeting of Shareholders

All directors are invited and encouraged to attend the Annual Meeting of shareholders, which is normally followed by the Annual Meeting of the board of directors. In general, all directors attend the Annual Meeting of shareholders unless they are unable to do so due to unavoidable commitments or intervening events. All except one of the persons serving as directors at the time attended the 2011 Annual Meeting of shareholders.

Stock Ownership Guidelines

The TDS Corporate Governance Guidelines provide that "Within three years after (a) March 31, 2007 or (b) the date on which a Director first became a Director, whichever is later, and thereafter for so long as each Director remains a Director of the Company, each Director shall own Series A Common Shares, Common Shares and/or Special Common Shares of the Company having a combined value of at least $165,000. The Board will review this minimum ownership requirement periodically." The stock ownership guidelines are included in TDS' Corporate Governance Guidelines, which have been posted to TDS' website, *www.teldta.com*, under Corporate Governance Corporate Governance Guidelines.

Code of Business Conduct and Ethics Applicable to Directors

As required by Section 303A.10 of the NYSE Listed Company Manual, TDS has adopted a Code of Business Conduct and Ethics for Officers and Directors, as amended effective September 15, 2008. This code has been posted to TDS' internet website, *www.teldta.com*, under Corporate Governance Code of Business Conduct and Ethics for Officers and Directors.

EXECUTIVE OFFICERS

The following executive officers of TDS were identified in the above tables regarding the election of directors: LeRoy T. Carlson, Jr., President and Chief Executive Officer of TDS; and Kenneth R. Meyers, Executive Vice President and Chief Financial Officer of TDS. In addition to the executive officers identified in the tables regarding the election of directors, set forth below is a table identifying current officers of TDS and its subsidiaries who are executive officers of TDS under SEC rules. Unless otherwise indicated, the position held is an office of TDS. The age of the following persons is as of the date of this Proxy Statement.

Name	Age	Position
LeRoy T. Carlson	95	Chairman Emeritus
Mary N. Dillon	50	President and Chief Executive Officer of United States Cellular Corporation
David A. Wittwer	51	President and Chief Executive Officer of TDS Telecommunications Corporation
Joseph R. Hanley	45	Senior Vice President Technology, Services and Strategy
Peter L. Sereda	53	Senior Vice President Finance and Treasurer
Douglas D. Shuma	51	Senior Vice President and Controller
Kurt B. Thaus	53	Senior Vice President and Chief Information Officer
Scott H. Williamson	61	Senior Vice President Acquisitions and Corporate Development
C. Theodore Herbert	76	Vice President Human Resources

LeRoy T. Carlson. LeRoy T. Carlson has been Chairman Emeritus of TDS (an executive officer of TDS) for more than five years. He is director emeritus of TDS and is a director of U.S. Cellular. Mr. Carlson's term as a director of U.S. Cellular expires at its 2012 annual meeting, but he will not stand for re-election as a director of U.S. Cellular at such meeting. Mr. Carlson will become director emeritus of U.S. Cellular effective May 15, 2012, following its 2012 annual meeting. Mr. Carlson is the father of LeRoy T. Carlson, Jr., Walter C.D. Carlson, Letitia G. Carlson, M.D. and Prudence E. Carlson.

Mary N. Dillon. Mary N. Dillon was appointed the President and Chief Executive Officer and a director of U.S. Cellular effective June 1, 2010. Prior to that, Ms. Dillon had been employed as Executive Vice President and Global Chief Marketing Officer of McDonald's Corporation, a global restaurant company (NYSE: MCD), since October 2005. Prior to joining McDonald's, Ms. Dillon had been employed by PepsiCo Corporation, a global beverage company (NYSE: PEP), for approximately five years, most recently as President of its Quaker Foods Division from September 2004 to September 2005.

David A. Wittwer. David A. Wittwer has been the President and Chief Executive Officer of TDS Telecom for more than five years.

Joseph R. Hanley. Joseph R. Hanley was appointed Senior Vice President Technology, Services and Strategy of TDS in March 2012. Prior to that, he was Vice President Technology Planning and Services of TDS for more than five years.

Peter L. Sereda. Peter L. Sereda was appointed Senior Vice President Finance and Treasurer of TDS on May 19, 2011. Prior to that time, Mr. Sereda was Vice President and Treasurer of TDS for more than five years.

Douglas D. Shuma. Douglas D. Shuma was appointed Senior Vice President and Controller (chief accounting officer) of TDS on September 1, 2007. Prior to that time, Mr. Shuma was a consultant at Douglas Financial Consultants, a private accounting consulting company that he founded, since 2006. Before that time, he was the Vice President and Controller of Baxter International Inc., a global supplier of medical instruments and supplies (NYSE: BAX), for more than five years. Mr. Shuma was appointed Chief Accounting Officer of U.S. Cellular and TDS Telecom in 2011. Mr. Shuma is a Certified Public Accountant (inactive).

Kurt B. Thaus. Kurt B. Thaus has been the Senior Vice President and Chief Information Officer of TDS for more than five years.

Scott H. Williamson. Scott H. Williamson has been Senior Vice President Acquisitions and Corporate Development of TDS for more than five years.

C. Theodore Herbert. C. Theodore Herbert has been Vice President Human Resources of TDS for more than five years.

All of our executive officers devote all their employment time to the affairs of TDS and its subsidiaries.

Codes of Business Conduct and Ethics Applicable to Officers

As required by Section 303A.10 of the NYSE Listed Company Manual, TDS has adopted a Code of Business Conduct and Ethics for Officers and Directors, that also complies with the definition of a "code of ethics" as set forth in Item 406 of Regulation S-K of the SEC. The foregoing code has been posted to TDS' internet website, *www.teldta.com*, under Corporate Governance Code of Business Conduct and Ethics for Officers and Directors.

In addition, TDS has adopted a broad Code of Business Conduct that is applicable to all officers and employees of TDS and its subsidiaries. The foregoing code has been posted to TDS' internet website, *www.teldta.com*, under Corporate Governance TDS Code of Business Conduct.

TDS intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to any of the foregoing codes, by posting such information to TDS' internet website. Any waivers of any of the foregoing codes for directors or executive officers will be approved by TDS' board of directors or an authorized committee thereof, as applicable, and disclosed in a Form 8-K that is filed with the SEC within four business days of such waiver. There were no such waivers during 2011.

PROPOSAL 2
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

What am I being asked to vote on in Proposal 2?

In Proposal 2, we are requesting shareholders to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

How does the board of directors recommend that I vote on this proposal?

The board of directors unanimously recommends a vote **FOR** approval of the ratification of the selection of PricewaterhouseCoopers LLP as TDS' independent registered public accounting firm for the fiscal year ending December 31, 2012.

We anticipate continuing the services of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current year. Representatives of PricewaterhouseCoopers LLP, who served as our independent registered public accounting firm for the last fiscal year, are expected to be present at the Annual Meeting and will have the opportunity to make a statement and to respond to appropriate questions raised by shareholders at the Annual Meeting or submitted in writing prior thereto.

This proposal gives our shareholders the opportunity to express their views on TDS' independent registered public accounting firm for the current fiscal year.

Is this vote binding on the board of directors?

This vote is an advisory vote only, and therefore it will not bind TDS or our board of directors. We are not required to obtain shareholder ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm by our Bylaws or otherwise. However, we have elected to seek such ratification by the affirmative vote of the holders of a majority of the votes which could be cast by shares entitled to vote with respect to such matter at the Annual Meeting. Should the shareholders fail to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm, the Audit Committee will review whether to retain such firm for the fiscal year ending December 31, 2012.

Your board of directors unanimously recommends a vote "FOR" the approval of Proposal 2.

FEES PAID TO PRINCIPAL ACCOUNTANTS

The following sets forth the aggregate fees (including expenses) billed by TDS' principal accountants PricewaterhouseCoopers LLP for 2011 and 2010:

	2011	2010
Audit Fees (1)	$ 3,992,655	$ 3,857,302
Audit Related Fees (2)	244,207	292,032
Tax Fees (3)		
All Other Fees (4)	854,572	8,130
Total Fees	$ 5,091,434	$ 4,157,464

(1) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for professional services rendered for the audit of the annual financial statements for the years 2011 and 2010 included in TDS' and U.S. Cellular's Forms 10-K for those years and the reviews of the financial statements included in TDS' and U.S. Cellular's Forms 10-Q for those years, including the attestation and report relating to internal control over financial reporting. Also includes fees for services that are normally incurred in connection with statutory and regulatory filings or engagements, such as comfort letters, statutory audits, attest services, consents, and review of documents filed with the SEC.

(2) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for assurance and related services that are reasonably related to the performance of the audit or review of TDS' and U.S. Cellular's financial statements that are not reported under Audit Fees. In 2011 and 2010, this amount represents fees billed for audits of subsidiaries.

(3) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for 2011 and 2010 for tax compliance, tax advice, and tax planning, if any.

(4) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for services, other than services described in Notes (1), (2) and (3). In 2011, the substantial majority of this amount represents Systems Implementation Assessment advisory work relating to U.S. Cellular's new billing and operational support system (B/OSS) project. In both 2011 and 2010, this amount includes the fee for access to a virtual accounting research service.

See "Corporate Governance Audit Committee Pre-Approval Procedures" above for a description of the Audit Committee's pre-approval policies and procedures with respect to TDS' independent registered public accounting firm.

AUDIT COMMITTEE REPORT

This report is submitted by the current members of the Audit Committee of the board of directors of TDS. The Audit Committee operates under a written charter adopted by the TDS board of directors, a copy of which is available on TDS' website, *www.teldta.com*, under Corporate Governance Board Committee Charters.

Management is responsible for TDS' internal controls and the financial reporting process. TDS has an internal audit staff, which performs testing of internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of TDS' consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In this context, the Audit Committee held meetings with management, the internal audit staff and representatives of PricewaterhouseCoopers LLP, TDS' independent registered public accounting firm for 2011. In these meetings, the Audit Committee reviewed and discussed the audited financial statements as of and for the year ended December 31, 2011. Management represented to the Audit Committee that TDS' consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and representatives of PricewaterhouseCoopers LLP.

The discussions with PricewaterhouseCoopers LLP also included the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standard, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, relating to information regarding the scope and results of the audit. The Audit Committee also received from PricewaterhouseCoopers LLP written disclosures and a letter regarding its independence as required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and this information was discussed with PricewaterhouseCoopers LLP.

Based on and in reliance upon these reviews and discussions, the Audit Committee recommended to the board of directors that the audited financial statements as of and for the year ended December 31, 2011 be included in TDS' Annual Report on Form 10-K for the year ended December 31, 2011.

By the members of the Audit Committee of the board of directors of TDS:

George W. Off Chairperson	Clarence A. Davis	Donald C. Nebergall	Mitchell H. Saranow	Herbert S. Wander

PROPOSAL 3
ADVISORY VOTE ON EXECUTIVE COMPENSATION

What am I being asked to vote on in Proposal 3?

In Proposal 3, we are providing shareholders with a vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement pursuant to compensation disclosure rules set forth in Item 402 of Regulation S-K of the SEC (which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure). This vote has been required to be submitted to shareholders since 2011 pursuant to SEC rules adopted under provisions in the Dodd-Frank Act codified in Section 14A of the Securities Exchange Act of 1934, as amended. The advisory vote on executive compensation described in this proposal is commonly referred to as a "Say-on-Pay" vote.

TDS is required to request shareholders to vote, on an advisory basis, on the frequency of holding Say-on-Pay votes, commonly referred to as a "Say-on-Frequency" vote, at least once every six years. TDS held a Say-on-Frequency vote at the 2011 Annual Meeting. At that meeting, shareholders voted by a substantial majority to hold Say-on-Pay votes every year. Based on the results of the Say-on-Frequency vote in 2011, the TDS board of directors adopted a policy to hold the Say-on-Pay vote every year, as was previously disclosed in TDS' Current Report on Form 8-K dated May 19, 2011. Accordingly, TDS is holding a Say-on-Pay vote in 2012 and will continue to hold a Say-on-Pay vote every year going forward unless and until this policy is changed. TDS intends to next submit the Say-on-Frequency proposal to shareholders at the 2017 Annual Meeting of shareholders.

How does the board of directors recommend that I vote on this proposal?

The board of directors unanimously recommends a vote **FOR** approval of the Say-on-Pay proposal.

TDS believes that its executive compensation program is reasonable, competitive and strongly focused on pay for performance.

TDS' compensation objectives for executive officers are to support the overall business strategy and objectives, attract and retain high-quality management, link compensation to both individual and company performance, and provide compensation that is both competitive and consistent with our financial performance.

Consistent with these goals and as disclosed in the Compensation Discussion and Analysis, the Compensation Committee has developed and approved an executive compensation philosophy to provide a framework for TDS' executive compensation program featuring the policies and practices described in the Executive Summary of the Compensation Discussion and Analysis below.

This proposal gives our shareholders the opportunity to express their views on the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement.

Is this vote binding on the board of directors?

The Say-on-Pay vote is an advisory vote only, and therefore will not bind TDS or our board of directors. However, the board of directors and the Compensation Committee will consider the voting results as appropriate when making future decisions regarding executive compensation.

The results of the Say-on-Pay vote will be disclosed on a Form 8-K.

The next Say-on-Pay vote will occur at the 2013 Annual Meeting of shareholders.

Your board of directors unanimously recommends a vote "FOR" approval of Proposal 3.

EXECUTIVE AND DIRECTOR COMPENSATION

The following discussion and analysis of our compensation practices and related compensation information should be read in conjunction with the Summary Compensation Table and other tables included below, as well as our financial statements and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Compensation Discussion And Analysis

This Compensation Discussion and Analysis discusses the compensation awarded to, earned by, or paid to the executive officers identified in the Summary Compensation Table.

Executive Summary

TDS provides wireless, Internet, telephone and broadband communications services in 36 states through its primary business units, U.S. Cellular and TDS Telecom. At December 31, 2011, TDS served 5.9 million U.S. Cellular customers and 1.1 million TDS Telecom equivalent access lines. U.S. Cellular accounted for 84% of TDS' revenues in 2011, TDS Telecom accounted for 15%, and other non-reportable segments accounted for 1%.

TDS and its business units operate in the highly competitive telecommunications industry. As the companies continue to position themselves to compete aggressively for customers, TDS has placed greater emphasis on company performance in the executive bonus structure, as follows:

- Prior to 2010, the bonus structure was based 60% on individual performance and 40% on company performance.
- Bonuses related to 2010 reflected a 55% individual and 45% company performance structure.
- Bonuses related to 2011 are based equally on individual and company performance.

Compensation Philosophy and Objectives

TDS and its business units are committed to providing the very best in customer satisfaction, achieving long-term profitable growth, and building the high-quality teams required to make this possible. As such, we focus on operating in a fiscally responsible manner, and on recruiting and retaining talented employees who believe in the company's values and long-term perspective.

TDS' compensation objectives for executive officers are to support the overall business strategy and objectives, attract and retain high-quality management, link compensation to both individual and company performance, and provide compensation that is both competitive and consistent with our financial performance.

Highlights of the TDS Compensation Programs:

- We have a Compensation Committee, comprised solely of independent directors, that reviews and approves the salaries, bonuses and long-term compensation of executive officers (other than the President and Chief Executive Officer of U.S. Cellular).
- We develop our compensation programs to motivate executive officers to act in the best long-term interest of TDS.

We benchmark our executive officer compensation levels using market data supplied by our Compensation Committee's independent compensation consultant, Compensation Strategies, Inc., and by our compensation consultant, Towers Watson.

A major compensation goal is to provide compensation and benefit programs that are both attractive and fiscally responsible.

We provide few perquisites or "perks" to our officers.

We don't enter into employment contracts as a general practice.

We endeavor to conform with generally accepted compensation practices as defined by leading proxy advisory firms.

Our executive bonus program is appropriately balanced between individual and company performance. In 2011, we adjusted the company performance portion of our executive bonus program so that 70% of the target bonus for company performance is based on a quantitative calculation of the company's financial performance, and 30% is based on a qualitative assessment of the company's performance with respect to enhancing its longer term value and success.

As a general practice, we do not enter into agreements to provide substantial termination benefits, such as "golden parachutes".

2011 Compensation

Our executive officers' compensation is comprised of a mix of base salary, annual cash bonuses and equity-based, long-term incentive awards.

When setting base salaries, we consider the benchmarking analyses performed by our compensation consultants, the executives' personal accomplishments and their overall contribution to the success of the organization. Please refer to the detailed description of those considerations for each named executive under "Compensation Discussion and Analysis Annual Cash Compensation Base Salary".

Bonus awards are based on a combination of company and individual performance. For 2011, the weighting was based 50% on individual performance and 50% on company performance. As to company performance, using both quantitative (70%) and qualitative (30%) assessments designed to provide a balanced approach to measuring performance for both U.S. Cellular (weighted at 75%) and TDS Telecom (weighted at 25%), we determined that the company performance portion of the TDS bonus would be paid at 93.9% of the targeted amount. Please refer to a description of TDS' performance under "Compensation Discussion and Analysis Company Performance" and a description of each named executive officer's bonus under "Compensation Discussion and Analysis Annual Cash Compensation Bonus".

Long-term compensation awards for executive officers are based, in part, on company and individual performance, with the goal of increasing long-term company performance and shareholder value. Stock options, restricted stock units and bonus match units generally vest over several years, to reflect the goal of relating long-term executive compensation to increases in shareholder value over the same period. Please refer to the detailed description of those considerations for each named executive officer under "Compensation Discussion and Analysis Long-Term Equity Compensation".

Corporate Governance

TDS endeavors to follow good corporate governance practices and other best practices. For instance, TDS has established a fully independent Compensation Committee, even though it is not required to do so under law, SEC regulations or NYSE listing requirements because it is a controlled company. Good corporate governance is also an important consideration to the Compensation Committee. TDS' commitment to good corporate governance has been recognized by *Forbes* and *Governance Metrics International* (GMI) who identified TDS as one of only 100 companies to be named *Most Trustworthy for 2012*. GMI analyzed more than 8,000 companies before selecting the top 100. TDS also made the list in 2009. For 2012, TDS had an accounting and governance risk score of 98 out of 100. Additional information relating to TDS' good corporate governance practices and other best practices is set forth below under "Corporate Governance and Best Practices."

Say-on-Pay Vote

As indicated above, TDS first included a Say-on-Pay vote in its Proxy Statement for its 2011 Annual Meeting with respect to 2010 compensation. Beginning in 2012, SEC rules require TDS to disclose whether and, if so, how it considered the results of the most recent Say-on-Pay vote in determining compensation policies and decisions and, if so, how that consideration has affected its executive compensation decisions and policies.

Responsive to the foregoing requirement, the Compensation Committee considered the fact that over 88% of the votes represented at the 2011 Annual Meeting that could be cast were cast FOR the Say-on-Pay proposal at the 2011 Annual Meeting of shareholders with respect to 2010 compensation. Because of the substantial support from shareholders, the Compensation Committee continued to apply principles that were substantially similar to those in 2010 in determining compensation policies and decisions and did not make any significant changes to TDS' executive compensation decisions and policies with respect to 2011 executive compensation as a result of the Say-on-Pay vote in 2011. The Compensation Committee will continue to consider the results of the annual Say-on-Pay votes in their future compensation policies and decisions.

Changes to Compensation Policies in 2011

Although not related to the Say-on-Pay vote, changes were made to certain executive compensation polices in 2011, as follows. For bonus awards relating to 2011 performance, the weighting was based 50% on individual performance and 50% on company performance, compared to 55% on individual performance and 45% on company performance for bonus awards relating to 2010 performance. In addition, as described below under "Company Performance," the method of calculating company performance for purposes of determining executive bonuses was changed to provide that (i) the quantitative calculation of financial performance for 2011 comprises 70% rather than 100% of the company performance portion of the bonus and is based on a weighting of the financial performance of U.S. Cellular (75%) and TDS Telecom (25%), and (ii) the remaining 30% is based on a weighting of the company performance of U.S. Cellular (75%) and TDS Telecom (25%), each as determined qualitatively and subjectively by LeRoy T. Carlson, Jr. in his capacity as Chairman of each of U.S. Cellular and TDS Telecom. A more detailed analysis of TDS' executive compensation decisions and policies in 2011 is set forth below.

Overview

TDS' compensation policies for executive officers are intended to provide incentives for the achievement of corporate and individual performance goals and to provide compensation consistent with the performance of TDS, utilizing good governance and other best practices, as discussed below.

TDS' policies establish incentive compensation performance goals for executive officers based on factors over which such officers have control and which are important to TDS' long-term success. TDS believes compensation should be related to the performance of TDS and should be sufficient to enable TDS to attract and retain individuals possessing the talents required for long-term successful performance. Nevertheless, although performance influences compensation and awards, all elements of compensation are discretionary and officers do not become entitled to any compensation or awards solely as a result of the achievement of performance levels. References to "CEO" below refer to the Chief Executive Officer and may refer to the President and CEO of TDS, U.S. Cellular or TDS Telecom, as indicated below. References to "CFO" below refer to the Chief Financial Officer of TDS.

The responsibilities of the TDS Compensation Committee include the review of salary, bonus, long-term compensation and all other elements of compensation of executive officers of TDS, other than officers of U.S. Cellular or any of its subsidiaries. For these purposes, "executive officers" means all officers that are employees who are or will be identified in TDS' proxy statement as "executive officers," including the President and CEO of TDS Telecom, except that the compensation of the President and CEO of U.S. Cellular is established and administered by U.S. Cellular's chairman and long-term incentive compensation committee, as described in the proxy statement of U.S. Cellular relating to its 2012 Annual Meeting of shareholders. Accordingly, except as expressly indicated below, the following discussion does not apply to Mary N. Dillon, the President and CEO of U.S. Cellular. Also, Ms. Dillon does not receive any awards with respect to TDS shares; all of her awards made by the U.S. Cellular long-term incentive compensation committee are with respect to Common Shares of U.S. Cellular (NYSE: USM).

The TDS Compensation Committee's charter provides that it will obtain advice and assistance from TDS' President and CEO and Vice President of Human Resources and from any other officer or employee of TDS, as it determines is appropriate. As discussed below, the Compensation Committee also utilizes the services of both an independent compensation consultant and TDS' compensation consultant.

The Compensation Committee has not delegated any of its authority with respect to any of the officers identified in the Summary Compensation Table. The Compensation Committee's charter, however, permits it to delegate some or all of the administration of the long-term incentive plans or programs to the TDS President and CEO or other executive officer of TDS as the committee deems appropriate, to the extent permitted by law and the applicable long-term incentive plan or program, but not regarding any award to the TDS President and CEO.

Corporate Governance and Best Practices

As noted above, TDS' commitment to good corporate governance has been recognized by *Forbes* and *Governance Metrics International* (GMI) who identified TDS as one of only 100 companies to be named *Most Trustworthy for 2012*. GMI analyzed more than 8,000 companies before selecting the top 100. TDS also made the list in 2009. For 2012, TDS had an accounting and governance risk score of 98 out of 100. GMI states that its quantitative and qualitative analysis looks beyond the raw data on companies' income statements and balance sheets to assess the true quality of corporate accounting and management practices. GMI finds that its 100 Most Trustworthy Companies have consistently demonstrated transparent and conservative accounting practices and solid corporate governance and management. GMI's evaluation identifies companies with good housekeeping practices that do not have unusual or excessive executive compensation, high levels of management turnover, substantial insider trading relative to their corporate peers, or high levels of short-term executive compensation, which encourages management to focus on short-term results.

Following good corporate governance and best practices is also an important consideration of the Compensation Committee. The following identifies a number of the good governance practices and other best practices adopted and followed by TDS, even though in many cases it is not required to do so under law, SEC rules or NYSE listing requirements as a controlled company:

(a) TDS' board of directors has a majority of independent directors.

(b) All directors are elected annually.

(c) TDS has adopted Corporate Governance Guidelines that are intended to reflect good corporate governance and best practices.

(d) TDS has established a Corporate Governance and Nominating Committee.

(e) The Corporate Governance and Nominating Committee operates under a formal charter and in a manner that is intended to reflect good corporate governance and best practices.

(f) The positions of (i) Chairman of the Board and (ii) President and Chief Executive Officer are separated.

(g) The TDS Audit Committee, which is comprised entirely of independent directors as required, operates under a formal charter and in a manner that is intended to reflect good corporate governance and best practices, in addition to compliance with all legal, regulatory and NYSE requirements.

(h) TDS has established a Compensation Committee comprised solely of independent directors, as identified and described below.

(i) The Compensation Committee operates under a formal charter and in a manner that is intended to reflect good corporate governance and best practices.

(j) The Compensation Committee's charter provides that the committee has the authority to engage advisors, the fees of which are paid by TDS.

(k) Pursuant to the foregoing authority, the Compensation Committee has retained and obtained the advice of Compensation Strategies, Inc., a provider of executive compensation consulting services, since 2008. Compensation Strategies is independent and does not have any other relationships with TDS or its affiliates.

(l) The Compensation Committee uses benchmark information supplied by Compensation Strategies in making executive officer compensation decisions.

In addition to being comprised solely of independent directors, the members of the Compensation Committee are highly experienced and eminently qualified: George W. Off, formerly chief executive officer and chairman of Checkpoint Systems, Inc. and of Catalina Marketing Corporation, has substantial experience as the principal executive officer of such public companies; Christopher D. O'Leary, currently executive vice president and chief operating officer international of General Mills, Inc., has many years of significant experience in senior management of large businesses with a large number of employees; Gary L. Sugarman, currently executive chairman of FXecosystem, Inc. and principal of Richfield Capital Partners and Richfield Associates, has substantial experience in management, acquisitions and business development of telecommunications companies; and Herbert S. Wander (chairperson) is a partner of Katten Muchin Rosenman LLP with a national reputation as a corporate and acquisitions lawyer and as a corporate governance expert.

Objectives and Reward Structure of TDS' Compensation Programs

The above Overview generally describes the objectives and reward structure of TDS' compensation programs. This section further discusses, with respect to the officers identified in the Summary Compensation Table, (1) the objectives of TDS' compensation programs and (2) what the compensation programs are designed to reward.

The objectives of TDS' compensation programs for executive officers are to:

- support TDS' overall business strategy and objectives;
- attract and retain high quality management;
- link individual compensation with attainment of individual performance goals and with attainment of business unit and TDS objectives; and
- provide competitive compensation opportunities consistent with the financial performance of TDS.

The primary financial focus of TDS as a consolidated enterprise is the increase of long-term shareholder value through growth, measured primarily in such terms as return on capital, revenues, customer units in service, operating cash flow (operating income plus depreciation, amortization and accretion) and operating income. Operating units of TDS may have somewhat different primary financial measures. TDS' compensation policies for executive officers are designed to reward the achievement of such corporate performance goals. However, there is no strict relationship between elements of compensation or total compensation and such measures of performance. Instead, compensation decisions are made subjectively by the Compensation Committee, considering certain performance measures, as well as all other appropriate facts and circumstances.

Each element of compensation and the total compensation of the named executive officers are determined on the basis of the committee's analysis of multiple factors rather than specific measures of performance. The Compensation Committee does not rely on predetermined formulas or a limited set of criteria when it evaluates the performance of the named executive officers.

TDS' compensation programs are designed to reward performance of TDS on both a short-term and long-term basis. With respect to the officers identified in the Summary Compensation Table, the design of compensation programs and performance rewarded is similar but with some differences for each of the named executive officers depending on such officer's position and responsibilities.

The Compensation Committee evaluates the performance of the President and CEO of TDS in light of the annual and ongoing objectives for TDS and for its primary business units and the attainment of those objectives, and sets the elements of compensation for the President and CEO of TDS based on such performance evaluation and compensation principles, as discussed below.

With respect to the other officers identified in the Summary Compensation Table, the Compensation Committee reviews management's evaluation of the performance of such executive officers and determines and approves the elements of compensation for such executive officers based on such performance evaluations and compensation principles and the Compensation Committee's own assessment on the performance of these officers, as discussed below.

Elements of Compensation

This section discusses, with respect to the officers identified in the Summary Compensation Table, (i) each element of compensation paid to such officers, (ii) why TDS chooses to pay each element of compensation, (iii) how TDS determines the amount or formula for each element of pay, and (iv) how each compensation element and TDS' decisions regarding that element fit into TDS' overall compensation objectives and affect decisions regarding other elements.

Each element of compensation paid to officers is as follows:

Annual Cash Compensation

- o Salary
- o Bonus

Long-term Equity Compensation pursuant to Long-Term Incentive Plans

- o Stock Awards
  - Bonus Stock Match Unit Awards
  - Restricted Stock Unit Awards
- o Stock Options

Other Benefits and Plans Available to Identified Officers

- o Deferred Compensation
- o Supplemental Executive Retirement Plan ("SERP")
- o Perquisites

Other Generally Applicable Benefits and Plans

- o Employee Stock Purchase Plan (terminated in 2011)
- o Tax-Deferred Savings Plan
- o Pension Plan
- o Post-Retirement Welfare Benefits
- o Health and Welfare Benefits during Employment

TDS has chosen to pay or provide these elements of compensation after considering common compensation practices of peers and other companies with similar characteristics, in order to support TDS' overall business strategy and objectives. TDS recognizes that it must compensate its executive officers in a competitive manner comparable to similar companies in order to attract and retain high quality management, attain or exceed business objectives and targeted financial performance and increase shareholder value. Executive compensation is intended to provide, in the judgment of the

Compensation Committee, an appropriate balance between the long-term and short-term performance of TDS, and also a balance between TDS' financial performance and shareholder return.

TDS does not have defined guidelines that determine the amount or formula for each element of pay. TDS also does not have defined guidelines that determine how each compensation element and decisions regarding that element fit into TDS' overall compensation objectives and affect decisions regarding other elements. TDS has no target levels for cash versus equity compensation. Instead, TDS establishes elements of compensation and determines how they fit together overall and in the manner described in the following discussion.

As noted above, the elements of executive compensation consist of both annual cash and long-term equity compensation. Annual cash compensation consists of base salary and an annual bonus. Annual compensation decisions are based partly on individual and corporate short-term performance and partly on the individual and corporate cumulative long-term performance during the executive's tenure in his or her position, particularly with regard to the President and CEO. Long-term equity compensation is intended to compensate executives primarily for their contributions to long-term increases in shareholder value and is generally provided through the grant of stock options and restricted stock units.

The Compensation Committee determines annually each executive officer's base salary, taking into consideration: (1) the appropriate salary range for the executive officer's position and responsibilities, (2) his or her performance during the preceding year, (3) his or her performance during the executive's tenure in the position, (4) TDS' and its business units' performance during the year compared to plan and compared with that of similar companies, (5) the recommendation of the President and CEO (with respect to executive officers other than the President and CEO) and (6) such other facts and circumstances as the committee may deem relevant. The Compensation Committee makes such determination considering the matters described below, including advice and information from its independent compensation consultant, Compensation Strategies, Inc. See Compensation Consultant below for information about Compensation Strategies.

In addition, the Compensation Committee determines annually the executive officer's bonus, taking into consideration: (1) the executive officer's performance during the preceding year, including contributions to TDS and its business units, and achievement of individual objectives, (2) TDS' and its business units' performance during the year compared to plan and compared with that of similar companies, (3) the achievement of important corporate and business unit objectives for the year, (4) the recommendation of the President and CEO (with respect to executive officers other than the President and CEO) and (5) such other facts and circumstances as the committee may deem relevant.

In general, other facts and circumstances that the Compensation Committee considers in determining the annual cash compensation of the named executive officers and/or that the President and CEO considers in his evaluation and recommendation to the Compensation Committee with respect to the named executive officers, other than the President and CEO, include the following: the fact that TDS is a public company; the publicly-available benchmark information of cash compensation of TDS' publicly-held peers and other publicly-held companies, as discussed below; the fact that TDS is primarily a regional competitor and that some of its competitors are national or global telecommunications companies that are much larger than TDS and possess greater resources than TDS; the fact that TDS is a controlled company; and the fact that the primary financial focus of TDS as a consolidated enterprise is the increase of long-term shareholder value through growth. Additional facts and circumstances considered with respect to the named executive officers are discussed below in the discussion relating to each such officer.

The Compensation Committee also determines long-term equity compensation awards to the identified executive officers under the TDS 2004 Long-Term Incentive Plan, which include options, restricted stock units and bonus match units, as discussed below. Grants of options, restricted stock units and bonus match units by TDS to the President and CEO and the other executive officers are generally made to all such officers at the same time in a particular year. In 2011, options and restricted stock units were granted on May 13, 2011. Bonus match units were granted on March 4, 2011 (the date that the related bonus was determined). TDS may also make grants of equity awards during other times of the year as it deems appropriate. All option, restricted stock unit and bonus match unit awards are expensed over the applicable vesting periods.

TDS does not backdate options or have any program, plan or practice to time the grant of awards in coordination with the release of material non-public information.

The Compensation Committee does not consider an officer's outstanding equity awards or stock ownership levels when determining the value of the long-term incentive award component of such officer's compensation. The Compensation Committee makes long-term incentive awards based on performance for a particular year and other considerations as described herein and does not consider outstanding equity awards and stock ownership to be relevant in connection therewith.

Risks Relating to Compensation to Executive Officers

TDS does not believe that the incentives in compensation arrangements maintained by TDS encourage executive officers to take unnecessary, excessive or inappropriate risks that could threaten the value of TDS, or that risks arising from TDS' compensation policies and practices for executive officers are reasonably likely to have a material adverse effect on TDS. Also, TDS does not believe that risks arising from TDS' compensation policies and practices for its employees, including non-executive officers, are reasonably likely to have a material adverse effect on TDS. See discussion under "Risks from Compensation Policies and Practices" below.

Compensation Consultant

Towers Watson is TDS management's primary compensation consultant. The Compensation Committee obtained the advice of this consultant as described below.

In 2011, the role of such compensation consultant in determining or recommending the amount or form of executive officer compensation was to provide external benchmarking data to TDS from its executive compensation survey database and to provide recommendations on the type and amount of compensation to be granted to officers.

The nature and scope of the assignment, and the material elements of the instructions or directions given to such consultant with respect to the performance of its duties under its engagement, were to make recommendations based on external benchmarking data obtained from its executive compensation survey database. See "Benchmarking" below.

In addition, the Compensation Committee's charter provides that the committee shall have the authority to engage advisors as it deems necessary to carry out its duties and that TDS shall provide appropriate funding, as determined by the Compensation Committee, for payment of any advisor retained by the committee, as well as ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties. Pursuant to such authority, the Compensation Committee has retained and obtained the advice of Compensation Strategies, Inc., a provider of executive compensation consulting services, since 2008. Compensation Strategies is independent and does not have any other relationships with TDS or its affiliates.

The role of Compensation Strategies in determining or recommending the amount or form of executive officer compensation, the nature and scope of the assignment, and the material elements of the instructions or directions given to such consultant with respect to the performance of its duties under its engagement, are to review TDS' various compensation elements and programs and to provide independent analysis and advice to the Compensation Committee for the purpose of evaluating such elements and programs. As discussed below under "Benchmarking", such compensation consultant conducted a competitive review of compensation levels of TDS executive officers in 2011 as a cross-check to the information provided by Towers Watson. In addition, Compensation Strategies reviewed the TDS 2011 Long-Term Incentive Plan and consulted with the Compensation Committee regarding the appropriate design and provisions of the TDS 2011 Long-Term Incentive Plan.

Other than to provide to the Compensation Committee the foregoing advice or recommendations on the amount or form of executive compensation, neither Compensation Strategies nor its affiliates provided any additional services to TDS or its affiliates or to the Compensation Committee in 2011. Accordingly, the work of Compensation Strategies does not raise any conflict of interest. Although the benchmarking provided by Towers Watson to the Compensation Committee possibly raises a conflict of interest due to the fact that Towers Watson is retained by TDS management and because Towers Watson also performs services other than advice and recommendations on the amount or form of executive compensation, which may include consulting on broad-based plans and the provision of non-customized benchmark data, this potential conflict of interest has been addressed by retaining and obtaining the advice of an independent compensation consultant, Compensation Strategies.

Neither Towers Watson nor Compensation Strategies provides any advice as to director compensation.

Benchmarking

TDS engages in benchmarking as described below.

For executive compensation purposes, market benchmark data is obtained from the Towers Watson Executive Compensation Database. For compensation decisions in 2011, data was obtained from the 2010 database. The database contained over 750 companies that represented a diverse range of companies across all industries, including companies from the telecommunications, retail, financial, electronics, pharmaceutical, manufacturing and consumer products sectors. This database was used to benchmark the ranges of annual cash compensation considered to be appropriate for the named executive officers, as discussed below. This database also was used to benchmark the equity compensation awards of the named executive officers, as discussed below. TDS believes this approach provides a reasonably accurate reflection of the competitive market for such elements of compensation necessary to retain current executives and attract future executives to positions at TDS. In addition, TDS believes this methodology is more statistically valid than solely benchmarking these elements of compensation to the limited number of companies in the peer group used for the Stock Performance Graph that is included in the TDS annual report to shareholders, as discussed below.

The identities of the individual component companies that are included in the Towers Watson database are neither disclosed to nor considered by TDS or the Compensation Committee. TDS and the Compensation Committee rely upon and consider to be material only the aggregated survey data prepared by Towers Watson. They do not obtain or consider information on the identities of the individual companies included in the survey in connection with any compensation decisions because this information is not considered to be material.

In 2011, the Compensation Committee also obtained peer group information from its independent compensation consultant, Compensation Strategies. In particular, in 2011, Compensation Strategies provided market data for a peer group for purposes of a competitive review of compensation levels of TDS' executive officers. This was done as a cross-check against the information provided by Towers Watson in connection with the approval of compensation in 2011.

For this cross-check in 2011, Compensation Strategies created an industry peer group that consisted of 14 publicly-traded companies of somewhat similar size to TDS from the telecommunications industry. The companies in this group were: CenturyLink, Cincinnati Bell, Frontier Communications, Global Crossing, IDT Corp., Leap Wireless International, Level 3 Communications, MetroPCS Communications, NII Holdings, Primus Telecommunication Group, Qwest Communications International, tw telecom, Windstream, and XO Holdings.

TDS also generally considers compensation arrangements at the companies in the peer group index included in the "Stock Performance Graph" that is included in the TDS annual report to shareholders, as discussed below, as well as other companies in the telecommunications industry and other industries, to the extent considered appropriate, based on similar size, function, geography or otherwise. This information is used to generally understand the market for compensation arrangements for executives, but is not used for benchmarking purposes.

TDS selected the Dow Jones U.S. Telecommunications Index, a published industry index, as its peer group for the Stock Performance Graph. As of December 31, 2010, the Dow Jones U.S.

Telecommunications Index was composed of the following companies: AboveNet Inc., American Tower Corp. (Class A), AT&T, CenturyLink, Cincinnati Bell, Crown Castle Communications Corp. Frontier Communications, Leap Wireless International, Leucadia National, Level 3 Communications, MetroPCS Communications, NII Holdings, Qwest Communications International, SBA Communications Corp., Sprint Nextel, Telephone and Data Systems (TDS and TDS.S), tw telecom (Class A), U.S. Cellular, Verizon Communications, Virgin Media and Windstream. As of December 31, 2011, Dow Jones deleted the following companies from this index: American Tower Corp. (Class A) and Qwest Communications International.

Company Performance

Each year, TDS calculates an overall percentage of TDS performance based on the performance of U.S. Cellular and TDS Telecom. The following shows TDS' level of achievement with respect to 2011.

TDS overall company performance for 2011 was 93.9% of target. This represents the average of the U.S. Cellular overall company performance of 88.1% and the TDS Telecom overall company performance of 111.0%, as weighted by the percentages specified below, calculated as follows:

		Formula	*U.S. Cellular*	*TDS Telecom*	*Total*
a	Weight		75%	25%	100%
	Business Unit Performance:				
b	Quantitative Financial Performance		76.6%	104.2%	N/A
c	Qualitative Company Performance		115.0%	127.0%	N/A
	Calculation of Overall Business Unit Performance:				
d	Quantitative Financial Performance	b X 70%	53.6%	72.9%	N/A
e	Qualitative Company Performance	c X 30%	34.5%	38.1%	N/A
f	Total	d + e	88.1%	111.0%	N/A
	Calculation of Weighted Company Performance:				
g	Weighted Quantitative Financial Performance	a × d	40.2%	18.3%	58.5%
h	Weighted Qualitative Company Performance	a × e	25.9%	9.5%	35.4%
	Total	g + h			93.9%

The method for determining company performance was changed from prior years. In prior years, the financial performance measures represented 100% of the company performance portion of the bonus, but the overall level of financial performance could be adjusted by LeRoy T. Carlson, Jr. in his capacity as Chairman of each of U.S. Cellular and TDS Telecom, on a discretionary basis. Beginning with the 2011 bonus paid in 2012, the level of financial performance is determined quantitatively based on financial performance measures, and comprises 70% rather than 100% of the company performance portion of the bonus. The targets used to determine quantitative financial performance could be adjusted to reflect unanticipated events. The remaining 30% is based on a weighting of the company performance of U.S. Cellular and TDS Telecom as determined qualitatively and subjectively by the Chairman thereof.

Performance of U.S. Cellular is discussed in the U.S. Cellular proxy statement. As noted therein, the final quantitative financial performance percentage for U.S. Cellular for 2011 was determined to be 76.6%. Also as noted in the U.S. Cellular proxy statement, the qualitative company performance percentage as determined by the Chairman of U.S. Cellular was 115.0%, resulting in an overall company performance percentage for U.S. Cellular of 88.1% as calculated above.

As calculated below, the quantitative financial performance percentage for TDS Telecom for 2011 was calculated to be 104.2%. The qualitative company performance percentage as determined by the Chairman of TDS Telecom was 127.0%, resulting in an overall company performance percentage for TDS Telecom of 111.0% as calculated above.

The following provides information on performance metrics and achievement of TDS Telecom with respect to 2011 that was used in calculating the quantitative financial performance for TDS Telecom. Financial information presented in the below table is based on the performance metrics established specifically for bonus purposes and may not agree with the segment financial information for TDS Telecom reported in TDS' 2011 Form 10-K, which is based on accounting principles generally accepted in the United States ("GAAP"), or with other publicly disclosed information.

Measurement	*Actual 2011 Results*	*2011 Target*	*Actual Results as a % of Target*	*Minimum Threshold Performance (as a % of Target)*	*Maximum Performance (as a % of Target)*	*Target Points*	*Actual Points Earned*	*% Achieved*
GROWTH								
Consumer Weighted RGUs (Revenue Generating Units)	221,819	243,170	91.2%	70%	130%	140	115	82.1%
Commercial Weighted RGUs	52,301	68,600	76.2%	70%	130%	140	73	52.1%
Revenue per Account	$ 138.43	$ 139.83	99.0%	90%	110%	110	103	93.6%
Hosted and Managed Services (HMS) Revenue	87.9%	100.0%	87.9%	70%	130%	50	38	76.0%
CUSTOMER SATISFACTION								
Consumer Weighted Churn*	1.487%	1.492%	99.7%	110%	90%	90	93	103.3%
Commercial Weighted Churn*	1.007%	1.139%	88.4%	120%	80%	90	142	157.8%
PRODUCTIVITY								
Cost to Provide Service per Weighted RGU*	$ 22.48	$ 23.22	96.8%	110%	90%	100	132	132.0%
General and Administrative (G&A) Expenses as a % of Revenue*	12.1%	11.8%	102.5%	110%	90%	100	85	85.0%
OVERALL PERFORMANCE								
Return on Capital (ROC)	4.73%	4.34%	109%	80%	120%	180	261	145.0%
						1,000	**1,042**	**104.2%**

* Lower actual amount is better.

If a metric does not meet the minimum threshold performance level, no target points are awarded with respect to such metric. If maximum performance or greater is achieved, 200% of the target points are awarded. As shown above, the minimum threshold was achieved with respect to each of the metrics, but was less than maximum performance in each case. As a result, the target points were prorated based on the formula included in the TDS Telecom bonus plan.

A total of 1,042 actual versus 1,000 target points were achieved and, as a result, the overall percentage achieved was 104.2%.

The qualitative company performance percentage as determined by the TDS Telecom Chairman was 127.0%. In arriving at this percentage, the Chairman considered a number of accomplishments by TDS Telecom management, including (i) achieving growth in managedIP and digital subscriber line (DSL) customers, (ii) controlling costs, (iii) achieving several successes with respect to the Hosted and Managed Services (HMS) business, (iv) preparing to launch Internet Protocol Television (IPTV) in new markets, (v) maintaining high net promoter scores and (vi) developing talented employees throughout TDS Telecom.

As a result, the overall percentage deemed to have been achieved by TDS Telecom for company performance with respect to 2011 was 111.0%, calculated as follows:

	Percentage of Performance	*Weight*	*Weighted Performance*
Quantitative Financial Performance	104.2%	70%	72.9%
Qualitative Company Performance	127.0%	30%	38.1%
			111.0%

Personal Objectives and Performance

In addition to TDS and/or business unit performance, the Compensation Committee may consider personal objectives and performance. There was no minimum level of achievement of any personal objectives that was required for any cash compensation decision. The assessment of the achievement of personal objectives is not formulaic, objective or quantifiable. Instead, the individual performance considerations are factors, among others, that are taken into account in the course of making subjective judgments in connection with compensation decisions.

The following summarizes the TDS corporate objectives and accomplishments applicable to the TDS President and CEO and the other TDS corporate executive officers in 2011. As discussed above, TDS corporate oversaw and achieved overall TDS performance for 2011 of 93.9% of target, representing the weighted average of the U.S. Cellular overall company performance of 88.1% and the TDS Telecom overall company performance of 111.0%. In addition, in 2011 TDS corporate: (i) contributed to and supported U.S. Cellular's efforts in developing an updated strategic plan under its new President and CEO; (ii) assisted the business units in developing sound strategies and programs to deliver high levels of customer satisfaction, growth, and a good return on investment, including U.S. Cellular's strategic initiatives and TDS Telecom projects; (iii) assisted the business units in identifying and exploring attractive business opportunities, including new services and products, and acquisitions, that will drive customer and revenue growth; (iv) assisted the business units in identifying and realizing additional cost savings from process improvements and other efficiency initiatives; (v) assisted U.S. Cellular in obtaining additional FCC spectrum at reasonable prices; (vi) worked with U.S. Cellular in successful legislative and rulemaking efforts relating to FCC spectrum auctions; (vii) worked with the business units to effectively plan and execute major 2011 technology deployments, particularly Long-Term Evolution (LTE) for U.S. Cellular and IPTV for TDS Telecom; (viii) assisted TDS Telecom in evaluating and acquiring additional attractive companies, resulting in the successful acquisition of OneNeck IT Services; (ix) oversaw and completed the refinancing of TDS and U.S. Cellular long-term debt at lower interest rates; (x) evaluated long-term growth opportunities and made presentations to the board of directors; (xi) recommended and effected a solution to the trading discount and low liquidity in the TDS Special Common Shares; (xii) improved the internal control structure and systems; and (xiii) assessed the TDS capital structure and presented findings to the board of directors.

The following summarizes the TDS Telecom objectives and accomplishments applicable to the TDS President and CEO and the TDS Telecom President and CEO in 2011. As discussed above, TDS Telecom overall company performance for 2011 was 111.0%. In addition, in 2011 TDS Telecom: (i) prepared to roll-out IPTV in initial markets, and introduced other new services to grow revenue; (ii) realized cost savings and improved customer interaction through new projects; (iii) provided access to broadband speeds of 25 Mb or greater to almost 25% of the incumbent local exchange carrier (ILEC) addresses; (iv) successfully integrated HMS acquisitions; (v) identified and evaluated potential acquisitions, resulting in the successful acquisition of OneNeck IT Services; (vi) took action to achieve growth plans for the HMS businesses; (vii) continued to work to maintain high customer satisfaction levels as measured by net promoter scores; (viii) worked to maintain legislative and regulatory support for programs and rules that benefit TDS Telecom and its customers; and (ix) prepared to successfully deploy stimulus funds to provide high speed data services to additional customers.

The U.S. Cellular objectives and accomplishments applicable to the TDS President and CEO and the U.S. Cellular President and CEO in 2011 are summarized in the U.S. Cellular 2012 proxy statement for the 2012 annual meeting of shareholders.

Annual Cash Compensation

Annual cash compensation decisions, consisting of base salary for the current year and bonus based on performance, are generally made concurrently by the Compensation Committee each year for each of the identified executive officers.

As part of the process of determining the appropriate elements of annual cash compensation for the named executive officers, the Compensation Committee is provided with information about the compensation of similar executive officers at other companies, including chief executive officers of companies, chief executive officers and chief operating officers of their principal business units, if available, chief financial officers and other officers with responsibilities comparable to the TDS named executive officers, as reported in proxy statements and salary surveys. The Compensation Committee also considers recommendations from the President and CEO of TDS regarding compensation for the named executives other than the President and CEO of TDS, each of which reports directly to him. The Vice President Human Resources prepares for the committee an analysis of compensation paid to similar executive officers of other comparable companies. See "Benchmarking" above.

Annually, the nature and extent of each executive officer's personal accomplishments and contributions for the year are determined, based on information submitted by the executive and by others familiar with his or her performance, including the President and CEO of TDS in the case of the named executive officers other than the President and CEO of TDS. The Compensation Committee evaluates the information in terms of the personal objectives established for such executive officer for the performance appraisal period.

The Compensation Committee also assesses how well TDS did as a whole during the year, as discussed above, and the extent to which the President and CEO of TDS believes the executive officers other than the President and CEO of TDS contributed to the results, as discussed below. With respect to executive officers having primary responsibility over a certain business unit or division of TDS, the Compensation Committee considers the performance of the business unit or division and the contribution of the executive officer thereto.

The Compensation Committee uses these sources and makes the determination of appropriate elements of compensation and ranges for such elements for such identified executive officers based on its informed judgment, using the information provided to it by the Vice President Human Resources, including information from Towers Watson. The Compensation Committee also considers information from its independent compensation consultant, Compensation Strategies. The elements of compensation and ranges for such elements are not based on any formal analysis nor is there any documentation of this decision making process.

The Compensation Committee also has access to numerous performance measures and financial statistics prepared by TDS. This financial information includes the audited financial statements of TDS, as well as internal financial reports such as budgets and actual results, operating statistics and other analyses. The committee may also consider such other factors as it deems appropriate in making its compensation decisions. No specific measures of performance or factors are considered determinative in the compensation of executive officers. Instead, all the facts and circumstances are taken into consideration by the Compensation Committee. Ultimately, it is the informed judgment of the committee, after reviewing the compensation information provided by the Vice President Human Resources, TDS' compensation consultant, Towers Watson, and its independent compensation consultant, Compensation Strategies, that determines the elements of compensation and total compensation for the executive officers.

The following shows certain considerations relating to compensation paid in 2011:

	LeRoy T. Carlson, Jr.	***Kenneth R. Meyers***	***Scott H. Williamson***	***David A. Wittwer***
Position at TDS	Director and President and CEO	Director and Executive Vice President and CFO	Senior Vice President Acquisitions and Corporate Development	Executive Officer
Position at U.S. Cellular	Director and Chairman	Director and Vice President and Assistant Treasurer	N/A	N/A
Position at TDS Telecom	Director and Chairman	Director	N/A	Director and President and CEO
Year Appointed to Current Officer Title at TDS (TDS Telecom for Mr. Wittwer)	1981 (President) and 1986 (CEO)	2007	1998	2006
Year Employed at TDS or its Subsidiaries	1968	1987	1995	1983
Primary Responsibilities	Primary responsibility for operations and performance of TDS and subsidiaries as TDS CEO	Primary responsibility for financial business and financial affairs of TDS and subsidiaries	Primary responsibility for acquisitions and corporate development of TDS and subsidiaries	Primary responsibility for operations and performance of TDS Telecom as TDS Telecom CEO
Overall Weighted Company Performance for 2011 (as applicable)				
U.S. Cellular	88.1%			
TDS Telecom	111.0%			111.0%
Combined	93.9%	93.9%	93.9%	

Base Salary

The base salary element of compensation of each officer is set within the range identified for this element based on an assessment of the responsibilities and the performance of such officer, also taking into account the performance of TDS and/or its business units or divisions, other comparable companies, the industry and the overall economy during the preceding year. Column (c), "Salary," of the below Summary Compensation Table includes the dollar value of base salary (cash and non-cash) earned by the identified executive officers during 2011, 2010 and 2009, whether or not paid in such year.

The following shows certain information relating to base salary in 2011 compared to 2010. In addition, the following discloses base salary in 2012 for information purposes. This will be reported in the Summary Compensation Table in the 2013 Proxy Statement.

	LeRoy T. Carlson, Jr.	***Kenneth R. Meyers***	***Scott H. Williamson***	***David A. Wittwer***
2010 Base Salary	$ 1,313,300	$ 632,500	$ 594,500	$ 513,000
2011 Base Salary				

	$	1,352,700	$	658,500	$	611,000	$	533,000
$ Increase in 2011	$	39,400	$	26,000	$	16,500	$	20,000
% Increase in 2011		3.0%		4.1%		2.8%		3.9%
2012 Base Salary approved in March 2012	$	1,352,700	$	658,500	$	611,000	$	550,000

The TDS Compensation Committee reviews the base salary and the amount of the bonus on a combined basis as described below under "Total Cash Compensation."

Bonus

TDS has established performance guidelines and procedures for awarding bonuses to certain officers (not including the President and CEO of each of TDS, U.S. Cellular and TDS Telecom). These guidelines and procedures, as amended and restated, were filed by TDS as Exhibit 10.3 to TDS' Form 8-K dated November 18, 2009. The guidelines provide that each year a specified percentage of an officer's bonus will be determined based on individual performance and that the remaining percentage will be based on company performance. For bonuses relating to 2011 performance that were paid in 2012, 50% of an officer's target bonus was based on the officer's individual performance and the remaining 50% was based on company performance. The guidelines provide that, to the extent and only to the extent that any bonus is paid for a performance year, such bonus shall be deemed to have been earned on December 31 of that performance year. In addition, the guidelines specify that, notwithstanding any other provision of the guidelines, 100% of the bonus is discretionary, and that negative discretion may be used to reduce the portion of any bonus calculated pursuant to the guidelines with respect to company performance. The guidelines also specify the officers to whom the guidelines apply, and specify which officers' bonuses are approved by the TDS Compensation Committee and which officers' bonuses are approved by the President and CEO of TDS (or such other TDS officer to whom the President and CEO of TDS delegates such authority). The guidelines also provide that any bonus awarded with respect to a performance year will be paid during the period commencing on the January 1 immediately following the performance year and ending on the March 15 immediately following the performance year.

In addition, TDS has established performance guidelines and procedures for awarding bonuses to the President and CEO of TDS. These guidelines and procedures were filed by TDS as Exhibit 10.2 to TDS' Form 8-K dated November 19, 2008. These guidelines and procedures provide that the Compensation Committee in its sole discretion determines whether an annual bonus will be payable to the President and CEO of TDS for a performance year and, if so, the amount of such bonus, and describe factors that may be considered by the committee in making such determination, including any factors that the committee in the exercise of its judgment and discretion determines relevant. The guidelines and procedures provide that no single factor will be determinative and no factor will be applied mechanically to calculate any portion of the bonus of the President and CEO. The entire amount of the bonus is discretionary. The guidelines and procedures provide that the President and CEO will have no right or expectation with respect to any bonus until the committee has determined whether a bonus will be paid for a performance year. The guidelines also provide that any bonus awarded with respect to a performance year will be paid during the period commencing on the January 1 immediately following the performance year and ending on the March 15 immediately following the performance year.

The guidelines and procedures for awarding bonuses to the President and CEO of TDS and other officers were amended effective January 1, 2009. These guidelines and procedures were filed by TDS as Exhibits to TDS' Form 8-K dated November 18, 2009. Prior to such amendments, such guidelines and procedures provided that bonuses were not earned until the date the bonus was paid. As a result, bonuses were not reported as earned in the Summary Compensation Table until the year in which bonuses were paid. Effective for 2009, the foregoing guidelines and procedures were amended to provide that, to the extent and only to the extent that any bonus is paid for a performance year, such bonus shall be deemed to have been earned on December 31 of that performance year. For accounting purposes, TDS had been accruing bonuses in the performance year as required by Generally Accepted Accounting Principles. The effect of the amendment to the guidelines and procedures was that, effective for the 2009 bonus year and bonus years thereafter, TDS reports bonuses in the performance year for purposes of the Summary Compensation Table in its Proxy Statement.

In addition, the President and CEO of TDS Telecom is a named executive officer of TDS. The TDS Telecom Chairman and TDS Compensation Committee have established guidelines and procedures for awarding bonuses to the President and CEO of TDS Telecom. These guidelines and procedures were filed as Exhibit 10.27 to TDS' Annual Report on Form 10-K for the year ended December 31, 2009. These guidelines and procedures provide that the TDS Telecom Chairman and TDS Compensation Committee in their sole discretion determine whether an annual bonus will be payable to the TDS Telecom President and CEO for a performance year and, if so, the amount of such bonus, and describe factors that may be considered by the TDS Telecom Chairman and TDS Compensation Committee in making such determination, including any factors that they in the exercise of their judgment and discretion determine relevant. The guidelines and procedures provide that no single factor will be determinative and no factor will be applied mechanically to calculate any portion of the bonus of the President and CEO of TDS Telecom. The entire amount of the bonus is discretionary. The guidelines and procedures provide that the President and CEO of TDS Telecom will have no right or expectation with respect to any bonus until the TDS Telecom Chairman and TDS Compensation Committee have determined whether a bonus will be paid for a performance year. The foregoing guidelines also provide that, to the extent and only to the extent that any bonus is paid for a performance year, such bonus shall be deemed to have been earned on December 31 of that performance year. The guidelines also provide that any bonus awarded with respect to a performance year will be paid during the period commencing on the January 1 immediately following the performance year and ending on the March 15 immediately following the performance year.

Summary of Bonus Payments

The following shows certain information with respect to each named executive officer relating to the bonus for 2011 performance (paid in 2012) showing the amount of bonus awarded as a result of the achievement of quantitative financial performance measures and the amount awarded on a qualitative and discretionary basis. As noted above under "Company Performance," the overall percentage achieved with respect to company performance for 2011 was determined to be 93.9%, comprised of weighted quantitative financial performance of 58.5% and weighted overall qualitative company performance of 35.4%.

		Formula	LeRoy T. Carlson, Jr.	Kenneth R. Meyers	Scott H. Williamson	David A. Wittwer
a	2011 base salary		$1,352,700	$ 658,500	$ 611,000	$ 533,000
b	Target bonus percentage (informal for Mr. Carlson and Mr. Wittwer)(1)		85%	60%	45%	60%
c	Target bonus for 2011	a × b	$1,149,795	$ 395,100	$ 274,950	$ 319,800
d	Percentage of 2011 target bonus based on company performance		N/A	50%	50%	N/A
e	Target bonus for company performance	c × d	N/A	$ 197,550	$ 137,475	N/A
f	Calculation of amount reported under "Non-Equity Incentive Plan Compensation" column based on weighted quantitative financial performance in 2011 of 58.5%	e × 58.5%	N/A	$ 115,567	$ 80,423	N/A
	Calculation of amount reported under "Bonus" column:					
g	Portion of bonus based on weighted overall qualitative company performance in 2011 of 35.4%	e × 35.4%	N/A	$ 69,933	$ 48,666	N/A
h	Amount of discretionary bonus based on individual performance		N/A	$ 312,200	$ 195,011	N/A
i	Discretionary bonus (1)		$574,900	N/A	N/A	$ 395,100
j	Subtotal of amount reported under "Bonus" column	g + h + i	$574,900	$ 382,133	$ 243,677	$ 395,100
	Total bonus for 2011 paid in 2012 (sum of amount reported under "Non-Equity Incentive Plan Compensation" column and amount reported under "Bonus" column)	f + j	$574,900	$ 497,700	$ 324,100	$ 395,100
k	Total bonus related to company performance (2)	f + g	N/A	$ 185,500	$ 129,089	N/A
	Total bonus related to company performance as a percentage of target	k / e	N/A	93.9%	93.9%	N/A

l	70% of target bonus for company performance relating to quantitative financial performance (2)	e × 70%	N/A	$ 138,285	$ 96,233	N/A
	Percentage of achievement of "Non-Equity Incentive Plan Compensation" (2)	f / l	N/A	83.6%	83.6%	N/A

(1) Unlike the bonus guidelines for other executive officers, which provide that a specified percentage of an officer's bonus will be determined based on quantitative financial performance measures (as described above) and that the remaining percentage will be discretionary based on overall company performance and on individual performance, the bonus guidelines for the President and CEO of TDS (LeRoy T. Carlson, Jr.) and the President and CEO of TDS Telecom (David A. Wittwer), do not provide such specificity and provide that the entire amount

of the bonus is discretionary. Accordingly, the entire amount of the bonus for each of LeRoy T. Carlson, Jr. and David A. Wittwer is reported under the "Bonus" column of the Summary Compensation Table.

(2)

See Note 1 under the "Grants of Plan-Based Awards" table below.

As indicated above, the TDS Compensation Committee approved the following amounts of total bonuses for the above named executive officers with respect to 2011:

	LeRoy T. Carlson, Jr.	*Kenneth R. Meyers*	*Scott H. Williamson*	*David A. Wittwer*
2011 Bonus Paid in 2012	$ 574,900	$ 497,700	$ 324,100	$ 395,100
Target Bonus	$ 1,149,795	$ 395,100	$ 274,950	$ 319,800
Percentage of Target Bonus	50%	126%	118%	124%

Mr. Carlson's informal target bonus with respect to the 2011 bonus paid in 2012 was 85% of his 2011 base salary of $1,352,700, or $1,149,795. Mr. Carlson's bonus of $574,900 was 50% of this target. The Compensation Committee assessed Mr. Carlson's bonus payment for 2011 based largely on the performance of TDS rather than on Mr. Carlson's individual performance. In the Compensation Committee's subjective judgment and based on its analysis and consultation with Compensation Strategies, it believes that Mr. Carlson's cash bonus for 2011 should be 50% of his target.

Mr. Meyers' bonus of $497,700 represents a bonus of approximately 93.9% of his target bonus for company performance and approximately 158% of his target bonus for individual performance. The individual performance percentage was based on the recommendation of the TDS President and CEO, based on his subjective judgment of Mr. Meyers' personal achievements and performance in 2011.

Mr. Williamson's bonus of $324,100 represents a bonus of approximately 93.9% of his target bonus for company performance and approximately 142% of his target bonus for individual performance. The individual performance percentage was based on the recommendation of the TDS President and CEO, based on his subjective judgment of Mr. Williamson's personal achievements and performance in 2011.

Mr. Wittwer's informal target bonus with respect to the 2011 bonus paid in 2012 was 60% of his 2011 base salary of $533,000, or $319,800. As described above, TDS Telecom's overall company performance for 2011 was 111% of target. Mr. Wittwer's bonus of $395,100 was approximately 124% of his target for 2011. This primarily reflects TDS Telecom's overall company performance of 111% for 2011 and the TDS Telecom Chairman's and TDS Compensation Committee's subjective judgment of Mr. Wittwer's personal achievements and performance in 2011.

Total Cash Compensation

The following shows certain information relating to total cash compensation in 2011:

	LeRoy T. Carlson, Jr.	*Kenneth R. Meyers*	*Scott H. Williamson*	*David A. Wittwer*
Base Salary	$ 1,352,700	$ 658,500	$ 611,000	$ 533,000
2011 Bonus Paid in 2012	$ 574,000	$ 497,700	$ 324,100	$ 395,100
Total Cash Compensation in 2011	$ 1,926,700	$ 1,156,200	$ 935,100	$ 928,100

The amount reported above as Base Salary represents the 2011 base salary. As indicated above, except for David A. Wittwer, the Compensation Committee did not change the base salaries of the other named executive officers for 2012 and, accordingly, the above amounts are the same as the base salaries that were approved for 2012 for such officers. The Compensation Committee, based on its analysis and consultation with Compensation Strategies, believes that total cash compensation paid to TDS executive officers is in line with TDS' peers, but that more of the total cash compensation should be reflected in bonus and less in salary. In the past, the Compensation Committee has moved in this direction and determined that for 2012 it would not award salary increases (except for David A. Wittwer) and that it would place more emphasis on the cash bonus award.

The basis of the Compensation Committee for the above levels of compensation are as follows:

Mr. Carlson's total cash compensation represents the Compensation Committee's subjective view of the appropriate total cash compensation considering Mr. Carlson's responsibilities, the performance of TDS and its subsidiaries and Mr. Carlson's performance as President and CEO.

Mr. Meyers' total cash compensation represents the Compensation Committee's subjective view of the appropriate total cash compensation considering the importance of Mr. Meyers' responsibilities, his performance at TDS since 2007, his long period of service to U.S. Cellular and TDS and his extensive experience with and knowledge of U.S. Cellular and TDS and the telecommunications industry.

Mr. Williamson's total cash compensation represents the Compensation Committee's subjective view of the appropriate total cash compensation considering his many years of service, the importance of Mr. Williamson's responsibilities and his performance over a long period of time.

Mr. Wittwer's total cash compensation represents the Compensation Committee's subjective view of the appropriate total cash compensation considering the compensation of officers at comparable companies with similar responsibilities and the performance of TDS Telecom and Mr. Wittwer. The TDS Compensation Committee did award Mr. Wittwer an increase in his 2012 compensation of $17,000 effective March 1, 2012 largely as a result of his substantial responsibilities as the President and CEO of TDS Telecom and to bring him closer to the 50th percentile of the market.

Long-Term Equity Compensation

The Compensation Committee also determines long-term equity compensation awards for the named executive officers under the TDS long-term incentive plans. Prior to the effective time of the Reclassification discussed above, the Compensation Committee made awards under the TDS 2004 Long-Term Incentive Plan. After the effective time of the Reclassification, the Compensation Committee will make awards under the TDS 2011 Long-Term Incentive Plan.

The Compensation Committee may establish performance measures and restriction periods applicable to the award, and determine the form, amount and timing of each grant of an award, the number of shares of stock subject to an award, the purchase price or base price per share of stock associated with the award, the time and conditions of exercise or settlement of the award and all other terms and conditions of the award.

Although the Compensation Committee has the discretion to grant various awards, it generally only grants service-based restricted stock units and service-based options. In addition, officers may receive employer stock match awards in connection with deferred bonus as described below under "Information Regarding Nonqualified Deferred Compensation." The restricted stock units generally vest in full (cliff vesting) in December in the second year following the grant, subject to continued employment. Options are exercisable until the tenth anniversary of the date of grant, subject to continued employment. Options granted in 2011 become exercisable with respect to one-third of the number of shares subject to the option on each of the first, second and third anniversaries of the grant date.

With respect to long-term compensation, the Vice President Human Resources prepares for the Compensation Committee an analysis of long-term compensation paid to similar officers of comparable companies (see Benchmarking above). This information is presented to the committee, which approves the long-term compensation of the named executive officers in part based on such information. The committee also looks at the mix of salary, bonus and long-term incentive compensation, and obtains additional information from its compensation consultant, Compensation Strategies, as discussed above.

Long-term compensation awards for executive officers are based, in part, on company and individual performance, with the goal of increasing long-term company performance and shareholder value. Stock options, restricted stock units and bonus match units generally vest over several years, to reflect the goal of relating long-term executive compensation to increases in shareholder value over the same period. The President and CEO of TDS may recommend to the Compensation Committee long-term compensation in the form of stock option and restricted stock unit grants or otherwise for executive officers other than the President and CEO.

Performance is also a factor in determining the number of shares subject to awards made to the executive officers. The named executive officer receives an award of restricted stock units in the current year based primarily on the achievement of certain levels of corporate performance in the immediately preceding year, and an award of options in the current year based primarily on the achievement of certain levels of individual performance in the immediately preceding year.

Executive officers do not become entitled to any options or restricted stock units as a result of the achievement of any corporate or individual performance levels. The award of options and restricted stock units is entirely discretionary and the named executive officer has no right to any options or restricted stock units unless and until they are awarded. Pursuant to SEC rules, awards with respect to 2010 performance granted in 2011 are included in the Summary Compensation Table below as compensation earned in 2011. All awards are granted in consideration for future service over the vesting period of the award.

The named executive officers received an award of restricted stock units in 2011 based on the achievement of certain levels of corporate performance in 2010. Column (e), "Stock Awards," of the Summary Compensation Table includes the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718, Compensation Stock Compensation ("FASB ASC 718"). The grant date fair value of restricted stock units is calculated using the Black-Scholes valuation model.

The named executive officers also received an award of options in 2011 based on the achievement of certain levels of individual performance in 2010. Column (f), "Option Awards," of the Summary Compensation Table includes the aggregate grant date fair value computed in accordance with FASB ASC 718. The grant date fair value of stock options is calculated using the Black-Scholes valuation model.

Stock option awards are based on an assessment of the individual's performance for the prior year. The restricted stock unit awards are based on TDS or business unit performance for the prior year. For awards granted in 2011 based on 2010 performance, the percentages of the total target long-term incentive value are 60% for stock options and 40% for restricted stock units. The total target long-term incentive value is determined primarily by multiplying the officer's salary by a multiple. The multiple is determined by the officer's title and job responsibilities and the benchmarking data from Towers Watson. See "Benchmarking" above.

The value used for stock options and restricted stock units was determined using a binomial methodology based on the stock price for TDS Special Common Shares on April 26, 2011. The values calculated were $8.98 per TDS stock option and $25.03 per TDS restricted stock unit. This information was updated for the Compensation Committee by Compensation Strategies as of May 6, 2011. However, since there was no significant difference from the amounts calculated as of April 26, 2011, the values calculated on April 26, 2011 were used for purposes of making awards.

The following summarizes the option and restricted stock unit grants made by the Compensation Committee on May 13, 2011 to LeRoy T. Carlson, Jr., Kenneth R. Meyers, Scott H. Williamson and

David A. Wittwer. The multiples used were based on the information from Towers Watson for comparable positions at the companies included in the benchmarking data.

		Formula	*LeRoy T. Carlson, Jr.*	*Kenneth R. Meyers*	*Scott H. Williamson*	*David A. Wittwer*
a	2010 Salary		$ 1,313,300	$ 632,500	$ 594,500	$ 513,000
b	Multiple used		239%	225%	163%	205%