

TELEPHONE & DATA SYSTEMS INC /DE/
Form 424B3
March 12, 2008

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-125001

PROSPECTUS

TELEPHONE AND DATA SYSTEMS, INC.
SPECIAL COMMON SHARE
AUTOMATIC DIVIDEND REINVESTMENT
AND
STOCK PURCHASE PLAN
Special Common Shares
\$0.01 Par Value

The Special Common Share Automatic Dividend Reinvestment and Stock Purchase Plan, which we refer to in this Prospectus as the Plan, is sponsored by Telephone and Data Systems, Inc., a Delaware corporation, which we refer to as TDS, and relates to its Special Common Shares, par value \$.01 per share. The Special Common Shares are listed on the American Stock Exchange. The Plan provides eligible holders, as defined in the Plan, of TDS Special Common Shares with a systematic, economic and convenient method of investing cash dividends from such shares and/or limited optional cash payments in newly issued Special Common Shares without payment of any brokerage commission or service charge and, in the case of reinvested cash dividends, at a 5% discount from market value, as determined below. This Prospectus relates to 350,000 Special Common Shares covered by the Registration Statement of which this Prospectus is a part.

The TDS Special Common Shares have less voting power than Series A Common Shares and less voting power than TDS Common Shares on matters other than the election of directors. The Series A Common Shares, which have effective control of TDS, and the TDS Common Shares, are not being offered by this Plan. The holders of the TDS Series A Common Shares and TDS Common Shares each have their own Automatic Dividend Reinvestment Plan.

As a participant in the Plan, you may:

1. have cash dividends on all of your Special Common Shares automatically reinvested and you have the option of investing limited additional amounts by making optional cash payments, or

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2. have cash dividends on less than all of your Special Common Shares, but not less than 10 shares, automatically reinvested while continuing to receive the remainder of your cash dividends and you have the option of investing limited additional amounts by making optional cash payments, or

3. invest only by making optional cash payments of not less than \$10 per payment or more than \$5,000 per quarter.

The price for the Special Common Shares purchased with reinvested dividends will be 95% of the average daily high and low sales prices for the TDS Special Common Shares on the American Stock Exchange, listing symbol TDS.S, for a period of ten consecutive trading days ending on the trading day immediately preceding the day on which the purchase is made. The investment dates for reinvested dividends will be the dividend payment dates. The price of the Special Common Shares purchased with optional cash payments will be 100% of the average of the daily high and low sales prices for TDS Special Common Shares on the American Stock Exchange for a period of ten consecutive trading days ending on the trading day immediately preceding the day on which the purchase is made. The investment dates for optional cash payments will be the first business trading day of each month.

Investment in our Special Common Shares involves a number of risks. See section titled Risk Factors beginning on page 4 to read about certain factors you should consider before buying our Special Common Shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or has passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is March 12, 2008

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On January 17, 2008, the American Stock Exchange announced that it had entered into an agreement to be acquired by the New York Stock Exchange, subject to regulatory approvals. At this time, it is not known to what extent, if any, such an acquisition would affect TDS' listing or listing requirements. References herein to the American Stock Exchange include any successor thereto.

Safe Harbor Cautionary Statement

This Prospectus and the documents incorporated by reference herein contain statements that are not based on historical fact, including the words believes, anticipates, estimates, expects, plans, intends, and his statements constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the risks included or incorporated by reference under Risk Factors below.

Investors are encouraged to consider these and other risks and uncertainties that are discussed in documents filed by TDS with the Securities and Exchange Commission and incorporated by reference herein. TDS undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. Readers should evaluate any statements in light of these important factors.

SUMMARY OF THE PLAN

- **PARTICIPATION:** TDS record shareholders who own ten or more of TDS Special Common Shares can participate in the Plan by submitting a completed Enrollment Form. You may obtain Enrollment Forms from TDS Investor Relations at (312) 630-1900. If your shares are held in a brokerage account, you may participate by having your broker register a minimum of ten shares in the Plan. No action is required if you are already participating in the Plan.
- **REINVESTMENT OF DIVIDENDS:** You can reinvest your cash dividends on all or a portion of your Special Common Shares, but not less than ten shares, toward the purchase of additional shares of TDS stock without paying fees.
- **OPTIONAL CASH INVESTMENTS:** After you are enrolled in the Plan, you can buy additional TDS Special Common Shares without paying fees. You can invest a minimum of \$10 per payment up to a maximum of \$5,000 in any one quarter. You can pay by check payable to the Administrator for the Plan, and any optional cash payment received two business days before the Investment Date will be invested on the first business trading day of the next month.
- **PRICE FOR SHARES:** The price for the Special Common Shares purchased with reinvested dividends will be 95% of the average daily high and low sales prices for TDS Special Common Shares on the American Stock Exchange for a period of ten consecutive trading days ending on the trading day immediately preceding the day on which the purchase is made. The price of the Special Common Shares purchased with optional cash payments will be 100% of the average of the daily high and low sales prices for TDS Special Common Shares on the American Stock Exchange, for a period of ten consecutive trading days ending on the trading day immediately preceding the day on which the purchase is made.
- **INVESTMENT DATES:** The Investment Dates for reinvested dividends will be the dividend payment dates. The Investment Dates for optional cash payments will be the first business trading day of each month.
- **CERTIFICATE DEPOSITS:** You can deposit your TDS stock certificates representing the Special Common Shares on which you are having dividends reinvested under the Plan. There is no charge for this service. A certificate for any number of whole shares credited to an account will be sent to you, free of charge, upon written, telephone or Internet request.
- **WITHDRAWAL FROM THE PLAN:** You may withdraw from the Plan at any time by notifying the Administrator in writing, by telephone or through the Internet. A certificate for the whole Special Common Shares credited to your account, along with a cash payment for any fractional share, will be issued to you. Dividends paid after withdrawal from the Plan will be paid in cash directly to you, unless you elect to rejoin the Plan by submitting a new Enrollment Form.
- **TRACKING YOUR INVESTMENT:** You will receive a statement of your Plan account with respect to each month in which a transaction takes place. These statements provide details of the transactions and the share balance in your program account.
- **ADDRESS AND TELEPHONE.** The mailing address of TDS principal executive office is 30 N. LaSalle Street, Suite 4000, Chicago, IL 60602, and its telephone number is (312) 630-1900.

RISK FACTORS

Risks Related to Investment in Special Common Shares

The Special Common Shares have limited voting rights.

In the election of directors, holders of Special Common Shares vote together with the holders of Common Shares in the election of four of the twelve directors for the TDS Board of Directors. Holders of Special Common Shares are not entitled to vote in the election of eight of the twelve directors, which are elected by the holders of Series A Common Shares and TDS Preferred Shares. Currently, the TDS Voting Trust controls a majority of the voting power of TDS in the election of eight of the twelve directors of TDS.

In addition, holders of Special Common Shares do not have the right to vote with respect to matters other than the election of certain directors as described in the preceding paragraph, except as required by law. In general, only the affirmative vote of the holders of a majority of the outstanding voting power of the Series A Common Shares, Common Shares and TDS Preferred Shares which have voting rights will be required to amend the TDS Restated Certificate, approve the sale of substantially all of the assets of TDS, approve the dissolution of TDS or approve any other matter required to be voted on by shareholders, except as required under the TDS Restated Certificate of Incorporation or the Delaware General Corporation Law. Currently, the TDS Voting Trust controls a majority of the voting power of TDS in the election of matters other than the election of directors and in the election of eight of the twelve directors of TDS. Certain matters on which shareholders would vote could involve a divergence or the appearance of a divergence of the interests between the holders of classes of common stock. Holders of Special Common Shares would not have a vote in such matters except as required by law.

TDS will not require the approval of shareholders with respect to the possible future issuances of authorized Special Common Shares or other shares of TDS capital stock.

The authorized but unissued Special Common Shares (as well as all other classes of stock authorized by the TDS Restated Certificate of Incorporation) are available for issuance from time to time at the sole discretion of the TDS Board of Directors for any proper corporate purpose. The approval of the shareholders of TDS will not generally be sought by TDS for the issuance of authorized but unissued shares of any class of capital stock (or the reissuance of previously issued shares that have been reacquired by TDS) or securities of TDS that are convertible into or exercisable or exchangeable for such shares, unless deemed advisable by the TDS Board of Directors or required by applicable law, regulation or American Stock Exchange requirements.

TDS will not require the approval of holders of Special Common Shares to increase the authorized number of Special Common Shares or certain other shares of TDS capital stock.

As permitted by Delaware law, the TDS Restated Certificate of Incorporation permits the number of authorized shares of any class of capital stock, other than Series A Common Shares or Common Shares, but including the Special Common Shares and TDS Undesignated Shares, to be increased or decreased (but not below the number of shares then outstanding in such class, respectively), by the affirmative vote of the holders of a majority of the shares of capital stock of TDS entitled to vote with respect to matters other than the election of directors. This provision in the TDS Restated Certificate of Incorporation gives TDS flexibility to authorize additional Special Common Shares for use for any corporate purpose, without the need to obtain the approval of a majority of the Special Common Shares, by obtaining the approval of the holders of a majority of the voting power of the TDS Preferred Shares, Common Shares and Series A Common Shares, voting together as a single group. The TDS Voting Trust currently holds a majority of the voting power of TDS. This provision may allow TDS to authorize and issue Special Common Shares, or TDS Undesignated Shares, under circumstances which could facilitate the ability of the TDS Voting Trust to continue to exercise control over a majority of the voting power of TDS and, therefore, could limit the opportunity of shareholders of TDS to sell their shares at a premium over market prices or make it more difficult to replace the current TDS Board of Directors and management of TDS.

There is no assurance that TDS will continue to pay dividends.

Although TDS has paid dividends on its common stock in the past, there is no assurance that TDS will pay dividends at the same rate or at all in the future.

Risks Related to TDS Business

For a discussion of the risks related to TDS business, see Risk Factors in TDS most recent Annual Report on Form 10-K, as updated by TDS most recent Quarterly Report on Form 10-Q, which are incorporated by reference herein. See Where You Can Find More Information below.

TELEPHONE AND DATA SYSTEMS, INC.

TDS is a diversified telecommunications service company founded in 1969 and headquartered in Chicago, Illinois. TDS, through its subsidiaries, United States Cellular Corporation and TDS Telecommunications Corporation, provides wireless and wireline telecommunications services. TDS business development strategy is to expand its existing operations through internal growth and acquisitions and to explore and develop other telecommunications businesses that management believes will utilize TDS expertise in customer focused telecommunications services.

USE OF PROCEEDS

The number of Special Common Shares that will be sold under the Plan and the prices at which such shares will be sold cannot now be determined. The net proceeds from the sale of such shares will be used by TDS for general corporate purposes. Until the proceeds are used for these purposes, TDS may deposit them in interest-bearing accounts or invest them in certificates of deposit, United States Government securities or prime commercial paper.

SPECIAL COMMON SHARE AUTOMATIC DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The following is a question and answer statement of the provisions of TDS Special Common Share Automatic Dividend Reinvestment and Stock Purchase Plan, which we refer to as the Plan. Questions and Answers 1 through 35 both explain and constitute the Plan.

PURPOSE

1. What Is The Purpose Of The Plan?

The purpose of the Plan is to provide eligible holders, as defined in the Answer to Question 4, of TDS Special Common Shares, with a systematic, economic and convenient method of investing cash dividends from such shares and/or limited optional cash payments in Special Common Shares of TDS without payment of any brokerage commission or service charge, and, in the case of reinvested cash dividends, at a 5% discount from market value, as determined below. Since the additional Special Common Shares will be purchased directly from TDS, the Plan

will provide TDS with additional capital funds.

ADVANTAGES

2. What Are The Advantages Of The Plan?

You may purchase Special Common Shares of TDS with cash dividends on all or less than all of your TDS Special Common Shares registered in your name, but not less than 10 shares. See the Answer to Question 4. You may also purchase Special Common Shares as often as monthly with optional cash payments of not less than \$10 per payment, nor more than an aggregate of \$5,000 per quarter. The price of Special Common Shares purchased with cash dividends will be 95% of market value as set forth in the Answer to Question 13, and the price of Special Common Shares purchased with optional cash payments will be 100% of market value as set forth in the Answer to Question 13.

No commission or service charge is paid by participants in connection with purchases under the Plan. Full investment of funds is possible under the Plan because the Plan permits fractions of shares, as well as full shares, to be credited to participants' accounts. In addition, dividends in respect of such fractions, as well as in respect of full shares, will be credited to participants' accounts and reinvested in TDS Special Common Shares under the Plan. The retention of Special Common Shares credited to a participant's account is assured since certificates for such shares are not issued unless requested by the participant. Regular statements of account will provide simplified record keeping.

ADMINISTRATION

3. Who Administers The Plan?

Computershare Trust Company, N.A. (Administrator) administers the Plan. The Administrator keeps a continuing record of each participant's account, sends periodic statements of account to each participant with respect to each month in which a transaction takes place and performs other duties relating to the Plan. Special Common Shares of TDS purchased under the

Plan will be registered in the name of the Administrator or its nominee, as Administrator for each participant in the Plan, and will be credited to the accounts of the respective participants. Should the Administrator resign, another bank will be asked to serve as the Administrator. All communications regarding the Plan should be sent to the Administrator addressed as follows:

In writing: Telephone and Data Systems, Inc.
Special Common Share Automatic Dividend Reinvestment and Stock Purchase Plan
c/o Computershare Trust Company, N.A.
P.O. Box 43078
Providence, RI 02940-3078

By telephone: 877/337-1575 (U.S. and Canada)
312/360-5337 (Outside U.S. and Canada)

Through the Internet: www.computershare.com

Administrator also acts as dividend disbursing and transfer agent for TDS Special Common Shares.

PARTICIPATION

4. Who Is Eligible To Participate?

Holders of record of ten or more of TDS Special Common Shares are eligible to participate in the Plan. Beneficial owners of Special Common Shares which currently are registered in names other than their own, for example, in the name of a broker or bank nominee, who wish to participate in the Plan must either make appropriate arrangements for their nominee to do so or must become security owners of record by having a minimum of ten shares to participate in the Plan transferred into their own name.

All holders of record of ten or more of the above securities are eligible to participate in the Plan, unless they are citizens of a state or foreign jurisdiction in which it would be unlawful for TDS to allow such participation. TDS is not aware of any jurisdiction in which the making of the offer is not in compliance with valid applicable law. If TDS becomes aware of any jurisdiction in which the making of the offer would not be in compliance with valid applicable law, TDS will make a good faith effort to comply with any such law. If, after such good faith effort, TDS cannot comply with any such law, the offer will not be made to holders of shares residing in any such jurisdiction. In those jurisdictions whose securities or blue sky laws require the offer to be made by a licensed broker or dealer, the offer shall not be deemed to be made unless it is made on behalf of TDS by one or more registered brokers or dealers which are licensed under the laws of such jurisdiction, as may be designated by TDS.

5. How Does An Eligible Shareholder Participate?

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An eligible shareholder may join the Plan at any time by signing an Enrollment Form and returning it to the Administrator. An Enrollment Form and envelope may be obtained by written, telephone or Internet request to the Administrator at the above listed contact information or by writing or calling TDS as follows:

Telephone and Data Systems, Inc.

Special Common Share Automatic Dividend Reinvestment and Stock Purchase Plan

30 N. LaSalle St., Suite 4000

Chicago, Illinois 60602

Attn: Investor Relations - Telephone: 312/630-1900

6. When Does An Eligible Shareholder s Participation Start?

If an Enrollment Form directing dividend reinvestment is received from a Special Common Shareholder by the record date of the next dividend payment, that dividend will be applied to the purchase of Special Common Shares under the Plan. If the Enrollment Form directing dividend reinvestment is received after that date, dividend reinvestment will begin with the next succeeding payment. Cash dividends are ordinarily paid in March, June, September and December.

For example, if TDS Board of Directors establishes June 30 as the payment date and June 15 as the record date for a Special Common Share cash dividend, then in order to reinvest the dividends payable on June 30 in new Special Common Shares under the Plan, a Special Common Shareholder s Enrollment Form must be received by the Administrator no later than June 15.

7. Can I Purchase Shares with Optional Cash Payments?

Optional cash payments may be made at any time upon or after enrollment in the Plan and will be used to purchase new Special Common Shares for the participant's account under the Plan as set forth in the Answers to Questions 12, 13, 15, 16, 17 and 18.

8. What Does The Enrollment Form Provide?

The Enrollment Form provides for the purchase of new Special Common Shares through the following investment options offered under the Plan:

Full Reinvestment - Cash dividends on all Special Common Shares held of record by an eligible shareholder will be invested at 95% of market value - see the Answer to Question 13. Optional cash payments of at least \$10 per payment may also be invested at 100% of the market value, up to an aggregate of \$5,000 per quarter.

Partial Reinvestment - Cash dividends on less than all of the shares, but not less than 10 whole shares, held of record by an eligible shareholder will be invested at 95% of market value - see the Answer to Question 13- and the shareholder will continue to receive cash dividends on the other shares, which include certificated and/or shares credited to his or her account under the Plan. Optional cash payments of at least \$10 per payment may also be invested at 100% of the market value, up to an aggregate of \$5,000 per quarter.

Optional Payments Only - Optional cash payments may be made of not less than \$10 per payment and not more than an aggregate of \$5,000 per quarter at 100% of the market value - see Answer to Question 13.

Depending on a participant's designation, cash dividends on Special Common Shares credited to the participant's account under the Plan, including fractional shares, are automatically reinvested to purchase additional Special Common Shares no matter which option is chosen. The Enrollment Form also serves to appoint Computershare Trust Company, N.A. as Administrator for the participant.

If a shareholder has more than one stock account pursuant to which he or she is eligible to participate in the Plan see the Answer to Question 4, a separate Enrollment Form is required for each account that he or she wishes included in the Plan.

9. **Is Partial Participation Possible Under The Plan?**

Yes. An eligible shareholder who desires the dividends on only some of his or her full Special Common Shares to be invested under the Plan may indicate such number of shares upon the applicable Enrollment Form(s) under Partial Dividend Reinvestment provided that in no event may an eligible shareholder elect to invest dividends on less than ten such shares - see Answer to Question 4.

10. **May A Participant Change His Or Her Method Of Participation After Enrollment?**

Yes. If a shareholder elects to participate pursuant to the optional cash payment option only but later decides to enroll in either the full or partial reinvestment option, a new Enrollment Form may be executed and returned to the Administrator. If a shareholder elects to participate through the reinvestment of dividends but later decides to change the number of shares, but not less than ten shares, for which dividends are being reinvested or to participate pursuant to the optional cash payment option only, a new Enrollment Form may be executed and returned to the Administrator. It should be remembered that, even if a shareholder is enrolled only pursuant to the optional cash payment option, the Administrator will reinvest dividends on all shares credited to the shareholder's Plan account in Special Common Shares.

PLAN OF DISTRIBUTION - COSTS

11. **How Will The Special Common Shares Be Distributed And Are There Any Expenses To Participants In Connection With Purchases Under The Plan?**

TDS will distribute the shares issued under the Plan for dividend reinvestment or optional purchases directly to shareholders by crediting their accounts under the Plan. Participants will incur no costs. There are no brokerage fees because Special Common Shares are purchased directly from TDS. All costs of administration of the Plan will be paid by TDS.

PURCHASES

12. **When Are The Purchase Or Investment Dates?**

Special Common Share Cash Dividends

The Investment Dates for Special Common Shares purchased under the Plan with cash dividends on Special Common Shares are the cash dividend payment dates. TDS usually pays cash dividends on its Common Shares in March, June, September and December and dividends on Special Common Shares will be paid at the same time.

Optional Cash Payments

The Investment Date for any optional cash payment is the first business day of each calendar month on which TDS Special Common Shares are traded on the American Stock Exchange.

13. **How Will The Purchase Price Of Special Common Shares Be Determined?**

Dividend Reinvestment Purchase Price

The price of Special Common Shares purchased with reinvested cash dividends will be 95% of the average daily high and low sales prices for TDS Special Common Shares on the American Stock Exchange for a period of ten consecutive trading days ending on the trading day immediately preceding the Investment Date. If there is no trading in the Special Common Shares reported on the American Stock Exchange for a substantial amount of time during any such trading period, the purchase price per share shall be determined by TDS on the basis of such market quotations as it shall deem appropriate. No Special Common Shares will be sold by TDS at less than the par value of such shares.

Optional Cash Payment Purchase Price

The price of Special Common Shares purchased with optional cash payments will be the average of the daily high and low sales prices for TDS Special Common Shares on the American Stock Exchange for a period of ten consecutive trading days ending on the trading day immediately preceding the Investment Date. If there is no trading in the shares reported on the American Stock Exchange for a substantial amount of time during any such trading period, the purchase price per share shall be determined by TDS on the basis of such market quotations as it shall deem

appropriate. No Special Common Shares will be sold by TDS at less than the par value of such shares.

14. **How Many Special Common Shares Will Be Purchased For Participants?**

The number of Special Common Shares to be purchased on an Investment Date will be determined by the amount of each participant's dividends, including dividends on Special Common Shares purchased under the Plan, and/or optional cash payments being invested and the applicable price of TDS' Special Common Shares. Each participant's account in the Plan will be credited with the number of Special Common Shares, including fractional shares computed to six decimal places, equal to the amount of the dividends being invested divided by 95% of the applicable purchase price and/or the total amount of any optional cash payments being invested divided by 100% of the applicable purchase price.

OPTIONAL CASH PAYMENTS

15. **How Is The Optional Cash Payment Applied To The Purchase Of Special Common Shares?**

Only shareholders who submit a signed Enrollment Form are eligible to make optional cash purchases. Optional payments received two business days before the Investment Date will be invested on the first business trading day of the next month. Optional payments not received two business days before the Investment Date will be deposited and invested at the next succeeding monthly optional cash payment Investment Date.

16. **How Are The Optional Cash Payments Made?**

The option to make cash payments of not less than \$10 per payment and not more than an aggregate of \$5,000 per quarter is available to each participant. Cash payments should be sent directly to the Administrator. Payments of less than \$10 or any amount over \$5,000 in the aggregate in any quarter will be returned to the shareholder. For example, if the Administrator receives optional cash payments of \$2,000 in January, \$1,500 in February and \$2,000 in March, the \$5,500 received for the quarter exceeds the \$5,000 limit. Therefore, \$500 will be refunded.

If any holders of record or beneficial owners are affiliates or acting in concert or as a group, based on the good faith judgment of TDS, such record holders or beneficial owners will be treated as one participant for purposes of the optional cash

payments under the Plan. Consequently, such group will be limited to cash payments of not more than an aggregate of \$5,000 per quarter. Any payments over \$5,000 in the aggregate in any quarter will be returned to such group. If such group does not properly designate how any optional cash payment up to \$5,000 per quarter should be allocated among persons in the group, such payment will also be returned. An affiliate of a person is a person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such person.

An optional cash payment may be made by a participant when enrolling by enclosing a check payable to Computershare Trust Company, N.A., Administrator for the Plan, with the Enrollment Form. Thereafter, optional cash payments may be made through the use of cash payment forms sent to participants as part of their statements. Cash, traveler's checks, money orders or third party checks are not accepted. The same amount of money need not be sent each quarter, and there is no obligation to make an optional cash payment each quarter.

17. **When Should The Optional Cash Payment Be Made?**

Optional cash payments will be invested on the first business trading day of each month - see the Answer to Question 12. ANY OPTIONAL CASH PAYMENT RECEIVED BY THE ADMINISTRATOR TWO BUSINESS DAYS BEFORE THE INVESTMENT DATE WILL BE INVESTED. IT IS SUGGESTED THAT THESE PAYMENTS SHOULD BE SENT TO THE ADMINISTRATOR NEAR IN TIME PRIOR TO TWO BUSINESS DAYS BEFORE THE INVESTMENT DATE. FUNDS THAT ARE NOT RECEIVED IN TIME WILL BE HELD UNTIL THE NEXT INVESTMENT DATE. INTEREST WILL NOT BE PAID BY THE ADMINISTRATOR ON OPTIONAL CASH PAYMENTS THAT ARE BEING HELD UNTIL THE NEXT INVESTMENT DATE.

18. **May Optional Cash Payments Be Returned To A Participant?**

Optional cash payments received by the Administrator will be returned to a participant upon written request by such participant received by the Administrator at least 48 hours prior to the Investment Date.

REPORTS TO PARTICIPANTS

19. **What Reports Will Be Sent To Participants In The Plan?**

Each participant in the Plan will receive a statement of his or her account with respect to each month in which a transaction takes place. These statements are a participant's continuing record of the cost of his or her purchases. Participants should retain these statements for income tax

purposes. Each statement will set forth the following information when applicable:

a. **The total number of Special Common Shares registered in the name of the participant which is participating in the Plan.**

b. **The total number of Special Common Shares which have been accumulated under the Plan by the participant but for which certificates have not been issued -See Answer to Question 21.**

c. **The following information for each transaction during the month and all transactions to date during the current year:**

- (i) **the amount of dividends, and/or optional cash invested;**
- (ii) **the price per Special Common Share for each transaction;**
- (iii) **the number of Special Common Shares purchased; and**
- (iv) **certain tax information.**

In addition, each participant will receive copies of communications sent to every other holder of TDS Special Common Shares, including communications with respect to the Annual Report to Shareholders, Notice of Annual Meeting of Shareholders and Proxy Statement, and IRS information on Form 1099 for reporting dividend income.

DIVIDENDS

20. Will Participants Be Credited With Dividends On Fractions Of Shares?

Yes. Participants will be credited with the amount of dividends attributable to fractions of shares in their accounts under the Plan and such dividends will be reinvested.

CERTIFICATES FOR SHARES

21. Will Certificates Be Issued For Special Common Shares Purchased Under The Plan?

Normally, certificates for TDS Special Common Shares purchased under the Plan will not be issued to participants. The number of Special Common Shares credited to a participant's account under the Plan will be shown on each statement of account mailed to the participant. This convenience protects against loss, theft, or destruction of stock certificates.

Certificates for any number of whole Special Common Shares credited to an account under the Plan will be issued upon the written, telephone or Internet request of the participant to the Administrator and issuance of such certificates will not terminate participation in the Plan. Any remaining full shares and fraction of a share will continue to be credited to the participant's Plan account.

Dividends on Plan Special Common Shares for which a participant requests and receives a certificate will be reinvested in TDS Special Common Shares at the 5% discount under the Plan and the Special Common Shares purchased therewith will be credited to the participant's Plan if the participant continues to own these Special Common Shares and has elected full dividend reinvestment of Special Common Shares on his or her current Special Common Share Enrollment Form. A participant who continues to own the Special Common Shares in question and desires to have the dividends on these shares reinvested in TDS Special Common Shares but who does not have an existing Enrollment Form for Special Common Shares or has elected only partial reinvestment of his or her Special Common Share dividends on the current Enrollment Form will have to execute a new Enrollment Form and return it to the Administrator as set forth in the Answer to Question 10. Otherwise, dividends on these Special Common Shares will not be reinvested in TDS Special Common Shares at the 5% discount as they were when they were held for the participant in the Plan. Rather, the dividends on the Special Common Shares in question will be paid to the Shareholder in cash.

Special Common Shares credited to the account of a participant under the Plan may not be pledged as collateral or otherwise transferred. A participant who wishes to pledge or transfer such shares must request that certificates for such shares be issued in his or her name.

Certificates for fractional shares will not be issued under any circumstances.

An institution that is required by law to maintain physical possession of certificates may request a special arrangement regarding the issuance of certificates for Special Common Shares purchased under the Plan. This request should be sent to the Administrator - see Answer to Question 3.

22. **In Whose Name Will Certificates Be Issued?**

Accounts under the Plan are maintained in the names in which certificates of the participants were registered at the time they entered the Plan. Consequently, certificates for whole shares issued upon the request of participants will be similarly registered.

CERTIFICATE DEPOSITS

23. **May Participants Deposit Some or All Stock Certificates with the Administrator for Retention?**

Yes. Participants may transfer to the Administrator for holding certificates representing Special Common Shares registered in their names. These shares will be credited to the participants' accounts under the Plan along with shares purchased for them under the Plan. There is no charge for this service. The stock certificates should be sent by registered mail, return receipt requested and properly insured, to the Administrator. Certificates should not be endorsed.

Dividends will be reinvested in accordance with a participant's dividend reinvestment option.

WITHDRAWAL

24. **When May A Participant Withdraw From The Plan?**

A participant may withdraw from the Plan at any time by notifying the Administrator in writing, by telephone or through the Internet. In the event a participant has been reinvesting dividends and the notice of withdrawal is received by the Administrator after a record date for a dividend payment, the Administrator, in its sole discretion, may either distribute that dividend in cash or reinvest it in shares on the participant's behalf. In the event the dividend is reinvested, the Administrator will process the withdrawal from the Plan as soon as practicable, but in no event later than five business days after the purchase is completed.

Dividends paid after withdrawal from the Plan will be paid in cash directly to the shareholder unless he or she elects to rejoin the Plan, which the shareholder may do as set forth in the Answer to Question 26.

25. **What Happens When A Participant Withdraws From The Plan Or The Plan Is Terminated?**

When a participant withdraws from the Plan, or ceases to be a shareholder of record, or ceases to be an eligible shareholder, or upon termination of the Plan by TDS, a certificate for the whole Special Common Shares credited to his or her account under the Plan will be issued and a cash payment will be made for any fractional share. This cash payment will be based on the closing price of TDS' Special Common Shares on the American Stock Exchange as of the date the written request for withdrawal is received, or the participant ceases to be a shareholder of record, or the participant ceases to be an eligible shareholder, or the Plan is terminated, whichever is applicable, or if no trading occurs on such date, the next day on which the Special Common Shares are traded.

OTHER INFORMATION

26. **When May A Shareholder Rejoin The Plan?**

Generally, a shareholder may rejoin the Plan at any time, provided he or she is an eligible shareholder, by submitting a new Enrollment Form. However, TDS reserves the right to reject any Enrollment Form from a previous participant on the grounds of repeated joinings and withdrawals from Plan participation. Such reservation is intended to minimize administrative expenses and to encourage use of the Plan as a long-term investment service.

27. **What Happens If A Participant Sells Or Transfers All Of His Or Her Special Common Shares Or Ceases To Be An Eligible Shareholder?**