

TELEPHONE AND DATA SYSTEMS, INC.

30 North LaSalle Street
Suite 4000
Chicago, Illinois 60602
Phone: (312) 630-1900
Fax: (312) 630-1908



April 15, 2008

Dear Shareholders:

You are cordially invited to attend our 2008 annual meeting of shareholders on Thursday, May 22, 2008, at 10:00 a.m., Chicago time, at The Standard Club, 320 South Plymouth Court, Chicago, Illinois. At the meeting, we will report on the plans and accomplishments of Telephone and Data Systems, Inc. ("TDS").

The formal notice of the meeting and our board of directors' proxy statement and our 2007 annual report to shareholders are enclosed. Appendix I to the proxy statement contains audited financial statements and certain other financial information for the year ended December 31, 2007, as required by the rules and regulations of the Securities and Exchange Commission ("SEC"). At our 2008 annual meeting, shareholders are being asked to take the following actions:

1. elect members of the board of directors;
2. consider and approve the 2009 Employee Stock Purchase Plan, as more fully described in the accompanying proxy statement; and
3. ratify the selection of independent registered public accountants for the current fiscal year.

The board of directors recommends a vote "**FOR**" its nominees for election as directors, "**FOR**" the proposal to approve the 2009 Employee Stock Purchase Plan and "**FOR**" the proposal to ratify accountants.

Our board of directors and members of our management team will be at the annual meeting to meet with shareholders and discuss our record of achievement and plans for the future. 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 proxy card(s), or vote on the Internet in accordance with the instructions set forth on the proxy card.

We look forward to visiting with you at the annual meeting.

Very truly yours,

Handwritten signature of Walter C.D. Carlson in black ink.

Walter C.D. Carlson
Chairman of the Board

Handwritten signature of LeRoy T. Carlson, Jr. in black ink.

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

**Please sign and return the enclosed proxy card(s) promptly or
vote on the Internet using the instructions on the proxy card**

**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 22, 2008**

TO THE SHAREHOLDERS OF

TELEPHONE AND DATA SYSTEMS, INC.

The 2008 annual meeting of shareholders of Telephone and Data Systems, Inc., a Delaware corporation, will be held at The Standard Club, 320 South Plymouth Court, Chicago, Illinois, on Thursday, May 22, 2008, at 10:00 a.m., Chicago time, for the following purposes:

1. To elect members of the board of directors. Your board of directors recommends that you vote **FOR** the directors nominated.
2. To consider and approve the 2009 Employee Stock Purchase Plan, as more fully described in the accompanying proxy statement. Your board of directors recommends that you vote **FOR** this proposal.
3. To consider and vote upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accountants for the year ending December 31, 2008. Your board of directors recommends that you vote **FOR** this proposal.
4. 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 15, 2008.

We have fixed the close of business on March 26, 2008, 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 new SEC rules:

The proxy statement and annual report to shareholders are available at www.teldta.com under Investor Relations—Proxy Vote, or at <http://www.teldta.com/investor/2008proxy>. The following items have been posted to this Web site:

1. Proxy Statement for the 2008 Annual Meeting
2. Annual Report to Shareholders for 2007 (included as appendix to Proxy Statement for the 2008 Annual Meeting)
3. Forms of Proxy Cards

Any control/identification numbers that you need to vote are set forth on your proxy card 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 Standard Club in Chicago, Illinois. This is located in the Chicago loop area between Jackson Boulevard and Van Buren Street at 320 Plymouth Court, which is between State Street and Dearborn Street.

SUMMARY

The following is a summary of the actions being taken at the 2008 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 2008 annual meeting.

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

Holders of Common Shares and Special Common Shares will vote together and be entitled to elect four directors. Your board of directors has nominated the following current directors for election by the holders of Common Shares: Gregory P. Josefowicz, Christopher D. O'Leary, Mitchell H. Saranow and Herbert S. Wander.

The board of directors recommends a vote "FOR" its nominees for election as directors.

Proposal 2—Approval of 2009 Employee Stock Purchase Plan

Shareholders are being asked to approve the 2009 Employee Stock Purchase Plan, as described below.

The board of directors recommends that you vote "FOR" this proposal.

Proposal 3—Ratification of Independent Registered Public Accounting Firm for 2008

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, 2008.

The board of directors recommends that you vote "FOR" this proposal.

VOTING INFORMATION

What is the record date for the meeting?

The close of business on March 26, 2008 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 kept open 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;
- Special Common Shares;
- Series A Common Shares; and
- Preferred Shares.

The Common Shares are listed on the American Stock Exchange under the symbol “TDS.” The Special Common Shares are listed on the American Stock Exchange under the symbol “TDS.S.”

No public market exists for the Series A Common Shares, but the Series A Common Shares are convertible on a share-for-share basis into Common Shares or Special Common Shares.

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

<u>Class of Stock</u>	<u>Outstanding Shares</u>	<u>Votes per Share</u>	<u>Voting Power</u>	<u>Total Number of Directors Elected by Voting Group and Standing for Election</u>
Series A Common Shares	6,442,058	10	64,420,580	
Preferred Shares	8,603	1	8,603	
Subtotal			<u>64,429,183</u>	8
Common Shares	53,164,628	1	53,164,628	
Special Common Shares	57,506,614	1	57,506,614	
Subtotal			<u>110,671,242</u>	4
Total Directors				<u>12</u>

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

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

<u>Class of Stock</u>	<u>Outstanding Shares</u>	<u>Votes per Share</u>	<u>Total Voting Power</u>	<u>Percent</u>
Series A Common Shares	6,442,058	10	64,420,580	54.8%
Common Shares	53,164,628	1	53,164,628	45.2%
Preferred Shares	8,603	1	8,603	*
			<u>117,593,811</u>	<u>100.0%</u>

* Less than .1%

Other than as required by law, holders of Special Common Shares do not have any right to vote on any matters except in the election of certain directors, as described above. Accordingly, actions submitted to a vote of shareholders other than the election of directors will generally be voted on only by holders of Common Shares, Series A Common Shares and Preferred Shares.

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 recommends a vote **FOR** its nominees for election as directors.

How may shareholders vote with respect to the 2009 Employee Stock Purchase Plan in Proposal 2?

Shareholders may, with respect to the proposal to approve the 2009 Employee Stock Purchase Plan:

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

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

How may shareholders vote with respect to the ratification of independent registered public accounting firm for 2008 in Proposal 3?

Shareholders may, with respect to the proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2008:

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

Your board of directors recommends a vote **FOR** 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"), holds 6,087,951 Series A Common Shares on the record date, representing approximately 94.5% 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 51.8% of the voting power with respect to matters other than the election of directors. The Voting Trust holds 6,060,131 TDS Special Common Shares on the record date, representing approximately 10.5% of the Special Common Shares. By reason of such holding, the Voting Trust has approximately 5.5% of the voting power with respect to the election of directors elected by the holders of Common and Special Common Shares. The Voting Trust does not currently own Common 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,
- FOR the board of directors' nominees for election by the holders of Common Shares and Special Common Shares,
- FOR the proposal to approve the 2009 Employee Stock Purchase Plan, and
- FOR the proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2008.

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 and 3.

Proxies are being requested from the holders of Special Common Shares in connection with the election of four directors in Proposal 1 only.

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 and 3.

Whether or not you intend to be present at the meeting, please sign and mail your proxy in the enclosed self-addressed envelope to Proxy Services, c/o Computershare Investor Services,

P.O. Box 43126, Providence, Rhode Island 02940-5138, or vote on the Internet in accordance with the instructions set forth on the proxy card. If you hold more than one class of our shares, you will find enclosed a separate proxy card for each holding. To assure that all your shares are represented, please vote on the Internet or return the enclosed proxy cards as follows:

- a white proxy card for Common Shares, including Common Shares owned through the TDS dividend reinvestment plan and through the TDS tax-deferred savings plan;
- a blue proxy card for Special Common Shares, including Special Common Shares owned through the TDS dividend reinvestment plan and through the TDS tax-deferred savings plan;
- a green proxy card for Series A Common Shares, including Series A Common Shares owned through the dividend reinvestment plan; and
- a yellow proxy card for Preferred Shares.

How will proxies be voted?

All properly executed and unrevoked proxies received in the accompanying form in time for our 2008 annual meeting of shareholders will be voted in the manner directed on the proxies.

If no direction is made, a proxy by any shareholder will be voted FOR the election of the board of directors' nominees to serve as directors in Proposal 1 and FOR Proposals 2 and 3.

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.

What constitutes a quorum for the meeting?

In the election of directors, where a separate vote by a class or classes is required with respect to a director, the holders of a majority of the votes of the stock of such class or classes 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 will be treated as present in person or represented by proxy in connection with such proposal and broker "non-votes" with respect to such proposal will not be treated as present in person or represented by proxy with respect to such proposal. If an authorized representative of the TDS Voting Trust is present in person or represented by proxy at the annual meeting, the TDS Voting Trust will by itself 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.

With respect to the proposals to approve the 2009 Employee Stock Purchase Plan and to ratify accountants, 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 will be treated as present in person or represented by proxy in connection with such proposals and broker "non-votes" with respect to such proposals will not be treated as present in person or represented by proxy with respect to such proposals. If an authorized representative of the TDS Voting Trust is present in person or represented by proxy at the annual meeting, the TDS Voting Trust will by itself constitute a quorum at the annual meeting in connection with such proposals.

What vote is required to elect directors in Proposal 1?

The election of each director requires the affirmative vote of holders of a plurality of the votes of the shares present in person or represented by proxy and entitled to vote with respect to such director at the annual meeting.

Accordingly, if a quorum exists, each person receiving a plurality of the votes of the shareholders entitled to vote with respect to the election of such director will be elected to serve as a director.

Withheld votes and non-votes with respect to the election of such directors will not affect the outcome of the election of such directors.

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

The holders of Common Shares, Preferred Shares and Series A Common Shares will vote together as a single group with respect to Proposals 2 and 3. 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 each of Proposals 2 and 3 will require the affirmative vote of a majority of the voting power of the Common Shares, Preferred Shares and Series A Common Shares voting together as a single group and present in person or represented by proxy and entitled to vote on such matter at the annual meeting. Abstentions from voting on such proposal will be treated as a vote against such proposal. Broker non-votes with respect to such proposal will not be counted as shares present and entitled to vote on such proposal and, accordingly, will not affect the determination of whether such proposal is approved.

**PROPOSAL 1
ELECTION OF DIRECTORS**

The terms of all incumbent directors will expire at the 2008 annual meeting. The board of directors' nominees for election of directors are identified in the tables below. Each of the nominees has expressed an intention 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 and Special Common Shares

<u>Name</u>	<u>Age</u>	<u>Position with TDS and Principal Occupation</u>	<u>Served as Director since</u>
Gregory P. Josefowicz	55	Director of TDS and Retired Chairman, Chief Executive Officer and President of, Borders Group, Inc.	July 2007
Christopher D. O'Leary	48	Director of TDS and Executive Vice President, Chief Operating Officer—International, of General Mills, Inc.	2006
Mitchell H. Saranow	62	Director of TDS and Chairman of The Saranow Group	2004
Herbert S. Wander	73	Director of TDS and Partner, Katten Muchin Rosenman LLP, Chicago, Illinois	1968

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

<u>Name</u>	<u>Age</u>	<u>Position with TDS and Principal Occupation</u>	<u>Served as Director since</u>
James Barr III	68	Director of TDS and Retired President and Chief Executive Officer of TDS Telecommunications Corporation	1990
LeRoy T. Carlson, Jr.	61	Director and President and Chief Executive Officer of TDS	1968
Letitia G. Carlson, M.D.	47	Director of TDS, Physician and Associate Clinical Professor at George Washington University Medical Center	1996
Prudence E. Carlson	56	Director Nominee and Private Investor	N/A
Walter C.D. Carlson	54	Director and non executive Chairman of the Board of TDS and Partner, Sidley Austin LLP, Chicago, Illinois	1981
Kenneth R. Meyers	54	Director and Executive Vice President and Chief Financial Officer of TDS and Chief Accounting Officer of U.S. Cellular and TDS Telecom	January 2007
Donald C. Nebergall	79	Director of TDS and Consultant	1977
George W. Off	61	Director of TDS and Chairman of Checkpoint Systems, Inc.	1997

Background of Board of Directors' Nominees for Election by Holders of Common Shares and Special Common Shares

Gregory P. Josefowicz. Gregory P. Josefowicz served as a non-exclusive, senior level consultant to Borders Group, Inc., a leading global retailer of books, music and movies, until February 2, 2008. From 1999 until his retirement in 2006, Mr. Josefowicz served as a director and president and chief executive officer, and was named chairman of the board in 2002, of Borders Group. Prior to that time, he was chief executive officer of the Jewel-Osco division of American Stores Company, which operated food and drug stores in the greater Chicago, Illinois and Milwaukee, Wisconsin areas, from 1997 until June 1999 when American Stores merged into Albertson's Inc., a national retail food-drug chain. At that time, Mr. Josefowicz became president of Albertson's Midwest region. Mr. Josefowicz joined Jewel in 1974, and was elected senior vice president of marketing and advertising in 1993. Mr. Josefowicz is currently a member of the board of directors of PetSmart, Inc., a leading pet supply and services retailer, and Winn-Dixie Stores, Inc., one of the nation's largest food retailers.

Mr. Josefowicz was elected at the 2007 annual meeting to fill the directorship vacated by Martin L. Solomon. See below.

Christopher D. O'Leary. Christopher D. O'Leary was appointed executive vice president, chief operating officer—international, of General Mills, Inc., as of June 1, 2006. 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 after a 17-year career with PepsiCo, where his assignments included leadership roles for the Walkers-Smiths business in the United Kingdom and the Hostess Frito-Lay business in Canada.

Mitchell H. Saranow. Mitchell H. Saranow has been the chairman of The Saranow Group, L.L.C., a private investment firm that he founded in 1984, for more than five years. Mr. Saranow was the chief executive officer of the general partner of Lenteq, LP of Northbrook, Illinois and served as a managing director (i.e., both a director and executive officer) of Lenteq, C.V., the primary Dutch operating entity and a wholly owned subsidiary of Lenteq, LP. In 2007, Lenteq, C.V. and two related Dutch companies filed for bankruptcy under Dutch insolvency laws, and substantially all of their assets were sold pursuant to this process early in 2008. Mr. Saranow is currently on the board of directors of Lawson Products, Inc., which provides services, systems, and products to the maintenance, repair and operations market and manufactures and sells products and provides services and systems to original equipment manufacturers.

Herbert S. Wander. Herbert S. Wander has been a partner of Katten Muchin Rosenman LLP for more than five years. Katten Muchin Rosenman LLP does not provide legal services to TDS or its subsidiaries.

The board of directors recommends a vote "FOR" each of the above nominees for election by the holders of Common Shares and Special Common Shares.

Background of Board of Directors' Nominees for Election by Holders of Series A Common Shares and Preferred Shares

James Barr, III. James Barr, III had been President and Chief Executive Officer of TDS Telecommunications Corporation ("TDS Telecom"), a wholly owned subsidiary of TDS which operates local telephone companies, for more than five years prior to his retirement. Mr. Barr stepped down as President and CEO of TDS Telecom on January 1, 2007. He remained on TDS Telecom's payroll until March 23, 2007 and retired on March 24, 2007. For further information, see "Director Compensation" below.

LeRoy T. Carlson, Jr. LeRoy T. Carlson, Jr., has been TDS' President and Chief Executive Officer (an executive officer of TDS) for more than five years. Mr. LeRoy T. Carlson, Jr. is also a director and Chairman (an executive officer) of United States Cellular Corporation (American Stock Exchange listing symbol: USM), a subsidiary of TDS which operates and invests in wireless telephone companies and

properties (“U.S. Cellular”) and TDS Telecom. He 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. has been a physician at George Washington University Medical Center for more than five years. At such medical center, she was 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 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 has been a private investor for more than five years. 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.

Walter C.D. Carlson. Walter C.D. Carlson was elected non-executive Chairman of the Board of the board of directors of TDS in February 2002. He has been a partner of Sidley Austin LLP for more than five years and is a member of its executive committee. He is a director of U.S. Cellular. 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. The law firm of Sidley Austin LLP provides legal services to TDS and its subsidiaries on a regular basis. See “Certain Relationships and Related Transactions” below. Mr. Carlson does not provide legal services to TDS, U.S. Cellular or their subsidiaries.

Kenneth R. Meyers. Kenneth R. Meyers was appointed a director and Executive Vice President and Chief Financial Officer of TDS (an executive officer of TDS) and Chief Accounting Officer of U.S. Cellular (an executive officer) and of TDS Telecom on January 1, 2007. Prior to that time, he was the Executive Vice President—Finance, Chief Financial Officer and Treasurer of U.S. Cellular for more than five years. Mr. Meyers is also a director of U.S. Cellular and TDS Telecom.

Donald C. Nebergall. Donald C. Nebergall has been a consultant to companies since 1988, including TDS from 1988 through 2002. Mr. Nebergall was vice president of The Chapman Company, a 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.

George W. Off. George W. Off has been chairman of Checkpoint Systems, Inc., a New York Stock Exchange listed company, since August 2002. He was also the chief executive officer of Checkpoint Systems, Inc. between August 2002 and December 2007. Checkpoint Systems, Inc. is a multinational manufacturer and marketer of integrated system solutions for retail security, labeling and merchandising. Prior to that time, Mr. Off was chairman of the board of directors of Catalina Marketing Corporation, a New York Stock Exchange listed company, from July 1998 until he retired in July 2000. Mr. Off served as president and chief executive officer of Catalina from 1994 to 1998.

The board of directors recommends a vote “FOR” each of the above nominees for election by the holders of Series A Common Shares and Preferred Shares.

Other Current or Former Directors

The following additional information is provided in connection with the election of directors.

LeRoy T. Carlson. LeRoy T. Carlson is a current director whose term will expire at the 2008 annual meeting. Mr. Carlson has determined not to stand for reelection as a director at the 2008 annual meeting. Mr. Carlson will become a director emeritus following the 2008 annual meeting. As noted above, the TDS board of directors has nominated Prudence E. Carlson to fill the directorship held by Mr. Carlson. See “Executive Officers” below for more information.

Martin L. Solomon. Martin L. Solomon was a director until the 2007 annual meeting. Due to personal reasons, Martin L. Solomon determined not to stand for reelection as a director at the 2007 annual meeting. As noted above, Gregory P. Josefowicz was elected at the 2007 annual meeting to fill the directorship that had been held by Mr. Solomon. Martin L. Solomon has been a private investor since 1990.

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 and Special 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% of the voting power in the election of such eight directors and approximately 52% of the voting power in all other matters.

A copy of TDS' Corporate Governance Guidelines are available on TDS' web site, www.teldta.com, under Investor Relations—Corporate Governance—Corporate Governance Guidelines.

TDS' Code of Ethics for directors is available on TDS' web site, www.teldta.com, under Investor Relations—Corporate Governance—Ethics Policies.

Director Independence and American Stock Exchange Listing Standards

Because the TDS Common Shares and Special Common Shares are listed on the American Stock Exchange, TDS must comply with listing standards applicable to companies which have equity securities listed on the American Stock Exchange.

Under listing standards of the American Stock Exchange, TDS is a “controlled company” as such term is defined by the American Stock Exchange. TDS is a controlled company because over 50% of the voting power of TDS is held by the trustees of the TDS Voting Trust. 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 that qualify as independent under the rules of the American Stock Exchange, (ii) have certain compensation approved by a compensation committee comprised solely of directors, or by a majority of directors, that qualify as independent under the rules of the American Stock Exchange, and (iii) have director nominations be made by a committee comprised solely of directors, or by a majority of directors, that qualify as independent under the rules of the American Stock Exchange.

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 four members: George W. Off (chairperson), Donald C. Nebergall, Mitchell H. Saranow and Herbert S. Wander. Under American Stock Exchange listing standards, the TDS board of directors must expressly determine that directors serving on the audit committee do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The TDS board of directors has made such a determination. In addition, such directors must qualify as independent under specific listing standards of the American Stock Exchange, as well as Section 10A-3 of the Securities Exchange Act of 1934, as amended. The TDS board of directors has also determined that each of the members of the TDS Audit Committee qualify as independent under such requirements.

In addition, Gregory P. Josefowicz and Christopher D. O'Leary do not have any relationship with TDS other than in their capacities as directors of TDS and, accordingly, would qualify as independent directors under the listing standards of the American Stock Exchange. As a result, six of the twelve directors, or 50% of the directors, have been determined to qualify or would qualify as independent under the listing standards of the American Stock Exchange.

TDS certifies compliance with specified listing standards to the American Stock Exchange on an annual basis. TDS certified that it was in compliance with such American Stock Exchange listing standards in 2007 and expects to make a similar certification in 2008.

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.

Meetings of Board of Directors

The board of directors held seven meetings during 2007. Each incumbent director attended at least 75 percent of the total number of meetings of the board of directors (held during 2007 at which time such person was a director) and at least 75 percent of the total number of meetings held by each committee of the board on which such person served (during the periods that such person served).

Corporate Governance Committee

The members of the Corporate Governance Committee are Walter C.D. Carlson (chairperson), LeRoy T. Carlson, Jr. and Mitchell H. Saranow. Mr. Saranow replaced Martin L. Solomon on this committee in 2007. Mr. Saranow qualifies as an independent director under American Stock Exchange listing standards. The American Stock Exchange does not have any requirement that listed companies have a corporate governance committee or, if a company has one, that it be composed in whole or in part by independent directors. The primary function of the Corporate Governance Committee is to advise the board on corporate governance matters, including developing and recommending to the board a set of corporate governance guidelines for TDS. A copy of the charter and the corporate governance guidelines are available on TDS' web site, www.teldta.com, under Investor Relations—Corporate Governance under “Board Committee Charters” for the charter and under “Corporate Governance Guidelines” for the guidelines.

Audit Committee

The primary function of the Audit Committee is to assist the board of directors in fulfilling its oversight responsibilities with respect to the quality, integrity and annual independent audit of TDS' financial statements and other matters set forth in the charter for the Audit Committee, a copy of which is available on TDS' web site, www.teldta.com under Investor Relations—Corporate Governance—Board Committee Charters.

The Audit Committee is currently composed of four members who are not officers or employees of TDS or any parent or subsidiary of TDS and have been determined by the board of directors not to have any other relationship with TDS that would interfere with their exercise of independent judgment in carrying out the responsibilities of a director. The board of directors has also determined that such directors qualify as independent under Rule 10A-3 of the Securities Exchange Act of 1934, as amended. Except as required by listing standards or SEC rule, TDS does not have any categorical standards of independence that must be satisfied. The current members of the Audit Committee are George W. Off (chairperson), 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 “independent” and “financially sophisticated” as such terms are defined by the American Stock Exchange.

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 eleven meetings during 2007.

Pre-Approval Procedures

The Audit Committee adopted a policy, effective May 6, 2003, as amended as of February 26, 2004, 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 external accountant 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 plus any other member of the Audit Committee the authority to pre-approve services by the independent registered public accountants and to report any such approvals to the full Audit Committee at each of its regularly scheduled meetings. In the event the chairperson is unavailable, pre-approval may be given by any two members of the Audit Committee. The pre-approval policy relates to all services provided by TDS' principal external auditor and does not include any *de minimis* exception.

Review, approval or ratification of transactions with related persons

The Audit Committee Charter provides that the Audit Committee shall "be responsible for the review and oversight of all related party transactions, as such term is defined by the rules of the American Stock Exchange." Section 120 of the American Stock Exchange Company Guide, Certain Relationships And Transactions, provides that "Related party transactions must be subject to appropriate review and oversight by the company's Audit Committee or a comparable body of the Board of Directors."

In general, "related party transactions" 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.

Accordingly, pursuant to such provisions, the TDS Audit Committee has review and oversight responsibilities over transactions that are deemed to be related-party transactions under Section 120 of the American Stock Exchange Company Guide. Other than the foregoing provisions, TDS has no further policy 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; (iii) the persons or groups of persons on the board of directors or otherwise who are responsible for applying such policies and procedures; or (iv) any other written document evidencing such policies and procedures.

Since the beginning of the last fiscal year, the TDS Audit Committee exercised oversight over related-party transactions, but did not take any formal action to approve any related-party transactions.

Compensation Committee

Although not required to do so under American Stock Exchange listing standards because it is a controlled company, TDS has established a Compensation Committee comprised solely of directors that qualify as independent under the rules of the American Stock Exchange. 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 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 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 stock option compensation committee, as described in the proxy statement of U.S. Cellular relating to its 2008 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 American Stock Exchange. The members of the Compensation

Committee were Herbert S. Wander (chairperson) and George W. Off until March 2007 when the TDS board of directors also appointed Christopher D. O'Leary to the Compensation Committee. In addition, Gregory P. Josefowicz was appointed to the Compensation Committee in March 2008. 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 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 President and CEO. The Compensation Committee has not delegated this 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. As discussed below, the Compensation Committee also utilizes the services of compensation consultants.

Towers Perrin is TDS' primary compensation consultant. The Compensation Committee and its predecessors have utilized the services of this consultant. TDS' Human Resources Department also supports the Compensation Committee in its work. In 2007, the role of such compensation consultant in determining or recommending the amount or form of executive officer compensation was principally to provide consulting services on the type and amount of compensation to be granted to officers and other employees. The nature and scope of the assignment, and the material elements of the instructions or directions given to such consultants with respect to the performance of their duties under their engagement, was to provide external benchmarking data to TDS from their executive compensation survey database.

In addition, the Compensation Committee 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 engaged Compensation Strategies, Inc., a provider of executive compensation consulting services, in the latter half of 2007. Compensation Strategies is independent and does not have any other relationships with TDS or its affiliates. The role of such compensation consultant in determining or recommending the amount or form of executive officer compensation, and the nature and scope of the assignment, and the material elements of the instructions or directions given to such consultants with respect to the performance of their duties under their engagement, is 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.

The foregoing consultants did not provide any advice as to director compensation and only provided advice as to compensation to officers and employees. 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. In particular, 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' web site, www.teldta.com, under Investor Relations—Corporate Governance—Board Committee Charters.

The Compensation Committee held seven meetings during 2007. 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. LeRoy T. Carlson is currently an alternate member of this committee. However, after the 2008 annual meeting, Walter C.D. Carlson will replace LeRoy T. Carlson as an

alternate member. 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 action 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

TDS does not have a nominating committee and, accordingly, does not have a nominating committee charter. Under listing standards of the American Stock Exchange, TDS is exempt from the requirement to have a nominating committee because it is a controlled company as such term is defined by the American Stock Exchange. Instead, the entire board of directors participates in the consideration of director nominees. Similarly, because TDS is a controlled company, TDS also is exempt from the listing standard that requires director nominations to be made by a nominating committee comprised solely of independent directors or by a majority of independent directors.

The TDS board of directors 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 is based on the recommendation of the trustees of the TDS Voting Trust. With respect to candidates for director to be elected by the Common Shares and Special Common Shares, the TDS board may from time to time informally consider candidates submitted by shareholders that hold a significant number of Common Shares and/or Special Common Shares. The TDS board has no formal procedures to be followed by shareholders in submitting recommendations of candidates for director.

The TDS board of directors 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 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. 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.

In general, the TDS board will nominate existing directors for re-election unless the board has a concern about the director's ability to perform 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 and Special Common Shares, TDS may use various sources to identify potential candidates, including an executive search firm. In addition, the President may consider recommendations by shareholders that hold a significant number of Common Shares and/or Special Common Shares. Potential candidates are initially screened by the President and by other persons as the President designates. Following this process, the President discusses with the Chairman of the Board whether one or more candidates should be considered by the full board of directors. If appropriate, information about the candidate is presented to and discussed by the full board of directors.

Each of the nominees approved by the TDS board for inclusion on TDS' proxy card for election at the 2008 annual meeting are executive officers and/or directors who are standing for re-election, except Prudence E. Carlson. Ms. Carlson was nominated for election by the board of directors upon the recommendation of TDS's President and CEO.

From time to time, TDS may pay a fee to an executive search firm to identify potential candidates for election as directors. TDS was obligated to pay a fee to an executive search firm for performing a search for candidates and identifying Mr. Josefowicz as a candidate for the TDS board of directors for the 2007 annual meeting. TDS did not pay a fee to any third party or parties to identify or evaluate or assist in identifying or evaluating potential new nominees for election of directors at the 2008 annual meeting.

Shareholder Communication with Directors

Shareholders may send communications to the TDS board of directors or to specified individual directors of TDS at any time. Shareholders should direct their communication to the board or to specified individual directors, in care of the Secretary of TDS at its corporate headquarters. Any shareholder communications that are addressed to the board of directors or specified individual directors will be delivered by the Secretary of TDS to the board of directors or such specified individual directors. For more information, see the instructions on TDS' web site, www.teldta.com, under Investor Relations—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. Seven persons serving as directors at the time attended the 2007 annual meeting of shareholders.

Stock Ownership Guidelines

On May 10, 2007, the TDS board of directors amended its stock ownership guidelines for directors to provide that, within three years after (a) March 31, 2007 or (b) the date on which a director first becomes a director, whichever is later, and thereafter for so long as each director remains a director of TDS, each such director is required to own Series A Common Shares, Common Shares and/or Special Common Shares of TDS having a combined value of at least \$100,000. The TDS board of directors will review this minimum ownership requirement periodically.

Code of Ethics for Directors

TDS has adopted a Code of Ethics for its directors. This code has been posted to TDS' internet website, www.teldta.com, under Investor Relations—Corporate Governance.

PROPOSAL 2
2009 EMPLOYEE STOCK PURCHASE PLAN

The TDS board of directors has determined that it is in the best interests of TDS and its shareholders to approve the TDS 2009 Employee Stock Purchase Plan (the "Purchase Plan"). The TDS board of directors approved the Purchase Plan on March 12, 2008 and the Purchase Plan is subject to shareholder approval. A copy of the Purchase Plan is attached hereto as Exhibit A.

DESCRIPTION OF PLAN

Purposes of Plan

The purpose of the Purchase Plan is to:

- encourage and facilitate the purchase of Special Common Shares (the "Plan Shares") by eligible employees of TDS and its subsidiaries,
- provide an additional incentive to promote the best interests of TDS and its subsidiaries, and
- provide an additional opportunity to participate in TDS' and its subsidiaries' economic progress.

If approved by the shareholders, the effective date of the Purchase Plan will be January 1, 2009. A total of 175,000 Special Common Shares will be available for purchase under the Purchase Plan, subject to adjustment in the event of certain changes to TDS' capital structure, as described in the Purchase Plan.

Administration

The Purchase Plan will be administered by a three person committee (the "Committee"). Subject to the express provisions of the Purchase Plan, the Committee will have complete authority to interpret the Purchase Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations necessary or advisable for the administration of the Purchase Plan.

The TDS Board may at any time, and from time to time, amend the Purchase Plan in any respect, except that, without shareholder approval, no amendment may be made changing the number of shares to be reserved under the Purchase Plan (unless certain changes occur in TDS' capital structure as described in the Purchase Plan), or that would otherwise require shareholder approval under applicable law.

Purchase Periods/ Termination

The Purchase Plan will terminate on December 31, 2013, or, if earlier, upon the purchase by participants of all applicable Plan Shares that may be issued under the Purchase Plan or any earlier time in the discretion of the TDS Board. The Purchase Plan provides for consecutive calendar quarter "Purchase Periods." The last day of each Purchase Period is a "Purchase Date." In addition, the date on which the Purchase Plan terminates will be treated as a "Purchase Date."

Eligibility and Participation

In general, participation in the Purchase Plan is available to any Eligible Employee (as defined below) of TDS or any of its participating subsidiaries that has adopted the Purchase Plan with the prior approval of TDS. An "Eligible Employee" is any employee of TDS, or a participating subsidiary, other than a leased employee (within the meaning of Section 414(n) of the Internal Revenue Code). Each Eligible Employee can enroll in the Purchase Plan as of the first day of the calendar month (or any later calendar month) following the date on which the Eligible Employee completes the Purchase Plan's eligibility service requirement. The Purchase Plan's eligibility service requirement is satisfied if an employee completes at least three months of continuous service with TDS or any subsidiary thereof (regardless of whether the subsidiary is a participating subsidiary). Under the Purchase Plan, an entry date occurs on January 1, 2009 and the first day of each subsequent calendar month. Upon enrollment, an Eligible Employee will become a "Participant" in the Purchase Plan. Approximately 11,000 employees are expected to be eligible to participate in the Purchase Plan as of January 1, 2009.

Payroll Deductions

Upon enrollment in the Purchase Plan, the Participant elects his or her rate of payroll deduction contributions in an amount not less than 1 and not more than 15 percent of the Participant's compensation (as defined in the Purchase Plan) for each payroll period, effective as soon as administratively practicable after such election is made. A Participant can periodically elect to increase or decrease his or her rate of payroll deductions under the Purchase Plan, in the manner prescribed by the Committee. In addition, a Participant can elect to withdraw from the Purchase Plan for the remainder of any calendar year, as described below.

Employee Stock Purchase Account

All payroll deductions in the possession of TDS shall be segregated from the general funds of TDS. An "Employee Stock Purchase Account" will be established on behalf of each Participant to which shall be credited with his or her payroll deduction contributions made under the Purchase Plan. Such Employee Stock Purchase Accounts shall be solely for accounting purposes, and there shall be no segregation of assets among the separate accounts. Subject to a Participant's right to withdraw as described below, the balance of each Participant's Employee Stock Purchase Account will be applied on each Purchase Date to purchase the number of Plan Shares determined by dividing the balance of such account as of such date by the Purchase Price of a Plan Share on such date. The "Purchase Price" under the Purchase Plan on a Purchase Date is 85 percent of the closing price of a Plan Share on the American Stock Exchange or any successor thereto on such date, or if such date is not a trading day, 85 percent of the closing price of a Plan Share on the next preceding trading day, rounded up to the nearest whole cent. The number of Plan Shares to be purchased on a Purchase Date will be rounded to the nearest one ten thousandth of a share (or such other fractional interest determined by the Committee).

Purchase Limits

A Participant's right to purchase Plan Shares during any calendar year shall be limited to the extent necessary so that the Participant's right to purchase Plan Shares under the Purchase Plan and shares of stock under all other employee stock purchase plans maintained by TDS or any of its subsidiaries shall not accrue at a rate in excess of \$25,000 of the total of the fair market value of Plan Shares and the fair market value of shares of stock of other subsidiaries of TDS (determined on the grant date) for any calendar year determined in accordance with Section 423(b)(8) of the Internal Revenue Code and the regulations promulgated thereunder. Further, no Eligible Employee will be allowed to purchase Plan Shares under the Purchase Plan if such Eligible Employee, immediately after such purchase, would own stock possessing five percent or more of the total combined voting power or value of all classes of issued and outstanding stock of TDS or any of its subsidiaries. If any portion of a Participant's Employee Stock Purchase Account cannot be applied to purchase Plan Shares on a Purchase Date as a result of such limitations, such amount will promptly be refunded to the Participant. If the number of Plan Shares to be purchased on behalf of all Participants collectively exceeds the number of Plan Shares available for purchase under the Purchase Plan, the number of Plan Shares to be purchased by each Participant on the Purchase Date will be proportionately reduced in the manner described in the Purchase Plan. Amounts credited to a Participant's Employee Stock Purchase Account that are not applied to purchase Plan Shares as a result of this limitation will promptly be refunded to the Participant.

Stock Account

A Stock Account will be established on behalf of each Participant by a custodian selected by TDS. As of each Purchase Date, each Participant's Stock Account will be credited with the number of whole and fractional Plan Shares purchased on the Participant's behalf under the Purchase Plan on such date. Plan Shares credited to a Participant's Stock Account will be held by the custodian as nominee. The custodian will establish procedures pursuant to which a Participant can elect that Plan Shares credited to such account be registered in the name of the Participant (or jointly in the name of a Participant and one other person), or that certificates representing such Plan Shares be issued to the Participant.

Withdrawal

A Participant can elect to withdraw from the Purchase Plan at any time. A Participant's election to withdraw will be made in the time and manner prescribed by the Committee. Upon withdrawal from the Purchase Plan, the balance of the Participant's Employee Stock Purchase Account promptly will be refunded to the Participant. A Participant who withdraws from the Purchase Plan will not be eligible to elect to recommence participation in the Purchase Plan until January 1 of the next calendar year.

Termination of Eligibility

In the event of a Participant's termination of employment for any reason, including death, the Participant's participation in the Purchase Plan will cease and the balance of the Participant's Employee Stock Purchase Account will promptly be refunded to the Participant.

FEDERAL INCOME TAX CONSEQUENCES

The following is a brief summary of the federal income tax consequences relating to the acquisition of Plan Shares under the Purchase Plan. The following should not be relied upon as being a complete description of such consequences and does not address the state, local or other tax consequences of the acquisition of Plan Shares under the Purchase Plan.

Section 423

TDS believes that the Purchase Plan qualifies under Section 423 of the Internal Revenue Code as an employee stock purchase plan. Under Section 423, the Participant does not recognize any taxable income at the time Plan Shares are purchased under the Purchase Plan.

Dispositions

If a Participant disposes of Plan Shares purchased under the Purchase Plan within two years of the applicable Purchase Date (as defined above), the Participant will recognize ordinary compensation income in the amount of the excess of the fair market value of the Plan Shares on such Purchase Date over the Purchase Price of the shares. The Participant's cost basis in the Plan Shares will be increased by the amount of such ordinary compensation income. If the amount realized upon such disposition exceeds the Participant's cost basis in the Plan Shares (as so increased), the Participant will recognize capital gain in the amount of the difference between the amount realized and such adjusted cost basis. Under current tax law, gain on capital assets held for 12 months or less is treated as "short term" capital gain which is not eligible for certain preferential tax treatment afforded "long-term" capital gain. In the event the amount realized is less than the cost basis in the Plan Shares (as so increased), the Participant will recognize capital loss in the amount of the difference between the adjusted cost basis and the amount realized.

If a Participant disposes of Plan Shares purchased under the Purchase Plan two years or more after the applicable Purchase Date, the tax treatment will be different. The Participant will recognize ordinary compensation income in the amount of the lesser of:

- the excess of the fair market value of the Plan Shares on the Purchase Date over the Purchase Price of the shares; and
- the excess of the amount realized upon disposition of the Plan Shares over the Purchase Price of the Plan Shares.

The Participant's cost basis in the Plan Shares will be increased by the amount of such ordinary compensation income. In addition, the Participant will recognize long term capital gain equal to the difference (if any) between the amount realized upon such disposition and the adjusted cost basis in the Plan Shares (as so increased). In the event the amount realized is less than the Purchase Price, the Participant will recognize long term capital loss in the amount of the difference between the Purchase Price and the amount realized.

Section 401(a)

The Purchase Plan is not intended to be qualified under Section 401(a) of the Internal Revenue Code.

Plan Benefits

TDS has not provided a table of the 2009 Employee Stock Purchase Plan benefits since the benefits to executive officers are not determinable. The benefits will depend on the number of Plan Shares which the executive officers will subscribe for, if any, under the plan and the future price of such shares.

This description of the Purchase Plan is a summary only and is qualified by the terms of the Purchase Plan itself.

The TDS Board recommends a vote “FOR” approval of the 2009 Employee Stock Purchase Plan.

**PROPOSAL 3
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We anticipate continuing the services of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal 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 of shareholders 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.

We are not required to obtain shareholder ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm by the Bylaws or otherwise. However, we have elected to seek such ratification by the affirmative vote of the holders of a majority of the votes 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 of the board of directors will review whether to retain such firm for the year ending December 31, 2008.

The board of directors recommends a vote “FOR” ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year.

FEES PAID TO PRINCIPAL ACCOUNTANTS

The following sets forth the aggregate fees (including expenses) billed by TDS’ principal accountants PricewaterhouseCoopers LLP for 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Audit Fees (1)	\$4,403,994	\$6,105,744
Audit Related Fees	—	—
Tax Fees	—	—
All Other Fees(2)	8,090	4,500
Total Fees	<u>\$4,412,084</u>	<u>\$6,110,244</u>

- (1) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for 2007 and 2006 (as updated) for professional services rendered for the audit of the annual financial statements for the years 2007 and 2006 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 each of these years including the attestation and report relating to internal control over financial reporting as well as accounting research, audit fees related to the restatement of the companies’ financial statements for certain prior years, review of financial information included in other SEC filings and the issuance of consents and comfort letters. Although PricewaterhouseCoopers LLP has billed TDS and U.S. Cellular for these fees and expenses, management of TDS and U.S. Cellular have not yet completed their reviews of all of the amounts billed.
- (2) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for services, other than services covered in (1) above, for the years 2007 and 2006.

The Audit Committee determined that the payment of fees for non-audit related services does not conflict with maintaining PricewaterhouseCoopers LLP’s independence.

See “Corporate Governance—Board Committee Charters—Audit Committee Charter” for information relating to the audit committee’s pre-approval policies.

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' web site, www.teldta.com under Investor Relations—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 auditing standards generally accepted in the United States of America 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 2007. In these meetings, the Audit Committee reviewed and discussed the audited financial statements as of and for the year ended December 31, 2007. 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, Communication with Audit Committees, as amended, 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 Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as amended, and the Public Company Accounting Oversight Board (PCAOB) pursuant to Rule 3600T, 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, 2007 be included in TDS' Annual Report on Form 10-K for the year ended December 31, 2007.

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

George W. Off
Chairperson

Donald C. Nebergall

Mitchell H. Saranow

Herbert S. Wander

EXECUTIVE OFFICERS

The following executive officers of TDS were identified in the above tables regarding the election of directors: LeRoy T. Carlson, Jr., President 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 may be deemed to be executive officers of TDS. 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.

<i>Name</i>	<i>Age</i>	<i>Position</i>
LeRoy T. Carlson	91	Chairman Emeritus
John E. Rooney	65	President and CEO of United States Cellular Corporation
David A. Wittwer	47	President and CEO of TDS Telecommunications Corporation
Douglas D. Shuma	47	Senior Vice President and Corporate Controller
Kurt B. Thaus	49	Senior Vice President and Chief Information Officer
Scott H. Williamson	57	Senior Vice President—Acquisitions and Corporate Development
C. Theodore Herbert	72	Vice President—Human Resources
Joseph R. Hanley	41	Vice President—Technology Planning and Services

LeRoy T. Carlson. LeRoy T. Carlson was elected Chairman Emeritus of TDS (an executive officer of TDS) in February 2002. Prior to that time, he was Chairman of TDS for more than five years. He is a director of U.S. Cellular. Mr. Carlson is the father of LeRoy T. Carlson, Jr., Walter C.D. Carlson, Letitia G. Carlson, M.D. and Prudence E. Carlson. See also “Election of Directors—Other Current or Former Directors” for more information.

John E. Rooney. John E. Rooney has been the President and Chief Executive Officer of U.S. Cellular for more than five years.

David A. Wittwer. David A. Wittwer has been the President and Chief Executive Officer of TDS Telecom since January 1, 2007. On February 21, 2006, TDS appointed Mr. Wittwer as Executive Vice President and Chief Operating Officer (COO) of TDS Telecom and designated him to succeed James Barr III as President and CEO of TDS Telecom on January 1, 2007. Prior to his appointment as Executive Vice President and COO of TDS Telecom, Mr. Wittwer was President of TDS Telecom’s incumbent local exchange carrier operations since March 2005. Prior to that time, he was Executive Vice President—Staff Operations, Chief Financial Officer, Treasurer and Assistant Secretary of TDS Telecom for more than five years.

Douglas D. Shuma. Douglas D. Shuma was appointed Senior Vice President and Corporate Controller of TDS on September 1, 2007. Prior to that time, Mr. Shuma was a consultant at Douglas Financial Consultants, a company that he founded, since 2006. Before that time, he was the Vice President and Controller of Baxter International Inc. for over five years.

Kurt B. Thaus. Kurt B. Thaus was appointed Senior Vice President and Chief Information Officer on January 12, 2004. Prior to that time, he was employed by T-Systems North America, Inc., the North American subsidiary of T-Systems International (Deutsche Telekom) for more than five years, most recently as senior vice president of technology management services.

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.

Joseph R. Hanley. Joseph R. Hanley was appointed Vice President—Technology Planning and Services on August 15, 2004. Prior to that time, he was employed by TDS Telecom for more than five years, most recently as Vice President—Strategic Planning and Emerging Applications.

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

Codes of Conduct and Ethics

As required by Section 807 of the American Stock Exchange Company Guide, TDS has adopted a Code of Business Conduct, applicable to all officers and employees of TDS and its subsidiaries, which includes a Code of Ethics for certain Senior Executives and Financial Officers, that complies with the definition of a “code of ethics” as set forth in Item 406 of Regulation S-K of the SEC. TDS has also adopted a Code of Ethics for its directors. Each of the foregoing codes has been posted to TDS’ internet website, www.teldta.com, under Investor Relations—Corporate Governance.

TDS intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to its Code of Ethics for certain Senior Executives and Financial Officers, and will disclose all other amendments to any of the foregoing codes, by posting such information to such internet website. Any waivers of any of the foregoing codes for directors or executive officers, including any waiver of the Code of Ethics for certain Senior Executives and Financial Officers, will be approved by TDS’ board of directors, as applicable, and disclosed in a Form 8-K that is filed with the SEC within four business days of such waiver.

EXECUTIVE AND DIRECTOR COMPENSATION

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.

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 financial performance of TDS. 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 financial 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 as a result of the achievement of performance levels. Compensation is not earned until approved and paid or awarded.

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' annual 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 stock option compensation committee, as described in the proxy statement of U.S. Cellular relating to its 2008 annual meeting of shareholders. Accordingly, except as expressly indicated below, the following discussion does not apply to John E. Rooney. Also, Mr. Rooney does not receive any awards with respect to TDS shares; all his awards made by the U.S. Cellular stock option compensation committee are with respect to Common Shares of U.S. Cellular (American Stock Exchange listing symbol "USM").

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. As discussed above, the Compensation Committee also utilizes the services of both TDS' compensation consultant and an independent compensation consultant.

The Compensation Committee's 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 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 President and CEO. The Compensation Committee has not delegated this authority with respect to any of the officers identified in the Summary Compensation Table.

Objectives and Reward Structure of TDS' Compensation Programs

The above Overview generally described 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' general compensation programs for executive officers of TDS, and their relationship to the reward structure, 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. 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. TDS' compensation policies for executive officers are designed to reward the achievement of such corporate performance goals, as follows.

Each element of compensation and total compensation of the named executive officers is 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 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, 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 to 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
 - Salary
 - Bonus

- Long-term equity compensation pursuant to Long-Term Incentive Plans
 - Stock Awards
 - Bonus Stock Match Awards
 - Restricted Stock Unit Awards
 - Stock Options
- Other Benefits and Plans Available to Identified Officers
 - Deferred Compensation
 - SERP
 - Perquisites
- Other Generally Applicable Benefits and Plans
 - Employee Stock Purchase Plan
 - Tax Deferred Savings Plan
 - Pension Plan
 - Post-Retirement Benefits
 - Health and Welfare Plans

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 other similar companies in order to attract and retain high quality management, attain business objectives and 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 to pay or provide. TDS also does not have defined guidelines that determine how each compensation element and decisions regarding that element fit into the 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 such 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, and (5) such other factors and circumstances as the committee may deem relevant. Going forward in 2008 and subsequent years, the Compensation Committee may also rely on the advice and information from its compensation consultant, Compensation Strategies, Inc. See Corporate Governance—Compensation Committee, 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 and (4) such other factors 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 other named executive officers 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. In addition, additional facts and circumstances considered with respect to the named executive officers are discussed below in the discussion relating to 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 and restricted stock units, as discussed below. Grants of equity awards by TDS to the President and CEO and the other executive officers are generally made to all such executive officers at the same time once a year. In 2007 this was done on July 2, 2007. TDS may also make grants of equity awards during other times of the year as it deems appropriate. All option and restricted stock awards are granted in consideration for future service and 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.

Benchmarking

TDS engages in benchmarking with the companies in the peer group index included in the "Stock Performance Graph" that is included in the TDS annual report to shareholders, 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.

The peer group included in the Stock Performance Graph for 2006 consisted of ALLTEL Corp., Centennial Communications Corp., CenturyTel, Inc., Citizens Communications Co. and Dobson Communications Corp., in addition to TDS. As a result of acquisitions of ALLTEL Corp. and Dobson Communications Corp. in 2007, TDS believes that this peer group would have too few participants and has selected the Dow Jones U.S. Telecommunications Index, a published industry index, for 2007 and currently expects to use this index in subsequent years. The Dow Jones U.S. Telecommunications Index is currently composed of the following companies: AT&T Inc., CenturyTel Inc., Cincinnati Bell Inc., Citizens Communications Co. (Series B), Embarq Corp., IDT Corp. (Class B), Leap Wireless International Inc., Leucadia National Corp., Level 3 Communications Inc., MetroPCS Communications Inc., NII Holdings Inc., Qwest Communications International Inc., RCN Corp., Sprint Nextel Corp., Telephone and Data Systems, Inc. (TDS and TDS.S), Time Warner Telecom, Inc., United States Cellular Corporation, Verizon Communications Inc., Virgin Media Inc. and Windstream Corp.

Market benchmark data was obtained from the Towers Perrin 2006 Compensation Data Bank Executive Compensation Database. The database contained approximately 700 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. For comparison purposes, Towers Perrin provided market benchmark data based on a blended average basis with 50% of the total based on telecommunications industry data and 50% based on general industry data contained in the database. In addition, the benchmark data provided was based on only those companies that had approximate annual revenues in the \$3 billion to \$6 billion revenue range.

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 named executive officers, as discussed below. TDS believes this approach is 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 also believes this methodology is more statistically valid than solely benchmarking these elements of compensation to the peer group of companies used in the Stock Performance Graph for the applicable performance year.

The identity of the individual component companies that are included in the database is 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 Perrin. 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 and because they rely on the services of Towers Perrin for such purposes.

Going forward in 2008 and subsequent years, the Compensation Committee expects to obtain benchmarking information from its independent compensation consultant, Compensation Strategies.

Company Performance

Overall TDS performance for 2006 was approximately 90.4% of target. This represents the average of the adjusted U.S. Cellular percentage of 90.5% and the adjusted TDS Telecom percentage of approximately 90%, as weighted by a specified percentage intended to represent the approximate proportion of TDS that U.S. Cellular and TDS Telecom represent, calculated as follows:

<u>Business Unit</u>	<u>2006 Bonus Program Performance as a Percent of Target Performance</u>	<u>Allocated Proportion of Total Company</u>	<u>Weighted Performance</u>
U.S. Cellular	90.5%	75%	67.9%
TDS Telecom	90.0%	25%	22.5%
Weighted Average Company Performance as a Percentage of Target			90.4%

Performance of U.S. Cellular is discussed in the U.S. Cellular proxy statement. As noted therein, the overall average percentage achieved with respect to 2006 performance for purposes of the U.S. Cellular bonus pool was calculated to be 83.1%. Nevertheless, the entire amount of the bonus pool is discretionary and subject to approval by the Chairman of U.S. Cellular. Pursuant to this discretionary authority, the Chairman adjusted the overall bonus pool to 90.25% of target, and then rounded this to 90.5%. This was done because certain strategic and other decisions subsequent to the time that the targets were set adversely affected performance compared to the targets.

The following provides information on performance targets and achievement of TDS Telecom with respect to 2006 that were considered in evaluating the annual cash compensation in 2007. The following table shows the performance measures, 2006 performance targets, target points, actual 2006 results and actual points achieved for each performance measure and overall. Financial information presented in the below table may not agree with the segment financial information for TDS Telecom due to adjustments for unusual items that occurred during the year that were not contemplated at the inception date of the targets. This table shows that the overall percentage achievement of the performance targets was approximately 87.9% with respect to 2006 for TDS Telecom. This percentage was rounded to 90% on a discretionary basis by the Chairman of TDS Telecom, who is also the President and CEO of TDS.

Measures	Targets						Actual		
	2006 Target	Target Points	Out-standing Performance	Non-Bonus Performance	Out-standing Performance (as a % of target)	Non-Bonus Performance (as a % of target)	Actual 2006 Results	% of Targets	Actual Points Earned
Customer Measures									
ILEC Customer Satisfaction—Consumer . . .	92.0%	70	95.7%	73.6%	104%	80%	90.3%	98.2%	64
ILEC Customer Satisfaction—Commercial . .	94.0%	30	97.8%	75.2%	104%	80%	95.5%	101.6%	34
CLEC Customer Satisfaction—Commercial . .	82.0%	35	85.3%	65.6%	104%	80%	90.5%	110.4%	46
CLEC Customer Satisfaction—Consumer . . .	83.0%	15	86.3%	66.4%	104%	80%	87.8%	105.8%	20
CLEC Commercial Churn	1.31%	35	1.05%	1.97%	80%	150%	1.36%	103.8%*	32
CLEC Consumer Churn	2.62%	15	2.10%	3.41%	80%	130%	2.59%	98.9%*	16
		<u>200</u>							<u>212</u>
Innovate and Improve									
ROC—ILEC	8.6%	200	8.9%	6.9%	104%	80%	7.55%	87.8%	79
Free Operating Cash Flow—CLEC (in millions)	\$ 1.4	100	\$ 1.5	\$ 1.1	104%	80%	\$ 8.3	592.9%	130
Operating Revenues—ILEC (in millions) . . .	\$ 667.8	145	\$ 694.5	\$ 534.2	104%	80%	\$ 648.7	97.1%	125
Operating Revenues—CLEC (in millions) . . .	\$ 246.6	55	\$ 256.5	\$ 197.3	104%	80%	\$ 239.1	97.0%	47
Operating Cash Flow (in millions)	\$ 310.9	150	\$ 323.3	\$ 248.7	104%	80%	\$ 301.8	97.1%	128
ILEC Broadband Customers at 12/31/06	93,674	100	99,294	74,939	106%	80%	105,086	112.2%	130
CLEC Broadband Customers at 12/31/06	46,052	50	48,815	36,842	106%	80%	41,178	89.4%	28
		<u>800</u>							<u>667</u>
Total		<u>1000</u>							<u>879</u>

* Lower percentage is better.

As noted above, the overall percentage achieved was 87.9%, but this was rounded up to 90% on a discretionary basis.

Personal Objectives and Performance

In addition to TDS and/or business unit performance, the Compensation Committee may consider personal objectives and performance. The personal objectives and performance that the Compensation Committee considered in its evaluation of the President and CEO are discussed below. The personal objectives that the President and CEO considered in his recommended evaluation to the Compensation Committee of the named executive officers other than himself are also discussed below. There was no minimum level of achievement of any of those objectives that was required for any cash compensation decision.

Annual Cash Compensation

Annual cash compensation decisions, consisting of base salary for the current year and bonus based on performance for the prior year, 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 foregoing TDS officers, as reported in proxy statements and salary surveys. The Compensation Committee also considers recommendations from the President and CEO regarding compensation for the named executives other than the President and CEO, 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 in the case of the named executive officers other than the President and CEO. 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 makes an assessment of how well TDS did as a whole during the year, as discussed above, and the extent to which the President and CEO believes the executive officer other than the President and CEO 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 of Human Resources. Going forward in 2008 and subsequent years, the Compensation Committee will also obtain 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. Going forward in 2008 and subsequent years, the Compensation Committee will consider information from its independent compensation consultant, Compensation Strategies. The committee may also consider such other factors the committee deems appropriate in making its compensation decisions. No specific measures of performance 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, that determines the elements of compensation and total compensation for the President and CEO.

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 2007 and 2006, whether or not paid in such year.

With respect to the bonus element of compensation, the Vice President Human Resources also prepares and provides to the Compensation Committee information to be used for the annual bonus reviews of executive officers. Prior to 2007, TDS had no written or formal bonus plan for the named executive officers. The bonuses for named executive officers were determined by the Compensation Committee based on its evaluation of each executive’s contribution to TDS, the achievement of individual objectives, the performance of TDS and/or its business units and divisions and all other facts and circumstances considered appropriate in its judgment.

As a result of the foregoing process, bonuses with respect to 2006 performance were not earned by the other executive officers until they were approved and awarded in 2007 and bonuses with respect to 2005 performance were not earned by the other executive officers until they were approved and awarded in 2006. Accordingly, bonuses with respect to 2006 performance are included in the below Summary Compensation Table as compensation earned in 2007 and bonuses with respect to 2005 performance are included in the below Summary Compensation Table as compensation earned in 2006. These amounts are included in column (d), "Bonus," of the below Summary Compensation Table and represent the dollar value of bonus (cash and non-cash) earned by the identified executive officers during 2007 or 2006.

Beginning with the 2007 performance year relating to bonuses that will be paid in 2008, TDS has established performance guidelines and procedures for awarding bonuses. These guidelines and procedures were filed by TDS as Exhibit 10.1 to TDS' Form 10-Q for the quarter ended March 31, 2007. Starting with the 2007 performance year relating to bonuses that will be paid in 2008, 70% of each officer's target bonus will be based on his/her assessed performance. The remaining 30% will be based on performance of TDS, based on the weighted average of the percentage achievement of target of U.S. Cellular and TDS Telecom. However, notwithstanding anything to the contrary, 100% of the bonus continues to be discretionary and is not earned by the officer unless and until awarded and paid. The calculations of the bonus amounts for the named executive officers that receive bonuses pursuant to these guidelines with respect to 2007 performance that are paid in 2008 will be reflected in next year's proxy statement.

The following discusses annual cash compensation with respect to the specified named executive officers.

President and CEO

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 based on such performance evaluation and compensation principles.

In addition to the general facts and circumstances that are considered for all executive officers as discussed above, additional facts and circumstances that the Compensation Committee considers in determining the annual cash compensation of LeRoy T. Carlson, Jr., the President and CEO ("CEO"), include the following: the responsibilities of the CEO; the period of time that the CEO has held this position and served with TDS; the Compensation Committee's view of the CEO's contribution to the growth and development of TDS during that time; the fact that TDS is a holding company that includes two primary subsidiaries, TDS Telecom and U.S. Cellular; the fact that the CEO is the Chairman of each of such subsidiaries; the prior year's performance of TDS Telecom, as discussed above, and U.S. Cellular (as discussed in the U.S. Cellular proxy statement); the overall performance of TDS, as discussed above; the relationship of the performance of TDS and/or its business units to the determination of the CEO's annual cash compensation, as discussed below; the personal objectives of the CEO for the preceding year, as discussed below; whether there has been any restatement of financial statements and the nature of the restatement; the annual cash compensation of the other named executive officers, including the salary increase and bonus granted to each of such other officers, as discussed below; and the fact that the President and CEO has a substantial beneficial interest in TDS, as described below under "Security Ownership of Management", and will benefit together with other shareholders based on the performance of TDS.

With respect to the CEO, the Compensation Committee considers the overall performance of TDS based on the weighted average performance of TDS Telecom and U.S. Cellular, as discussed above. No minimum level of performance is established for overall TDS performance. Instead, the Compensation Committee considers overall TDS performance after the fact but without any predetermined threshold performance level. As noted above, the adjusted overall percentage achievement of performance targets with respect to 2006 was approximately 90% for TDS Telecom. As discussed in the U.S. Cellular proxy statement, the adjusted overall percentage achievement of performance targets with respect to 2006 was

approximately 90.5%. As discussed above, the weighted average performance of these business units was approximately 90.4%.

In addition, the President and CEO had the following personal objectives with respect to 2006: (i) achieve the 2006 enterprise budget; (ii) work with TDS Telecom and U.S. Cellular to assure that they have sound growth strategies and that they are implemented effectively; (iii) achieve Sarbanes Oxley Section 404 compliance and complete remediation plan to avoid restatements in the future; (iv) work with TDS Telecom to finalize and begin implementation of strategies and corporate development plans; (v) maximize the value of investments in other entities, including reducing tax consequences to TDS; (vi) develop and implement information technology functions using benchmarking; (vii) prepare a risk assessment and implement processes to address risks; (viii) work with U.S. Cellular relating to 3G; (ix) work with U.S. Cellular relating to the acquisition of additional spectrum; (x) work with TDS Telecom relating to super high-speed data services; (xi) work with U.S. Cellular relating to governmental spectrum policy; (xii) work with key TDS Telecom executives relating to its new organization structure; (xiii) consider action relating to the pay off or refinancing of long-term debt; (xiv) implement the company's strategic plan; and (xv) manage health care costs.

The Compensation Committee did not perform an individual assessment and analysis of each of the foregoing objectives. Each of the members of the Compensation Committee is a member of the TDS Board of Directors, and participates in regular and special Board meetings where TDS' objectives and progress relating thereto are presented, considered and discussed. Based on such participation, the Compensation Committee believes that the CEO's overall individual performance exceeded expectations. The following provides additional information with respect to the achievement of the President and CEOs personal objectives for 2006.

TDS' overall company performance was approximately 90.4% of target, which included stretch goals. The CEO worked with TDS Telecom and U.S. Cellular relating to growth strategies, corporate development plans and has been implementing the company's strategic plan. TDS made progress in achieving Sarbanes Oxley Section 404 compliance and remediating material weaknesses. TDS evaluated action to maximize the value of investments in other entities and reduce tax consequences. TDS made progress in developing and implementing information technology functions using benchmarking. TDS made progress in its risk assessment and processes to address risks. U.S. Cellular launched services based on EV-DO technology, a 3G technology, on a limited basis in late 2006. U.S. Cellular developed plans relating to the acquisition of additional spectrum and governmental spectrum policy. TDS Telecom developed plans relating to super high-speed data services. TDS Telecom took action to transition executives in the new organization structure. TDS took action to repay \$200 million of its 7% notes and redeem \$35 million of 10% medium-term notes in 2006. TDS took action to manage health care costs.

The base salary of Mr. Carlson for 2006 was \$1,115,000. On March 7, 2007, this was increased to \$1,193,000 for 2007, representing an increase of approximately 7.0%. The range considered in approving Mr. Carlson's base salary for 2007 was approximately \$1,015,000 to \$1,205,000. This range was based on a survey from TDS' compensation consultant, Towers Perrin, and represented the 50th to 75th percentiles, respectively, of a population of comparable base salaries. See "Benchmarking" above.

On March 7, 2007, the Compensation Committee also approved a bonus of \$800,000 for Mr. Carlson with respect to 2006 performance, which was paid in 2007. In comparison, Mr. Carlson earned a bonus of \$550,000 with respect to 2005 performance, which was paid in 2006. Mr. Carlson's target bonus percentage with respect to the 2006 bonus earned and paid in 2007 was 75% of his 2006 base salary of \$1,115,000, or \$836,250. Mr. Carlson's bonus of \$800,000 was approximately 96% of his target of \$836,250. This reflects the overall company performance of approximately 90.4% and the Compensation Committee's high assessment of Mr. Carlson' personal achievements and performance as discussed above.

When the bonus amount is added to the salary that was approved for Mr. Carlson for 2007 of \$1,193,000, his total cash compensation in 2007 was \$1,993,000. The range considered in approving the CEO's total cash compensation for 2007 was approximately \$2,195,000 to \$3,070,000. This range was based on a survey from TDS' compensation consultant, Towers Perrin, and represented the 50th to 75th percentiles, respectively, of a population of comparable executives' total cash compensation.

Mr. Carlson's total cash compensation was slightly below the 50th percentile of this range. This was considered appropriate by the Compensation Committee considering TDS' overall performance of 90.4% and based on its assessment of Mr. Carlson's performance in 2006, as discussed above.

For disclosure purposes, in 2008, the base salary of Mr. Carlson for 2008 was increased to \$1,275,000, representing an increase of approximately 6.9% over the 2007 base salary. Also for disclosure purposes, in 2008, the Compensation Committee approved a bonus of \$950,000 for Mr. Carlson with respect to 2007 performance, which was paid in 2008. This was based on analysis and input from Compensation Strategies. These amounts and analysis thereof will be reported in the Summary Compensation Table in next year's proxy statement.

Other Executive Officers

With respect to the officers identified in the Summary Compensation Table other than the President and CEO, the Compensation Committee considers the President and CEO's evaluation of the performance of such executive officers and sets the annual base and bonus compensation levels for such executive officers based on such performance evaluations and the compensation principles described above. In addition to the general factors described above, the compensation elements of certain officers are based on their specific responsibilities.

Executive Vice President and Chief Financial Officer

In addition to the general facts and circumstances that are considered for all executive officers as discussed above, additional facts and circumstances that the CEO and Compensation Committee consider in determining the annual cash compensation of the Executive Vice President and Chief Financial Officer ("CFO") are as follows: the responsibilities of the CFO; the period of time that the CFO has held this position and served with TDS; the Compensation Committee's subjective view of the CFO's contributions to TDS during that time; the CFO's relationship with management and personnel of U.S. Cellular and TDS Telecom; whether there has been any restatement of financial statements and the nature of the restatement; progress in improving internal controls and remediating material weaknesses; and the CEO's assessment of achievement of personal objectives of the CFO for the preceding year, as discussed below.

With respect to the CFO, the Compensation Committee would generally consider the CEO's assessment of the achievement of personal objectives established for the CFO for the prior year by the CEO. However, Kenneth R. Meyers did not become the CFO of TDS until January 1, 2007. As a result, he did not have any personal objectives with respect to TDS for 2006.

Mr. Meyers' cash compensation in 2007 consisted of (i) his initial base salary as an officer of TDS in 2007 and (ii) the bonus paid to and earned by Mr. Meyers under the U.S. Cellular 2006 Executive Bonus Plan as described in the U.S. Cellular proxy statement. Mr. Meyers' initial base salary as TDS' CFO for 2007 was established and approved by the Compensation Committee based on the recommendation of the CEO considering a range based on a survey from TDS' compensation consultant, Towers Perrin, of a population of comparable base salaries, as discussed above under "Benchmarking."

Mr. Meyers' base salary for 2007 was set at \$550,000 effective with his appointment as CFO of TDS effective January 1, 2007. This amount was established considering the compensation of officers at comparable companies with similar responsibilities. The range considered in approving the Mr. Meyers' base salary for 2007 was approximately \$495,000 to \$585,000. This range was based on the Towers Perrin survey and represented the 50th to 75th percentiles, respectively, of a population of comparable base salaries. In comparison, Mr. Meyers' base salary for 2006 in his capacity as Executive Vice President, Chief Financial Officer and Treasurer of U.S. Cellular was \$462,959. His salary in his new capacity at TDS reflects an increase of approximately 18% to recognize his additional responsibilities, considering the fact that TDS is the parent company of U.S. Cellular, as well as TDS Telecom.

Mr. Meyers received a bonus of \$276,860 with respect to 2006 performance, which was earned and paid in 2007. Because Mr. Meyers was the Executive Vice President, Chief Financial Officer and Treasurer of U.S. Cellular during 2006, his bonus with respect to 2006 performance that was paid and earned in

2007 was determined under the U.S. Cellular 2006 Executive Bonus Plan as described in the U.S. Cellular proxy statement. Mr. Meyers' target bonus was 50% of his 2006 base salary of \$462,959, or \$231,480. As described in the U.S. Cellular proxy statement and indicated above, U.S. Cellular's adjusted performance was 90.5% of target. Based on this percentage, Mr. Meyers would have received a bonus of \$209,489, which is 90.5% of his target bonus for 2006. The additional amount over this amount represents a discretionary bonus approved by the Chairman of U.S. Cellular relating to Mr. Meyers' former capacity as Executive Vice President, Chief Financial Officer and Treasurer of U.S. Cellular, based on Mr. Meyers' contribution to U.S. Cellular, and on achievement of objectives by U.S. Cellular as discussed in the U.S. Cellular proxy statement.

For disclosure purposes, in 2008, the base salary of Mr. Meyers for 2008 was increased to \$595,000, representing an increase of approximately 8.2% over the 2007 base salary. Also for disclosure purposes, in 2008, the Compensation Committee approved a bonus of \$356,000 for Mr. Meyers with respect to 2007 performance, which was paid in 2008. This was based on analysis and input from Compensation Strategies. These amounts and analysis thereof will be reported in the Summary Compensation Table in next year's proxy statement.

Senior Vice President of Acquisitions and Corporate Development

In addition to the general facts and circumstances that are considered for all executive officers as discussed above, additional facts and circumstances that the CEO considers in his recommendation to the Compensation Committee regarding the annual cash compensation of the Senior Vice President of Acquisitions and Corporate Development ("SVP-ACD") are as follows: the responsibilities of the SVP-ACD; the period of time that the SVP-ACD has held this position and served with TDS; the Compensation Committee's subjective view of the SVP-ACD's contributions to TDS during that time; the prior year's performance of TDS, as discussed above; the relationship of the performance of TDS to the determination of the SVP-ACD's annual cash compensation, as discussed below; and the CEO's assessment of achievement of personal objectives of such officer for the preceding year, as discussed below.

Mr. Williamson's base salary was evaluated based on his responsibilities as SVP-ACD, and considering the compensation of officers at comparable companies with similar responsibilities. The range considered in approving Mr. Williamson's base salary for 2007 was approximately \$295,000 to \$405,000. This range was based on the survey from TDS' compensation consultant, Towers Perrin, and represented the 50th to 75th percentiles, respectively, of a population of comparable base salaries. The base salary approved for Mr. Williamson for 2007 was \$529,000, representing a 6.9% increase over his 2006 base salary of \$495,000.

The salary of \$529,000 exceeds the median of this range, and exceeds the 75th percentile, for the following reasons: Mr. Williamson has been a vice president and the chief corporate development officer of TDS since 1995. Mr. Williamson has been a senior vice president since 1998. TDS considers its corporate development activities to be key and integral business functions. Mr. Williamson also provides important services with respect to strategic planning for TDS and its business units. Mr. Williamson has consistently exceeded expectations during his lengthy tenure at TDS, including with respect to 2006. As a result, Mr. Williamson's compensation has risen above the median level for his position, and above the 75th percentile, as consequence of his many years of service and salary increases over such period of time commensurate with his consistently high rating. The CEO and Compensation Committee believe that Mr. Williamson's base salary is at an appropriate level considering the importance of Mr. Williamson's responsibilities and his consistently outstanding performance over a long period of time.

Mr. Williamson received a bonus of \$285,000 with respect to 2006 performance, which was earned and paid in 2007. Mr. Williamson's target bonus percentage with respect to the 2006 bonus earned and paid in 2007 was 35% of his 2006 base salary of \$495,000, or \$173,300. Mr. Williamson's bonus of \$285,000 was approximately 165% of his target amount, reflecting the fact that Mr. Williamson's performance exceeded expectations, as discussed below.

With respect to the SVP-ACD, the Compensation Committee considers the CEO's assessment of personal achievements of the SVP-ACD by the CEO. Due to the nature of the SVP-ACD's position and

responsibilities, which do not include regular operating or administrative responsibilities, the SVP-ACD's performance is not based on set goals. Instead, the SVP-ACD's performance is evaluated after the fact based on his achievements in corporate development, acquisitions, transactions, evaluations, strategic analysis and advice.

In particular, with respect to 2006, the following factors were considered: Mr. Williamson successfully led the TDS team relating to the acquisition of spectrum by Barat Wireless in Auction 66. Mr. Williamson also established a successful relationship with TDS' partner in Barat. Mr. Williamson was successful with several transactions in 2006, including completing an exchange and transition of wireless markets in Kansas, Nebraska and Idaho with a subsidiary of ALLTEL; purchasing the remaining ownership interest in a Tennessee wireless market, in which U.S. Cellular had previously owned a minority interest; and negotiating the acquisition of Iowa 15 Wireless, LLC, including the 25 megahertz FCC cellular license to provide wireless service in Iowa RSA 15. Mr. Williamson also provided significant advice with respect to various TDS Telecom potential transactions or opportunities and successfully led the acquisition team in the buy out of minority shares in several majority owned telephone companies. Mr. Williamson provided significant contributions relating to corporate and enterprise strategy, provided significant guidance on the allocation of resources, and played a major role relating to strategic long range forecasts and valuations. Mr. Williamson also made presentations and provided informed advice to the TDS and U.S. Cellular Boards of Directors. Mr. Williamson also maintained excellent relationships with TDS and U.S. Cellular directors and officers. As a result of these achievements, as noted above, the CEO believed that Mr. Williamson's performance exceeded expectations.

For disclosure purposes, in 2008, the base salary of Mr. Williamson for 2008 was increased to \$565,000, representing an increase of approximately 6.8% over the 2007 base salary. Also for disclosure purposes, in 2008, the Compensation Committee approved a bonus of \$277,000 for Mr. Williamson with respect to 2007 performance, which was paid in 2008. This was based on analysis and input from Compensation Strategies. These amounts and analysis thereof will be reported in the Summary Compensation Table in next year's proxy statement.

Chairman Emeritus

The compensation of LeRoy T. Carlson as Chairman Emeritus is based on unique circumstances and is not based on the general approach used for other executive officers. No range was considered in approving Mr. Carlson's base salary or bonus for 2007. The CEO and Compensation Committee do not establish or consider any personal objectives with respect to the Chairman Emeritus. There was no rating of Mr. Carlson's performance. The performance of TDS and/or its business units and divisions is not a significant consideration in the evaluation of Mr. Carlson's annual cash compensation. Instead, Mr. Carlson's base salary and bonus is evaluated based on his historical and current responsibilities and activities as Chairman Emeritus for TDS. Facts and circumstances that the CEO and Compensation Committee consider in determining the annual cash compensation of the Chairman Emeritus are primarily the fact that Mr. Carlson founded TDS in 1968, and the Compensation Committee's subjective views of the insights, value, experience, inspiration, mentoring and motivational effects that Mr. Carlson continues to bring to TDS and its employees on a current basis. Based on such considerations, the Compensation Committee approved a salary for 2007 of \$480,000 and a bonus of \$200,000, which were the same as the amounts approved in 2006 for the Chairman Emeritus.

For disclosure purposes, in 2008, the base salary of Mr. Carlson for 2008 was set at \$480,000, the same as the 2007 base salary. Also for disclosure purposes, in 2008, the Compensation Committee approved a 2007 bonus of \$202,600 for Mr. Carlson which was paid in 2008. This will be reported in the Summary Compensation Table in next year's proxy statement.

Long-Term Equity Compensation

The Compensation Committee also determines long-term equity compensation awards for the named executive officers under the TDS 2004 Long-Term Incentive Plan, which include options and restricted stock units. The Compensation Committee may establish performance measures and restriction periods, 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 exercise price of an option 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. The restricted stock units generally vest in full (cliff vesting) on December 15 in the second year following grant, subject to continued employment. Options granted in 2007 and prior years are generally scheduled to become exercisable on December 15 of the year of grant and are exercisable until the tenth anniversary of the date of grant, subject to continued employment. However, the Compensation Committee took action in 2007 to provide that options granted on or after January 1, 2008 will instead 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 other comparable companies, including the companies in the peer group index included in the “Stock Performance Graph” as reported in TDS’ annual report to shareholders, as well as other companies in the telecommunications industry and other industries, to the extent considered appropriate, based on similar company size and executive function, geography or otherwise. This information is presented to the committee, which approves the long-term compensation of the named executive officers based on such information. The committee also looks at the mix of salary, bonus and long-term incentive compensation.

Long-term compensation decisions for the named executive officers are made by the Compensation Committee in a manner similar to that described for annual base salary and bonus decisions, except that the stock options and restricted stock units will generally vest over several years, in order to reflect the goal of relating long-term compensation of the named executive officers to increases in shareholder value over the same period. The President and CEO may recommend to the Compensation Committee long-term compensation in the form of stock option and restricted stock grants, stock appreciation rights or otherwise for executive officers other than the President and CEO.

The performance of TDS is also a factor in determining the number of stock options and restricted stock units which will be awarded and become exercisable with respect to the executive officers. The named executive officer receives an award of options and restricted stock units in the current year based on the achievement of certain levels of corporate and individual performance in the immediately preceding year.

However, as with the annual salary and bonus, the 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 is entirely discretionary and the named executive officer has no right to any options or awards unless and until they are awarded. As a result, similar to the bonus, the awards with respect to 2006 performance were not earned by the named executive officers until they were approved and awarded in 2007. Accordingly, awards with respect to 2006 performance are included in the Summary Compensation Table below as compensation earned in 2007. 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 2006 based on the achievement of certain levels of corporate and individual performance in 2005 and received an award of restricted stock units in 2007 based on the achievement of certain levels of corporate and individual performance in 2006. Column (e), “Stock Awards,” of the Summary Compensation Table includes the dollar amount of expense recognized for financial statement reporting purposes in 2006 and 2007, respectively.

The named executive officers also received an award of options in 2006 based on the achievement of certain levels of corporate and individual performance in 2005 and received an award of options in 2007 based on the achievement of certain levels of corporate and individual performance in 2006. Column (f), “Option Awards,” of the Summary Compensation Table includes the dollar amount of expense recognized for financial statement reporting purposes with respect to 2006 and 2007, respectively.

In general, stock option awards are comprised of two parts: (i) an automatic award and (ii) a performance award 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. The percentages of the total target long-term incentive value are 20% for automatic stock options, 45% for performance stock options and 35% for restricted stock units. The total target long-term incentive value is determined primarily by multiplying the officer's salary by a multiple. The amount of this multiple is determined by the officer's title and job responsibilities and the benchmarking data from Towers Perrin. See "Benchmarking".

The value used for stock options and restricted stock units was determined by Towers Perrin using a binomial methodology based on the stock price for TDS Special Common Shares of \$58.60 on June 12, 2007. The values calculated by Towers Perrin were \$14.98 per TDS stock option and \$50.70 per TDS restricted stock unit.

As an example, the following provides information on how the foregoing was used to calculate the options and restricted stock units for the CEO in 2007, and then describes how awards to other named executive officers were determined.

On July 2, 2007, the Compensation Committee awarded the President and CEO stock options to acquire 135,000 TDS Special Common Shares based on 2006 performance, and the President and CEO also received automatic stock options to acquire 44,653 TDS Special Common Shares. The TDS options granted on July 2, 2007 have an exercise price of \$59.45 per share, which was the closing price of a TDS Special Common Share on July 2, 2007, became exercisable on December 15, 2007 and are exercisable until July 2, 2017.

On July 2, 2007, the Compensation Committee also awarded the President and CEO restricted stock units with respect to 20,873 TDS Special Common Shares based on 2006 performance. The TDS restricted stock units will become vested on December 15, 2009.

As noted above, the 2006 base salary of the CEO was \$1,115,000. The multiple used for the CEO was 3.00. This multiple used by the Compensation Committee was based on the information from Towers Perrin for CEOs of the companies included in the benchmarking data. The 50th percentile of this multiple for CEOs of such companies was 4.0. The multiple used by the Compensation Committee was 75% of the 50th percentile. This reduction of the median by 25% is intended to be more conservative than the benchmarking data. This adjustment is a matter of judgment and discretion; there is no formal methodology used to determine the amount of this adjustment to the benchmarking data.

The total target long-term incentive value for the CEO using the above formula was \$3,345,000, determined by multiplying \$1,115,000 by 3.0.

Using this amount, the target allocation for each component of long-term compensation was determined by using the percentages identified above, as follows:

<u>Grant Type</u>	<u>Percentage of Target Value</u>	<u>Amount</u>
Automatic Stock Options	20%	\$ 669,000
Performance Stock Options	45%	\$1,505,250
Total Options	65%	\$2,174,250
Restricted Stock Units	35%	\$1,170,750
Total	100%	\$3,345,000

Dividing the foregoing values by \$14.98 per TDS stock option and \$50.70 per TDS restricted stock unit results in the following calculation of the target options and restricted stock units. The following compares this target amount to the amounts granted by the Compensation Committee in 2007 to the CEO:

<u>Grant Type</u>	<u>Target Value</u>	<u>Target Grant</u>	<u>Actual Grant</u>
Automatic Stock Options	\$ 669,000	44,653	44,653
Performance Stock Options	\$1,505,250	100,470	135,000
Total Options	\$2,174,250	145,123	179,653
Restricted Stock Units	\$1,170,750	23,090	20,873
Total	\$3,345,000	n/a	n/a

The amount of the automatic stock option is a function of the above formula. With respect to performance stock options, the Compensation Committee granted approximately 134% of the target of performance stock options based on its view that the CEO had exceeded his personal objectives, identified above. With respect to the restricted stock amounts, the actual grant is 90.4% of the target grant based on TDS' overall performance as discussed above.

The following options and restricted stock units with respect to TDS Special Common Shares were granted to the other named executive officers in 2007:

<u>Name</u>	<u>Number of Shares Underlying Stock Options</u>	<u>Number of Shares Underlying Restricted Stock Units</u>
Kenneth R. Meyers	52,942	8,423
Scott H. Williamson	56,998	6,406
LeRoy T. Carlson	36,116	5,621

The following summarizes the information described above for the CEO and provides comparable information with respect to option and restricted stock grants for the SVP-ACD and Chairman Emeritus in 2007.

	<u>Formula</u>	<u>CEO</u>	<u>SVP-ACD</u>	<u>Chairman Emeritus</u>
a 2006 Salary		\$1,115,000	\$ 495,000	\$480,000
50 th Percentile Multiple		4.00	2.80	2.55
b Actual Multiple used—75% of 50 th Percentile Multiple		3.00	2.10	1.90
c Long-Term Incentive Target Value	a × b	\$3,345,000	\$1,040,000	\$912,000
d Automatic Options—Target and Granted	c × 20%/\$14.98	44,653	13,877	12,175
e Discretionary Options Target	c × 45%/\$14.98	100,470	31,222	27,393
f Individual Performance %		134%	138%	87%
g Discretionary Options Granted	e × f	135,000	43,121	23,941
Total Options Granted	d + g	179,653	56,998	36,116
h Target RSUs	c × 35%/\$50.70	23,090	7,176	6,295
i Company/Business Unit Performance % (approximate—actual percentage is between 89.3% and 90.4%)		90%	90%	90%
RSUs Granted	h × i	20,873	6,406	5,621

The Individual Performance percentage in the above table is based on each officer's individual performance assessment. As noted above, the individual performance percentage for the CEO was approximately 134% based on the Compensation Committee's view that the CEO had exceeded expectations in 2006. Similarly, the Individual Performance percentage for the SVP-ACD was approximately 138% based on the CEO's evaluation to Compensation Committee's that the SVP-ACD had exceeded expectations in 2006. With respect to the Chairman Emeritus, the Individual Performance percentage was 87%. This percentage was reduced from 100% as a result of the reduced scope, responsibilities and authority of LeRoy T. Carlson in his capacity as Chairman Emeritus, rather than based on performance.

The Company/Business Unit Performance percentage represents the overall performance of TDS, as discussed under "Company Performance" above. As noted therein, the overall company performance for TDS was approximately 90.4%. Accordingly, each of the identified executive officers received approximately 90% of his target restricted stock units, although this varied between 89.3% and 90.4%.

With respect to awards granted to Kenneth R. Meyers, because Mr. Meyers was an officer of U.S. Cellular until January 1, 2007, the amount of his long-term incentive awards granted in 2007 with respect to 2006 performance was based on the value of the awards that he would have received from

U.S. Cellular. Mr. Meyers was granted options to purchase 52,942 TDS Special Common Shares and restricted stock units with respect to 8,423 TDS Special Common Shares, calculated as follows:

	<u>Formula</u>	<u>CFO</u>
a	Estimated 3/1/07 Salary if Mr. Meyers had stayed with U.S. Cellular (reflecting estimated increase of 7%)	\$ 501,830
b	Multiple—Based on Benchmarking Survey	2.53
c	Long-Term Incentive Target Value	a × b
d	Value of USM options that would have been granted if Mr. Meyers stayed at U.S. Cellular	c × 60% \$ 761,778
e	Value of USM RSUs that would have been granted if Mr. Meyers stayed at U.S. Cellular	c × 40% × 90.25% \$ 458,336
f	Total value	d + e \$1,220,114
g	Value to be granted in TDS.S options	65% × f \$ 793,074
h	Value to be granted in TDS.S RSUs	35% × f \$ 427,040
i	Number of TDS.S options granted	g / \$14.98 52,942
j	Number of TDS.S RSUs granted	h / \$50.70 8,423

Mr. Meyers' long-term incentive target value award was \$1,269,630 based on 2006 performance by U.S. Cellular. This represents the product of the estimated salary of Mr. Meyers on March 1, 2007 if he had stayed at U.S. Cellular and the benchmarking multiple for Mr. Meyers of 2.53 determined using the procedures described in the U.S. Cellular proxy statement. The U.S. Cellular stock option target is 60% of this amount, or \$761,778, and the U.S. Cellular restricted stock target is 40% of this amount times 90.25%, or \$458,336. The amount of 90.25% represents the adjusted performance of U.S. Cellular for 2006, prior to an adjustment to round this amount to 90.5%, as discussed above. The total of \$761,778 and \$458,336, or \$1,220,114, represents the long-term incentive award value in U.S. Cellular Common Shares foregone by Mr. Meyers as a result of his employment by TDS in 2007. Accordingly, TDS granted to Mr. Meyers long-term incentive awards in TDS Special Common Shares having a value equal to this amount. However, this was allocated using the TDS percentages of 65% in stock options and 35% in restricted stock units. As a result, Mr. Meyers was awarded TDS stock options having a value of \$793,074 and restricted stock units having a value of \$427,040. The awards were determined by dividing such dollar amounts by the option and restricted stock unit values determined by Towers Perrin of \$14.98 and \$50.70, as discussed above.

Analysis of Compensation

The following table identifies the percentage of each element of total compensation of each of the named executive officers other than John E. Rooney based on the Summary Compensation Table for 2007:

	<u>LeRoy T. Carlson, Jr.</u>	<u>Kenneth R. Meyers</u>	<u>Scott H. Williamson</u>	<u>LeRoy T. Carlson</u>
Salary	20.8%	24.2%	27.6%	31.3%
Bonus	14.0%	12.2%	14.9%	13.1%
Stock Awards	22.5%	17.7%	14.7%	21.8%
Stock Options	41.4%	43.2%	39.3%	31.1%
Other	1.3%	2.7%	3.5%	2.7%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The above percentages reflect the effects of SEC and accounting rules in computing total compensation, as discussed below.

TDS does not consider the technicalities of when and how accounting expense is recorded under Statement of Financial Accounting Standards No. 123 (revised 2004), *Share Based Payments* (which we refer to as "FAS 123R") as relevant in its executive compensation decisions. Accordingly, the following table reconciles the compensation expense reported in the Summary Compensation Table using the

FAS 123R expense of the awards to the amount of compensation that would be reported using the grant date values of awards instead for 2007 for officers other than John E. Rooney.

	<u>LeRoy T. Carlson, Jr.</u>	<u>Kenneth R. Meyers</u>	<u>Scott H. Williamson</u>	<u>LeRoy T. Carlson</u>
Total per Summary				
Compensation Table	\$ 5,729,925	\$ 2,276,310	\$ 1,913,904	\$1,531,192
Less FAS 123R Expense for				
Stock Awards	(1,288,171)	(402,180)	(280,428)	(334,168)
Less FAS 123R Expense for				
Options	<u>(2,371,853)</u>	<u>(982,923)</u>	<u>(752,511)</u>	<u>(476,818)</u>
Total FAS 123R Expense for all				
Awards	(3,660,024)	(1,385,103)	(1,032,939)	(810,986)
Add Grant Date Value of				
Awards from Grants of				
Plan-Based Awards Table . . .	<u>3,642,753</u>	<u>1,217,013</u>	<u>1,133,348</u>	<u>868,986</u>
Total Compensation using				
Grant Date Values	<u>\$ 5,712,654</u>	<u>\$ 2,108,220</u>	<u>\$ 2,014,313</u>	<u>\$1,589,192</u>

As indicated above, if compensation is instead calculated using the grant date value of awards, rather than the FAS 123R expense of awards, LeRoy T. Carlson, Jr.'s total compensation would have been \$5,712,654 and the total compensation for the other named executive officers would have ranged from a high of \$2,108,220 to a low of \$1,589,192. Using this approach, Mr. Carlson's total compensation is approximately 2.7 times the total compensation of the next highest compensated named executive officer, other than John E. Rooney. When compared to the Total Compensation using Grant Date Values of John E. Rooney of \$3,926,987, as disclosed in the U.S. Cellular proxy statement, Mr. Carlson's total compensation is approximately 1.5 times the total compensation of the next highest compensated named executive officer.

This disparity between the compensation of the President and the other named executive officers, and the disparities in compensation among the other named executive officers, can be explained by differences in TDS' policies or decision-making regarding executive compensation. As noted herein, TDS' overall compensation objectives are to (i) support TDS' overall business strategy and objectives; (ii) attract and retain high quality management; (iii) link individual compensation with attainment of individual performance goals and with attainment of business unit and TDS objectives; and (iv) provide competitive compensation opportunities consistent with the financial performance of TDS. Also as noted herein, TDS determines the amount of compensation to pay or provide to each named executive officer considering compensation practices of peers and other companies with similar characteristics, in order to support TDS' overall business strategy and objectives. As noted herein, TDS recognizes that it must compensate its executive officers in a competitive manner comparable to other similar companies in order to attract and retain high quality management, attain business objectives and financial performance and increase shareholder value. Considering the foregoing, TDS recognizes that it needs to and believes that it should compensate the President and CEO at a level that considers the compensation of presidents and CEOs of similar companies, which compensation is higher than the compensation of other named executive officers of such companies. TDS believes that this is necessary to attract and retain a highly qualified person to serve as President and CEO and to compete successfully against other companies. A level of compensation similar to that paid to the President and CEO is not necessary to attract and retain and is not appropriate for the other named executive officers. However, TDS recognizes that it needs to and believes that it should compensate the other named executive officers at levels that reflect the compensation of similarly situated positions at similar companies in order to attract and retain high quality persons for such positions at TDS. In addition, other factors have an impact on the amount of compensation of each particular officer, as discussed in detail above. For instance, an officer who exceeds expectations would generally have a higher relative level of compensation for his particular function than an officer that did not exceed expectations, all other things being equal. Further discussion of the basis for compensation levels of the individual officers based on TDS' performance, the

executive's contribution to such performance, and the executive's individual performance is set forth elsewhere in this Compensation Discussion and Analysis.

The Compensation Committee believes that the elements of compensation and total compensation of the above named executive officers of TDS were set at an appropriate level considering the foregoing principles.

John E. Rooney's annual compensation is approved by LeRoy T. Carlson, Jr., the Chairman of U.S. Cellular, and long-term compensation for John E. Rooney is approved by the stock option compensation committee of U.S. Cellular, as described in the 2008 proxy statement of U.S. Cellular.

Other Benefits and Plans Available to Identified Officers

The identified officers participate in certain benefits and plans, as described below.

As noted herein, TDS' overall compensation objectives for executive officers of TDS are to (i) support TDS' overall business strategy and objectives; (ii) attract and retain high quality management; (iii) link individual compensation with attainment of individual performance goals and with attainment of business unit and TDS objectives; and (iv) provide competitive compensation opportunities consistent with the financial performance of TDS.

To achieve these objectives, the Compensation Committee believes that the named executive officers must be offered a competitive compensation package, including benefits and plans. TDS' compensation packages are designed to compete with other companies for talented employees. TDS' benefits and plans are part of this package and are also designed to enable TDS to attract and retain eligible employees, including the named executive officers. Thus, the benefits and plans fit into TDS' overall compensation objectives primarily by helping TDS achieve the second objective of TDS' overall compensation objectives, which is to attract and retain high quality management. Benefits and plans are an important part of the mix of compensation used to attract and retain management, but do not otherwise significantly affect decisions relating to other elements of annual or long-term compensation, which are provided consistent with the above compensation objectives, including to support TDS' overall business strategy and objectives, link individual compensation with TDS goals and objectives and provide competitive compensation opportunities consistent with the financial performance of TDS, as well as attract and retain high quality management.

Deferred Salary and Bonus

Deferred Salary. The identified officers are permitted to defer salary pursuant to deferred salary compensation agreements. The entire amount of the salary earned is reported in the Summary Compensation Table in column (c) under "Salary," whether or not deferred. Pursuant to the agreement, the officer's deferred compensation account is credited with interest compounded monthly, computed at a rate equal to one-twelfth of the sum of the average thirty-year Treasury Bond rate for salary deferred as an employee of TDS, or the twenty-year Treasury Bond rate for salary deferred as an employee of U.S. Cellular, plus 1.25 percentage points, until the deferred compensation amount is paid to such person. As required by SEC rules, column (h) in the Summary Compensation Table includes any portion of such interest that exceeded 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), at the time each monthly interest rate is set. The named executive officers make an election as to when to receive a distribution of the deferred compensation account.

Mr. Meyers and Mr. Rooney are parties to executive deferred compensation agreements, pursuant to which they have deferred a specified portion of their salaries. The executive is always 100% vested in all salary amounts that have been deferred and any interest credited with respect thereto. Accordingly, the executive is entitled to 100% of the amount deferred and all earnings thereon upon any termination. Such amounts are reported below in the Nonqualified Deferred Compensation table and, because there would not be any increased benefit or accelerated vesting in the event of any termination or change in control, are not included in the below table of Potential Payments upon Termination or Change in Control.

Deferred Bonus. The identified officers are also permitted to defer bonus pursuant to deferred bonus compensation agreements under the applicable long-term incentive plan. The entire amount of the bonus earned is reported in the Summary Compensation Table in column (d) under “Bonus,” whether or not deferred. Deferred bonus will be deemed invested in phantom TDS Special Common Shares under the TDS 2004 Long-Term Incentive Plan and in phantom USM Common Shares under the U.S. Cellular 2005 Long-Term Incentive Plan, as discussed below. The named executive officers make an election as to when to receive a distribution of the deferred compensation account.

LeRoy T. Carlson, Jr., Kenneth R. Meyers, John E. Rooney and LeRoy T. Carlson are parties to executive deferred compensation agreements, pursuant to which they have deferred a specified portion of their bonuses. The executive is always 100% vested in all bonus amounts that have been deferred and any dividends credited with respect thereto. Such amounts are reported above in the Nonqualified Deferred Compensation table and, because there would not be any increased benefit or accelerated vesting in the event of any termination or change in control, are not included in the below table of Potential Payments upon Termination or Change in Control.

TDS 2004 Long-Term Incentive Plan

Long-term compensation awards under the TDS 2004 Long-Term Incentive Plan were discussed above in this Compensation Discussion and Analysis. The following provides certain additional information relating to deferred bonus, restricted stock units and stock options.

Under the TDS 2004 Long-Term Incentive Plan, executives may elect to defer receipt of all or a portion of their annual bonuses and to receive stock unit matches on the amount deferred up to \$400,000. Deferred compensation will be deemed invested in phantom TDS Special Common Shares. TDS match amounts will depend on the amount of annual bonus that is deferred into stock units. Participants receive (i) a 25% stock unit match for amounts deferred up to 50% of their total annual bonus and (ii) a 33% match for amounts that exceed 50% of their total annual bonus. The matched stock units vest ratably at a rate of one-third per year over three years. Column (e), “Stock Awards,” of the above Summary Compensation Table includes the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R. Vested stock units are credited with dividends. The Summary Compensation Table does not include any dividends (or dividend equivalents) on deferred bonus denominated in phantom TDS stock because such dividends are not preferential under SEC rules, since they are not earned at a rate higher than dividends on TDS’s common stock.

Restricted stock units may be granted under the TDS 2004 Long-Term Incentive Plan. Column (e), “Stock Awards,” of the Summary Compensation Table includes the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding the estimate of forfeitures related to service-based vesting conditions. Dividends are not distributed with respect to shares underlying restricted stock units until vested.

Stock options may be granted under the TDS 2004 Long-Term Incentive Plan. Column (f), “Option Awards,” of the Summary Compensation Table includes the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding the estimate of forfeitures related to service-based vesting conditions. Dividends are not distributed with respect to shares underlying options unless and until such options are exercised and the shares are issued.

The TDS 2004 Long-Term Incentive Plan and related stock option and restricted stock unit award agreements provide various rights upon termination and/or change in control, as summarized below.

Stock Options. The TDS option agreements with named executive officers provide as follows:

Disability. If the officer ceases to be employed by reason of Disability (a total physical disability which prevents the substantial performance of employment duties for a continuous period of at least six months), the option will be exercisable only to the extent it is exercisable on the effective date of the officer’s termination of employment or service, and after such date may be exercised by the option holder for a period of 12 months after the effective date of the holder’s termination of employment or service or until the expiration date of the option, whichever period is shorter.

Retirement. If the holder ceases to be employed by reason of Retirement (termination of employment on or after the holder's attainment of age 65 that does not satisfy the definition of "Special Retirement"), the option will be exercisable only to the extent it is exercisable on the effective date of the holder's Retirement, and after such date may be exercised by the holder for a period of 90 days after the effective date of the Retirement or until the option's expiration date, whichever period is shorter. However, effective for options granted in 2008, acceleration of vesting will occur if at the time of termination, the officer has attained age 66 and the termination occurs subsequent to the year of grant.

Special Retirement. If the officer ceases to be employed by reason of Special Retirement, (termination of employment on or after the later of reaching age 62 and the officer's early retirement date or normal retirement date under the TDS Pension Plan), the option will be exercisable only to the extent it is exercisable on the effective date of the Special Retirement, and after such date may be exercised by the holder for a period of 12 months after the effective date of the Special Retirement or until the option's expiration date, whichever period is shorter. However, effective for options granted in 2008, acceleration of vesting will occur if at the time of termination, the officer has attained age 66 and the termination occurs subsequent to the year of grant.

Resignation with Prior Consent of the Board. If the officer ceases to be employed by reason of the officer's resignation of employment or service at any age with the prior consent of the board of directors of TDS, the option will be exercisable only to the extent it is exercisable on the effective date of the holder's resignation, and after such date may be exercised by the holder (or the holder's legal representative) for a period of 90 days after such effective date or until the option's expiration date, whichever period is shorter.

Death. If the officer ceases to be employed by reason of death, the option will be exercisable only to the extent it is exercisable on the date of death, and after the date of death may be exercised by the beneficiary or beneficiaries duly designated by the deceased officer, for a period of 180 days after the date of death or until the option's expiration date, whichever period is shorter. However, effective for awards granted in 2008, the option will be exercisable by the beneficiary or beneficiaries for a period of 180 days after the date of death.

Other Termination of Employment or Service. If the officer ceases to be employed for any reason other than Disability, Special Retirement, Retirement, resignation of employment or service with the prior consent of the board of directors of TDS or death, the option will be exercisable only to the extent it is exercisable on the effective date of the holder's termination of employment or service, and after such date may be exercised by the holder (or the holder's legal representative) for a period of 30 days after the effective date of the holder's termination of employment or until the option's expiration date, whichever period is shorter.

Extension of Option Exercise Period. The option exercise period may be extended 30 days beyond the end of a blackout period or legally-required plan suspension in the event that the option would otherwise expire during a blackout period or legally-required plan suspension.

Restricted Stock Unit Awards. The TDS restricted stock unit agreements with named executive officers provide as follows:

Disability or Death. If the officer's employment terminates prior to vesting by reason of Disability or death, the restricted stock unit will vest upon such termination of employment or service.

Retirement at or after Attainment of Age 66. If the officer's employment terminates after the calendar year in which the restricted stock unit was granted but prior to vesting, by reason of retirement at or after attainment of age 66, the restricted stock unit will vest upon such termination of employment or service ("qualified retirement"). If the officer's employment terminates during the calendar year in which the restricted stock unit was granted or by reason of retirement prior to the attainment of age 66, the restricted stock unit will be forfeited.

Other Termination of Employment or Service. If the officer's employment terminates prior to vesting for any reason other than Disability, death or retirement at or after attainment of age 66, the restricted stock unit will be forfeited.

Employer Match Awards. If the officer's employment with TDS or its affiliates terminates by reason of Disability or death, all employer match awards credited to the officer's deferred compensation account shall become nonforfeitable upon such termination of employment to the extent such awards had not been forfeited previously. If the officer's employment with TDS or its affiliates terminates for any other reason, any unvested employer match awards will be forfeited. In addition, all match awards will become fully vested upon a Change in Control.

Forfeiture of Award Upon Competition with or Misappropriation of Confidential Information of TDS or its Affiliates. If a recipient of an award enters into competition with, or misappropriates confidential information of, TDS or any affiliate thereof, then all awards granted to the recipient shall terminate and be forfeited.

Change in Control.

Notwithstanding any provision in the TDS 2004 Long-Term Incentive Plan or any agreement, in the event of a Change in Control:

- any restriction period applicable to any outstanding restricted stock award or RSU award shall lapse;
- any performance period applicable to any outstanding performance share award shall lapse;
- any performance measures applicable to any outstanding performance share award or to any outstanding restricted stock award or RSU award shall be deemed to be satisfied at the target level;
- all outstanding options and SARs shall become immediately exercisable in full; and
- all amounts in a deferred compensation account shall become nonforfeitable.

For the definition of Change in Control, see TDS' 2004 Long-Term Incentive Plan, as filed with the SEC as Exhibit 10.1 to TDS' Current Report on Form 8-K dated April 11, 2005.

Because certain termination events and/or a Change in Control would result in the acceleration of vesting of options, restricted stock units and bonus match units, the effects of such accelerated vesting in such event are included in the below table of Potential Payments upon Termination or Change in Control.

U.S. Cellular 2005 Long-Term Incentive Plan

Provisions similar to the foregoing are also included in the U.S. Cellular 2005 Long-Term Incentive Plan which is applicable to John E. Rooney. For further information, see the U.S. Cellular proxy statement for its 2008 annual meeting of shareholders. However, all of John E. Rooney's awards granted prior to 2008 other than bonus match awards have vested pursuant to an agreement with U.S. Cellular. See footnote (2) to the below Table of Potential Payments upon Termination or Change in Control.

Because certain termination events and/or a change in control would result in the acceleration of vesting of Mr. Rooney's U.S. Cellular bonus match units, such accelerated vesting in such event is included in the below table of Potential Payments upon Termination or Change in Control. The vesting of his bonus match units will be accelerated in the event of a qualified disability, qualified retirement or death and may be accelerated by the U.S. Cellular board of directors in the event of a Change in Control as defined by the U.S. Cellular 2005 Long-Term Incentive Plan.

SERP

Each of the identified officers participates in a supplemental executive retirement plan or SERP, which is a non-qualified defined contribution plan. The SERP does not provide substantial benefits and is intended to replace the benefits which cannot be provided under the TDS Pension Plan as a result of tax law limitations on the amount and types of annual employee compensation which can be taken into account under a tax qualified pension plan. The SERP is unfunded. The amount of the contribution with respect to the executives identified in the Summary Compensation Table is included in column (i), "All

Other Compensation,” of the Summary Compensation Table. Participants are credited with interest on balances of the SERP. Pursuant to SEC rules, column (h) of the Summary Compensation Table includes any portion of interest earned under the SERP to the extent the rate exceeds 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), at the time the rate is set.

A participant is entitled to distribution of his entire account balance under the SERP if the participant’s employment is terminated, without cause, after either (a) his or her attainment of age 65; or (b) his or her completion of at least ten years of service. If a participant terminates employment under circumstances other than those set forth in the preceding sentence, without cause, the participant will be entitled to distribution of 10% of his or her account balance for each year of service up to ten years. Upon termination under circumstances that permit payments under the SERP, the participant may elect to take payments in (a) a single lump sum or (b) annual installments over a period of years. The SERP does not include any provision that would increase benefits or accelerate amounts upon any termination or change in control and, accordingly, no amount is included in the below table of Potential Payments upon Termination or Change in Control. The balance of the SERP as of December 31, 2007 for each named executive officer is set forth below in the “Nonqualified Deferred Compensation” Table.

Perquisites

TDS does not provide any significant perquisites to its officers. In addition, TDS has no formal plan, policy or procedure relating to providing perquisites to any executive officers following termination or change in control. However, in connection with any termination, TDS may enter into a retirement, severance or similar agreement that may provide for certain limited perquisites. Perquisites and personal benefits represent a relatively insignificant portion of the named executive officers’ total compensation. Accordingly, they do not materially influence the Compensation Committee’s consideration in setting compensation.

Other Generally Applicable Benefits and Plans

Employee Stock Purchase Plans

TDS sponsors an Employee Stock Purchase Plan that permits eligible employees of TDS and its subsidiaries, including U.S. Cellular, to purchase a limited number of TDS Special Common Shares on a quarterly basis. The per share cost to each participant is at 85% of the market value of the Special Common Shares as of the issuance date. Pursuant to SEC rules, the Summary Compensation Table does not include the discount amount because such discount is available generally to all salaried employees of TDS.

U.S. Cellular also sponsors an Employee Stock Purchase Plan that permits eligible employees of U.S. Cellular and its subsidiaries to purchase a limited number of U.S. Cellular Common Shares on a quarterly basis. The per share cost to each participant is at 85% of the market value of the Common Shares as of the issuance date. Pursuant to SEC rules, the Summary Compensation Table does not include the discount amount because such discount is available generally to all salaried employees of U.S. Cellular.

Under the TDS and U.S. Cellular Employee Stock Purchase Plans, all shares purchased are distributed quarterly and no shares are retained for distribution upon retirement or otherwise. These plans do not discriminate in scope, terms, or operation in favor of executive officers and are available generally to all employees of TDS or U.S. Cellular, as applicable, and benefits are not enhanced upon any termination or change in control. Accordingly, no amounts are reported in the below table of Potential Payments upon Termination or Change in Control.

Tax-Deferred Savings Plan

TDS sponsors the Tax-Deferred Savings Plan (TDSP), a qualified defined contribution plan pursuant to Sections 401(a) and 401(k) of the Internal Revenue Code. This plan is available to employees of TDS and its subsidiaries, including U.S. Cellular. Employees contribute amounts and TDS makes matching

contributions in part. TDS and participating employers make matching contributions to the plan in cash equal to 100% of an employee's contributions up to the first 3% and 40% of an employee's contributions up to the next 2% of such employee's compensation. Participating employees have the option of investing their contributions and TDS's contributions in a TDS Common Share fund, a TDS Special Common Share fund, a U.S. Cellular Common Share fund or certain unaffiliated funds. The amount of the contribution with respect to the executives identified in the Summary Compensation Table is included in column (i), "All Other Compensation," of the Summary Compensation Table. SEC rules do not require the Summary Compensation Table to include earnings or other amounts with respect to tax-qualified defined contribution plans.

Under the TDS Tax-Deferred Savings Plan, vesting is not accelerated upon a Change in Control or other termination event. The vested portion of an employee's account becomes payable following the employee's termination of employment as (a) a lump sum or (b) a series of annual or more frequent installments. This plan does not discriminate in scope, terms, or operation in favor of executive officers and is available generally to all employees, and benefits are not enhanced upon any termination or change in control. Accordingly, no amounts are reported in the below table of Potential Payments upon Termination or Change in Control.

Pension Plan

TDS sponsors a qualified noncontributory defined contribution Pension Plan for the employees of TDS and its subsidiaries, including U.S. Cellular. Under this plan, pension costs are calculated separately for each participant and are funded currently. The Pension Plan is designed to provide retirement benefits for eligible employees of TDS and certain of its affiliates which adopted the Pension Plan. TDS and its subsidiaries make annual employer contributions for each participant. The amount of the contribution with respect to the executives identified in the Summary Compensation Table is included in column (i), "All Other Compensation," of the Summary Compensation Table. SEC rules do not require the Summary Compensation Table to include earnings or other amounts with respect to tax-qualified defined contribution plans.

Under the TDS Pension Plan, vesting is not accelerated upon a Change in Control or other termination event. The vested portion of an employee's account becomes payable following the employee's termination of employment as (a) an annuity or (b) a lump sum payment. This plan does not discriminate in scope, terms, or operation in favor of executive officers and is available generally to all employees, and benefits are not enhanced upon any termination or change in control. Accordingly, no amounts are reported in the below table of Potential Payments upon Termination or Change in Control.

Post-Retirement Benefits

TDS sponsors two post-retirement plans that cover most of the employees of TDS, TDS Telecom and the subsidiaries of TDS Telecom. One plan provides medical benefits and the other provides life insurance benefits. These plans do not discriminate in scope, terms, or operation in favor of executive officers and are available generally to all salaried employees, and benefits are not enhanced upon any termination or change in control. Accordingly, no amounts are reported in the below table of Potential Payments upon Termination or Change in Control.

Health and Welfare Benefits

TDS also provides customary health and welfare and similar plans for the benefit of its employees. These group life, health, hospitalization, disability and/or medical reimbursement plans do not discriminate in scope, terms or operation, in favor of executive officers or directors of TDS and are available generally to all employees, and benefits are not enhanced upon any termination or change in control. Accordingly, no amounts are reported in the below table of Potential Payments upon Termination or Change in Control.

Impact of Accounting and Tax Treatments of Particular Forms of Compensation

The Compensation Committee considers the accounting and tax treatments of particular forms of compensation. Accounting treatments do not significantly impact the Compensation Committee's determinations of the appropriate compensation. The Compensation Committee considers the accounting treatments primarily to be informed and to confirm that company personnel understand and recognize the appropriate accounting that will be required with respect to compensation decisions.

The Compensation Committee places more significance on the tax treatments of particular forms of compensation, because these may involve an actual cash expense to the company or the executive. One objective of the Compensation Committee is to maximize tax benefits to the company and executives to the extent feasible within the overall goals of the compensation policy discussed above. In particular, one consideration is the effect of Section 162(m) of the Internal Revenue Code.

Subject to certain exceptions, Section 162(m) of the Internal Revenue Code generally provides a \$1 million annual limit on the amount that a publicly held corporation is allowed to deduct as compensation paid to each of the corporation's principal executive officer ("PEO") and the corporation's three most highly compensated officers, exclusive of the corporation's PEO and principal financial officer. TDS does not believe that the \$1 million deduction limitation should have a material adverse effect on TDS's financial condition, results of operations or cash flows in the immediate future. If the \$1 million deduction limitation is expected to have a material adverse effect on TDS in the future, TDS will consider ways to maximize the deductibility of executive compensation, while retaining the discretion TDS deems necessary to compensate executive officers in a manner commensurate with performance and the competitive environment for executive talent.

TDS does not have any arrangements with its executive officers pursuant to which it has agreed to "gross-up" payments due to taxes or to otherwise reimburse officers for the payment of taxes, except with respect to certain perquisites as noted below.

Financial Restatement

Depending on the facts and circumstances, TDS may seek to adjust or recover awards or payments if the relevant TDS performance measures upon which they are based are restated or otherwise adjusted in a manner that would reduce the size of an award or payment. In 2005, 2006 and 2007, TDS announced the restatement of financial statements and financial information for certain prior periods. This resulted in TDS being late in certain SEC filings. The company has not identified any facts that would suggest that the restatements involved any fraud, misrepresentation, misconduct or improprieties. The restatements related to unintentional misapplication of technical accounting rules or errors in calculations or posting of entries. The restatements had little effect on operating metrics and little effect on financial measures that are the primary measures that were used to determine the level of bonuses. In particular, the most significant areas of adjustment in the restatements were income tax accounting, derivative accounting and step acquisition accounting, which have no relationship to metrics or measures used to determine bonuses. Accordingly, there was no adjustment of prior year bonuses due to the restatements. The restatements were considered in approving compensation elements in 2006 and 2007 for certain officers responsible for accounting matters.

TDS Policy on Stock Ownership

TDS does not have a formal policy relating to stock ownership by executive officers. However, it should be noted that the President and CEO of TDS is a substantial shareholder of TDS. See "Security Ownership of Certain Beneficial Owners and Management" below. TDS' Policy Regarding Insider Trading and Confidentiality provides that persons subject to the blackout policy may not, under any circumstances, trade options for, pledge, or sell "short," any securities of TDS or U.S. Cellular, and may not enter into any hedging, monetization or margin transactions with respect to any such securities.

Compensation Consultant

Information relating to TDS' compensation consultants is discussed above under "Corporate Governance—Compensation Committee."

Compensation Committee Report

The Compensation Committee of the board of directors of TDS oversees TDS' compensation program on behalf of the board of directors. In fulfilling its oversight responsibilities, the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis set forth above in this proxy statement.

In reliance on the review and discussions referred to above, the Compensation Committee recommended to the board of directors that the above Compensation Discussion and Analysis be included in TDS' Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and TDS' proxy statement related to the 2008 Annual Meeting of Stockholders.

This Compensation Committee Report is submitted by Christopher D. O'Leary, Gregory P. Josefowicz, George W. Off and Herbert S. Wander.

Summary of Compensation

The following table summarizes the compensation paid by TDS in 2007 and, except as indicated, 2006, to the identified officers.

Summary Compensation Table

Name and Principal Position (a)	Year (b)	Salary (\$ (c))	Bonus (\$ (d))	Stock Awards (\$ (e))	Option Awards (\$ (f))	Non-Equity Incentive Plan (\$ (g))	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$ (h))	All Other Compensation (\$ (i))	Total (\$ (j))
LeRoy T. Carlson, Jr.									
(1)(6)	2007	\$1,193,000	\$800,000	\$1,288,171	\$2,371,853	—	\$ 159	\$76,742	\$5,729,925
President and Chief Executive Officer	2006	\$1,115,000	\$550,000	\$ 603,076	\$2,952,571	—	—	\$72,472	\$5,293,119
Kenneth R. Meyers									
(2)(6)	2007	\$ 550,000	\$276,860	\$ 402,180	\$ 982,923	—	\$ 352	\$63,995	\$2,276,310
Executive Vice President and Chief Financial Officer in 2007									
John E. Rooney (3)									
President and Chief Executive Officer of U.S. Cellular	2007	\$ 790,000	\$525,000	\$ 508,779	\$2,013,137	—	\$3,655	\$70,858	\$3,911,429
	2006	\$ 734,084	\$300,000	\$1,185,929	\$3,158,606	—	\$3,335	\$51,921	\$5,433,875
Scott H. Williamson									
(4)(6)	2007	\$ 529,000	\$285,000	\$ 280,428	\$ 752,511	—	\$ 141	\$66,824	\$1,913,904
Senior Vice President—Acquisitions and Corporate Development									
LeRoy T. Carlson									
(5)(6)	2007	\$ 480,000	\$200,000	\$ 334,168	\$ 476,818	—	\$ 184	\$40,022	\$1,531,192
Chairman Emeritus	2006	\$ 480,000	\$200,000	\$ 632,874	\$ 672,427	—	—	\$36,051	\$2,021,352

Explanation of Columns:

- Includes the following “named executive officers”: all individuals serving as TDS’ principal executive officer or acting in a similar capacity during the last completed fiscal year; all individuals serving as the principal financial officer or acting in a similar capacity during the last completed fiscal year; and the three most highly compensated executive officers other than the foregoing who were serving as executive officers at the end of the last completed fiscal year, including executive officers of subsidiaries. The determination as to which executive officers are most highly compensated is made by reference to total compensation for the last completed fiscal year as set forth in column (j), reduced by any amount in column (h).
- Although three years of compensation are required to be reported, pursuant to transition rules, the amounts for 2005 are not reported. For additional details relating to 2006, see the TDS proxy statement filed with the SEC on Schedule 14A on June 26, 2007. Amounts for 2006 are not required to be reported for Kenneth R. Meyers or Scott H. Williamson because they were not named executive officers in 2006.
- Represents the dollar value of base salary (cash and non-cash) earned by the named executive officer during the fiscal year, whether or not paid in such year. Kenneth R. Meyers deferred 9% of his 2007 base salary and John E. Rooney deferred 20% of his 2007 base salary, all of which salary is included in column (c) whether or not deferred. See “Information Regarding Nonqualified Deferred Compensation” below. The other officers did not defer any salary in 2007.
- Represents the dollar value of bonus (cash and non-cash) earned by the named executive officer during the fiscal year, whether or not paid in such year. Officers do not become entitled to any amount of bonus solely as a result of achievement of any performance measures. The officers are not entitled to any amount of bonus unless and only to the extent awarded and paid. The performance of the company is one category of the factors used to determine the amount of the bonus, all of which is discretionary. The entire amount of the bonus is not earned until awarded. Accordingly, the amounts paid and earned in 2007 include the bonus based on 2006 performance that was paid in 2007. LeRoy T. Carlson, Jr., deferred 15% of his 2006 bonus (earned and paid in 2007). Kenneth R. Meyers deferred 25% of his 2006 bonus (earned and paid in 2007). John E. Rooney deferred 100% of his 2006 bonus (earned and paid in 2007). LeRoy T. Carlson deferred 100% of his 2006 bonus

(earned and paid in 2007). The amount deferred is deemed invested in phantom stock bonus units in TDS Special Common Shares for TDS officers or in USM Common Shares for U.S. Cellular officers. See “Grants of Plan-Based Awards” below. The entire amount of bonus earned in 2007, including any amount deferred, is included above in column (d). See “Information Regarding Nonqualified Deferred Compensation” below.

The following is a summary of the amount of bonus earned in 2007 and the amount deferred included above:

	<u>LeRoy T. Carlson, Jr.</u>	<u>Kenneth R. Meyers</u>	<u>John E. Rooney</u>	<u>Scott H. Williamson</u>	<u>LeRoy T. Carlson</u>
Total Bonus Earned in 2007	\$800,000	\$276,860	\$525,000	\$285,000	\$200,000
Percentage Deferred	15%	25%	100%	—	100%
Amount Deferred	\$120,000	\$ 69,215	\$525,000	\$ —	\$200,000
Company Match—see Note (e)	\$ 30,000	\$ 17,304	\$153,143	\$ —	\$ 58,000

For disclosure purposes, the amount of bonus paid in 2008 as of the date of this document with respect to 2007 performance is as follows:

	<u>LeRoy T. Carlson, Jr.</u>	<u>Kenneth R. Meyers</u>	<u>John E. Rooney</u>	<u>Scott H. Williamson</u>	<u>LeRoy T. Carlson</u>
Bonus for 2007 Paid in 2008	\$950,000	\$356,000	\$675,000	\$277,000	\$202,600

The amount of the Bonus with respect to 2007 performance paid in 2008 is only provided for disclosure purposes. These amounts were not earned until paid in 2008 and will be reported in next year’s Summary Compensation Table with respect to 2008.

- (e) Represents the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding the estimate of forfeitures related to service-based vesting conditions. The vesting period of the awards is set forth under “Grants of Plan-Based Awards” below. Assumptions made in the valuation of the stock awards in this column are incorporated by reference from Note 22—Stock Based Compensation, in TDS’ financial statements for the year ended December 31, 2007 included in its Form 10-K for the year ended December 31, 2007. All TDS stock awards are valued based on grant date fair value using an annual forfeiture rate (the percentage of stock awards granted that are assumed will be forfeited) of 0%. The annual forfeiture rate used in the calculation of the FAS 123R expense was 2.65% in 2007 and 0% in 2006. There were no forfeitures of stock awards in 2007 or 2006 for the identified officers.

Except with respect to Mr. Rooney and in part with respect to Mr. Meyers, includes amount of FAS 123R expense relating to restricted stock units in TDS Special Common Shares under the TDS 2004 Long-Term Incentive Plan. The entire amount with respect to Mr. Rooney and part of the amount with respect to Mr. Meyers includes the amount of FAS 123R expense relating to restricted stock units in USM Common Shares under the U.S. Cellular 2005 Long-Term Incentive Plan. See “Information Regarding Plan Based Awards” below for vesting and other information.

Also includes FAS 123R expense relating to phantom stock bonus match units credited to such officer with respect to deferred bonus compensation. Deferred bonus is deemed invested in phantom TDS Special Common Shares except for the deferred bonus of Mr. Rooney and Mr. Meyers’. The TDS phantom stock units are credited with dividend equivalents. The Summary Compensation Table does not include any dividends (or dividend equivalents) on deferred bonus denominated in phantom TDS stock because such dividends are not preferential under SEC rules, because they are not earned at a rate higher than dividends on TDS’ common stock. All bonus amounts deferred by Mr. Rooney and the bonus amount deferred by Mr. Meyers are deemed invested in phantom USM Common Shares. U.S. Cellular does not currently pay dividends. For information relating to U.S. Cellular, see U.S. Cellular’s proxy statement for its 2008 annual meeting.

LeRoy T. Carlson, Jr. deferred 15% of his 2006 bonus (earned and paid in 2007) and, accordingly, received a stock unit match in phantom TDS Special Common Shares in 2007. As a result, he received a matching stock grant having a grant date value of \$30,000. Kenneth R. Meyers deferred 25% of his 2006 bonus, which was paid in 2007. Accordingly, Mr. Meyers received a stock bonus match in phantom USM Common Shares with respect to such deferred bonus in 2007. As a result, he received a matching U.S. Cellular stock grant having a grant date value of \$17,304. John E. Rooney deferred 100% of his 2006 bonus, which was paid in 2007. Accordingly, Mr. Rooney received a stock bonus match in phantom USM Common Shares with respect to such deferred bonus in 2007. As a result, he received a matching U.S. Cellular stock grant having a grant date value of \$153,143. LeRoy T. Carlson deferred 100% of his 2006 bonus (earned and paid in 2007) and, accordingly, received a stock unit match in phantom TDS Special Common Shares in 2007. As a result, he received a matching stock grant having a grant date value of \$58,000. Column (e) above includes the amount of any FAS 123R expense recognized in 2007. See “Information Regarding Nonqualified Deferred Compensation” below.

The following is a summary of the amount of FAS 123R expense related to stock awards reflected in column (e) above with respect to 2007:

	<i>LeRoy T. Carlson, Jr.</i>	<i>Kenneth R. Meyers</i>	<i>John E. Rooney</i>	<i>Scott H. Williamson</i>	<i>LeRoy T. Carlson</i>
2005 TDS/TDS.S Tandem Restricted Stock Units	\$ 529,507	\$ —	\$ —	\$116,539	\$ —
2006 TDS.S Restricted Stock Units	505,786	—	—	86,280	—
2007 TDS.S Restricted Stock Units	252,878	102,045	—	77,609	334,168
2004 USM Restricted Stock Units	—	20,794	—	—	—
2005 USM Restricted Stock Units	—	210,993	—	—	—
2006 USM Restricted Stock Units	—	62,580	—	—	—
2007 USM Restricted Stock Units	—	—	371,194	—	—
Amount of restricted stock unit expense in 2007	\$1,288,171	\$396,412	\$ 371,194	\$280,428	\$334,168
Amount of bonus match expense in 2007					
TDS	—	—	—	—	—
USM	—	5,768	137,585	—	—
Total	\$1,288,171	\$402,180	\$ 508,779	\$280,428	\$334,168

TDS did not recognize any FAS 123R expense recognized in 2007 with respect to bonus match phantom stock. This is due to a change in TDS' method of accounting for matching stock grants. In prior years, TDS expensed 100% of the FAS 123R expense for matching stock grants in the year prior to the year of grant (i.e., in the performance year), using an estimated amount. Beginning in 2007 and going forward, TDS will amortize the actual expense beginning in the year of grant over the vesting period, consistent with U.S. Cellular. However, because of the transition to such new method in 2007, no FAS 123R expense was recorded by TDS for matching stock grants in 2007.

Pursuant to an offer letter which was accepted by John E. Rooney on March 28, 2000, all stock option and restricted stock awards granted to him after April 10, 2006 fully vest six months after the date of grant. Accordingly, awards granted to Mr. Rooney on April 2, 2007 vested on October 2, 2007.

In accordance with FAS 123R, TDS recognized expense in 2007 with respect to 100% of the grant-date value of stock awards granted in 2007 to LeRoy T. Carlson because he was 66 years or older and eligible for retirement.

For reference purposes, the following is a summary of the grant date value of stock awards in 2007 reflected in column (l) of the Grants of Plan Based Awards Table below:

	<i>LeRoy T. Carlson, Jr.</i>	<i>Kenneth R. Meyers</i>	<i>John E. Rooney</i>	<i>Scott H. Williamson</i>	<i>LeRoy T. Carlson</i>
2007 TDS.S Restricted Stock Unit Award	\$1,240,900	\$500,747	\$ —	\$380,837	\$334,168
2007 TDS.S Bonus Match Awards	30,000	—	—	—	58,000
2007 USM Restricted Stock Unit Award	—	—	371,194	—	—
2007 USM Bonus Match Awards	—	17,304	153,143	—	—
Total	\$1,270,900	\$518,051	\$524,337	\$380,837	\$392,168

If an award ultimately vests in full, the amount cumulatively recognized in the Summary Compensation Table over a period of years should equal 100% of the grant date fair value of the equity award or the total fair value at the date of settlement for a liability award.

- (f) Represents the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding the estimate of forfeitures related to service-based vesting conditions. The dates on which the options become exercisable and expire are set forth below under "Grants of Plan-Based Awards." Assumptions made in the valuation of the option awards in this column are incorporated by reference from Note 22—Stock Based Compensation, in TDS' financial statements for the year ended December 31, 2007 included in its Form 10-K for the year ended December 31, 2007. All TDS stock options granted in 2007 were valued based on grant date fair value using a forfeiture rate (the percentage of stock options granted that are assumed will be forfeited) of 0%. The annual forfeiture rate used in the calculation of the FAS 123R expense was 1.0% in 2007 and 0.6% in 2006. There were no forfeitures of stock options in 2007 for the identified officers. Except with respect to Mr. Rooney and in part with respect to Mr. Meyers, the amounts represent the FAS 123R expense of options to acquire TDS shares during the fiscal year. In the case of John E. Rooney and in part with respect to Mr. Meyers, the amounts represent the FAS 123R expense of options to acquire USM Common Shares.

The following is a summary of the amount of FAS 123R expense relating to options reflected in column (f) above with respect to 2007:

	<u>LeRoy T. Carlson, Jr.</u>	<u>Kenneth R. Meyers</u>	<u>John E. Rooney</u>	<u>Scott H. Williamson</u>	<u>LeRoy T. Carlson</u>
2003 USM Options	\$ —	\$ 11,412	\$ —	\$ —	\$ —
2004 USM Options	—	48,756	—	—	—
2005 USM Options	—	81,085	—	—	—
2006 USM Options	—	142,708	—	—	—
2007 USM Options	—	—	2,013,137	—	—
2007 TDS.S Options	<u>2,371,853</u>	<u>698,962</u>	<u>—</u>	<u>752,511</u>	<u>476,818</u>
Amount of option expense in 2007	<u>\$2,371,853</u>	<u>\$982,923</u>	<u>\$2,013,137</u>	<u>\$752,511</u>	<u>\$476,818</u>

Pursuant to an offer letter which was accepted by John E. Rooney on March 28, 2000, all stock option and restricted stock unit awards granted to him on April 2, 2007 fully vested on October 2, 2007.

For reference purposes, the following is a summary of the grant date value of options granted in 2007 reflected in column (l) of the Grants of Plan Based Awards Table below:

	<u>LeRoy T. Carlson, Jr.</u>	<u>Kenneth R. Meyers</u>	<u>John E. Rooney</u>	<u>Scott H. Williamson</u>	<u>LeRoy T. Carlson</u>
Grant date value of options awarded in 2007	<u>\$2,371,853</u>	<u>\$698,962</u>	<u>\$2,013,137</u>	<u>\$752,511</u>	<u>\$476,818</u>

If an option ultimately vests in full, the amount cumulatively recognized in the Summary Compensation Table over a period of years should equal 100% of the grant date fair value of the equity award or the total fair value at the date of settlement for a liability award.

- (g) None of the above executive officers has any earnings for services performed during the fiscal year pursuant to awards under “non-equity incentive plans” or earnings on any outstanding awards, under SEC rules. Accordingly, this column is not applicable.
- (h) As required by SEC rules, column (h) includes the portion of interest that exceeded 120% of the applicable federal long-term rate (“AFR”), with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), at the time each monthly interest rate is set. Each of the identified officers participates in a supplemental executive retirement plan or SERP. The interest rate for 2007 was set as of the last trading date of 2006 at 5.9435% per annum, based on the yield on ten year BBB rated industrial bonds at such time. Such rate exceeded 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), of 5.89% at such time. Accordingly, pursuant to SEC rules, column (h) of the Summary Compensation Table for 2007 includes the portion of such interest that exceeded 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), at the time the interest rate was set. In addition, column (h) includes \$3,557 of interest that Mr. Rooney received and \$133 of interest Mr. Meyers received from U.S. Cellular, and \$84 of interest Mr. Meyers received from TDS, on deferred salary that exceeds the AFR. The other officers have not deferred any of their salaries. Interest on deferred salary is compounded monthly, computed at a rate equal to one-twelfth of the sum of the average thirty-year Treasury Bond rate for salary deferred as an employee of TDS, or the twenty-year Treasury Bond rate for salary deferred as an employee of U.S. Cellular, plus 1.25 percentage points.

Pursuant to SEC rules, column (h) does not include any dividends (or dividend equivalents) on deferred bonus denominated in phantom TDS stock because such dividends are not preferential under SEC rules, because they are not earned at a rate higher than dividends on TDS’ common stock.

Column (h) does not include any changes in pension values because TDS and U.S. Cellular do not have any defined benefit pension plans (including supplemental plans). The named executive officers only participate in tax-qualified defined contribution plans and a non-qualified defined contribution plan which, under SEC rules, are not required to be reflected in column (h). Both the Tax-Deferred Savings Plan (TDSP) and the Pension Plan are qualified defined contribution plans and the supplemental executive retirement plan (SERP) is a non-qualified defined contribution plan.

- (i) Does not include any discount amount under the TDS dividend reinvestment plans because such discounts are available generally to all security holders of TDS.

Does not include any discount amount under the TDS or U.S. Cellular employee stock purchase plans because such discounts are available generally to all employees of TDS or U.S. Cellular, as applicable. The per share cost to each participant is 85% of the market value of the TDS Special Common Shares or USM Common Shares as of the issuance date, as applicable.

Does not include perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is \$10,000 or more.

Includes the following: (1) if applicable, the total of perquisites and personal benefits if they equal or exceed \$10,000, summarized by type, or specified for any perquisite or personal benefit that exceeds the greater of \$25,000 or 10% of the

total amount of perquisites and personal benefits for each officer, in each case, valued on the basis of the aggregate incremental cost of such perquisite or personal benefit to TDS, including any related tax gross up, (2) contributions by TDS for the benefit of the named executive officer under (a) the TDS tax-deferred savings plan, which is referred to as the TDSP, (b) the TDS Pension Plan and (c) the TDS supplemental executive retirement plan, which is referred to as the SERP, and (3) the dollar value of any insurance premiums paid during the covered fiscal year with respect to director Life Insurance for the benefit of the named executive:

	<i>LeRoy T. Carlson, Jr.</i>	<i>Kenneth R. Meyers</i>	<i>John E. Rooney</i>	<i>Scott H. Williamson</i>	<i>LeRoy T. Carlson</i>
Perquisites:					
Corporate automobile allowance and other personal travel and related expenses	\$16,799	\$ 8,353	\$10,480	\$ 7,729	\$24,968
Tax gross up relating to corporate automobile allowance	7,124	1,968	6,828	4,609	7,330
Health and Fitness reimbursements	—	—	—	936	—
Total Perquisites if \$10,000 or more	<u>\$23,923</u>	<u>\$10,321</u>	<u>\$17,308</u>	<u>\$13,274</u>	<u>\$32,298</u>
Contributions to Benefit Plans					
TDSP	\$ 7,695	\$ 8,550	\$ 8,550	\$ 8,550	\$ 7,600
Pension Plan	24,491	10,575	10,575	19,457	—
SERP	20,509	34,425	34,425	25,543	—
Life Insurance	124	124	—	—	124
Total, including perquisites if \$10,000 or more	<u>\$76,742</u>	<u>\$63,995</u>	<u>\$70,858</u>	<u>\$66,824</u>	<u>\$40,022</u>

TDS and U.S. Cellular provide only limited perquisites to senior management. In 2007, this included an automobile allowance and/or reimbursed travel and similar expenses to certain of their executive officers. This benefit is valued based on the actual cost to TDS or U.S. Cellular. Also, TDS and U.S. Cellular reimbursed the officer's additional taxes related to the automobile allowance.

The TDSP is a tax-qualified defined contribution retirement plan that does not discriminate in scope, terms or operation in favor of executive officers or directors of TDS and that is available generally to all employees. Employees contribute amounts to the plan and TDS makes matching contributions in part.

The Pension Plan is a tax-qualified defined contribution retirement plan that does not discriminate in scope, terms or operation in favor of executive officers or directors of TDS and that is available generally to all employees. TDS and its subsidiaries make annual employer contributions for each participant.

The SERP is a non-qualified defined contribution plan that is available only to certain officers. This plan provides supplemental benefits under the TDS Pension Plan to offset the reduction of benefits caused by the limitation on annual employee compensation which can be considered for tax qualified pension plans under the Internal Revenue Code. TDS and its subsidiaries make annual employer contributions for each participant.

TDS pays premiums for \$100,000 of life insurance for directors of TDS, including directors who are executive officers.

- (j) Represents the dollar value of total compensation for the fiscal year based on the sum of all amounts reported in columns (c) through (i).

Footnotes:

- (1) LeRoy T. Carlson, Jr., as President and Chief Executive Officer, is included in the above table as TDS' principal executive officer. He is also Chairman of U.S. Cellular and TDS Telecom. TDS does not have any employment, severance or similar agreement with LeRoy T. Carlson, Jr. Mr. Carlson is the son of Chairman Emeritus and director LeRoy T. Carlson, and the brother of non-executive Chairman of the Board and director of TDS, Walter C.D. Carlson, director Letitia G. Carlson, M.D., and director nominee Prudence E. Carlson.
- (2) Kenneth R. Meyers is included in the above table because he was TDS' Executive Vice President and Chief Financial Officer during 2007. Only his 2007 compensation is reported because he was not a named executive officer prior to 2007.
- (3) John E. Rooney, as President and Chief Executive Officer of U.S. Cellular, a principal business unit of TDS which operates wireless telephone companies, is deemed to be an executive officer of TDS. He is one of the three most highly compensated executive officers other than the principal executive officer or principal financial officer who was serving as an executive officer at the end of the last completed fiscal year, including executive officers of subsidiaries. U.S. Cellular is party to an offer letter which was accepted by John E. Rooney on March 28, 2000 relating to his employment as President and Chief Executive Officer of U.S. Cellular, which is executory in part, as discussed in the footnotes to the Table of Potential Payments upon Termination or Change in Control. All of Mr. Rooney's compensation is paid by U.S. Cellular, which is a public company and SEC registrant. Further information about Mr. Rooney's compensation is included in the 2008 proxy statement of U.S. Cellular.
- (4) Scott H. Williamson, Senior Vice President—Acquisitions and Corporate Development of TDS, is one of the three most highly compensated executive officers other than the principal executive officer or principal financial officer of TDS who was serving

as an executive officer at the end of the last completed fiscal year, including executive officers of subsidiaries. Only his 2007 compensation is reported because he was not a named executive officer in last year's proxy statement.

- (5) LeRoy T. Carlson, Chairman Emeritus, is one of the three most highly compensated executive officers other than the principal executive officer or principal financial officer of TDS who was serving as an executive officer at the end of the last completed fiscal year, including executive officers of subsidiaries. TDS has an agreement with LeRoy T. Carlson relating to his employment and retirement as discussed under "Potential Payments upon Termination or Change in Control" below.
- (6) Each of the named executive officers is an executive officer and/or director of U.S. Cellular except for Scott H. Williamson. John E. Rooney receives all of his compensation from U.S. Cellular. LeRoy T. Carlson, Jr., director and Chairman of U.S. Cellular, LeRoy T. Carlson, director of U.S. Cellular, and Kenneth R. Meyers, a director and Chief Accounting Officer of U.S. Cellular, did not receive any compensation from U.S. Cellular in 2007. In 2007, LeRoy T. Carlson, Jr., LeRoy T. Carlson and Kenneth R. Meyers were compensated by TDS in connection with their services for TDS and TDS subsidiaries, including U.S. Cellular. A portion of their compensation expense incurred by TDS is allocated to U.S. Cellular by TDS, along with the allocation of other compensation expense and other expenses of TDS. This allocation by TDS to U.S. Cellular is done in the form of a single management fee pursuant to an Intercompany Agreement between TDS and U.S. Cellular. There is no identification or quantification of the compensation of such persons to U.S. Cellular, or of any other allocated expense in this management fee. The management fee is recorded as a single expense by U.S. Cellular, U.S. Cellular does not obtain details of the components that make up this fee and does not segregate this fee or allocate any part of the management fee to other accounts such as compensation expense. All of the compensation of the foregoing persons was approved by the TDS Compensation Committee and none of it was subject to approval by any U.S. Cellular directors or officers. Accordingly, all of such compensation expense incurred by TDS is reported in the above table by TDS and is not reported by U.S. Cellular. U.S. Cellular discloses the amount of management fee that it pays to TDS in its proxy statement together with a description of the Intercompany Agreement. Mr. Meyers was a named executive officer of U.S. Cellular in 2006 and was compensated by U.S. Cellular in 2006. This compensation was reported in the 2007 proxy statement of U.S. Cellular.

Information Regarding Plan-Based Awards

The following table shows, as to the executive officers who are named in the Summary Compensation Table, certain information regarding plan-based awards in 2007.

Grants of Plan-Based Awards

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) (i)	All Other Option Awards: Number of Securities Underlying Options (#) (j)	Exercise or Base Price of Option Awards (\$/Sh) (k)	Grant Date Fair Value of Stock and Option Awards (l)
		(c)	(d)	(e)	(f)	(g)	(h)				
LeRoy T. Carlson, Jr.											
Awards in TDS.S Shares ⁽¹⁾											
TDS.S Restricted Stock Units	7/2/07							20,873			\$1,240,900
TDS.S Phantom Stock Bonus Match Units in TDS.S shares ⁽³⁾	3/8/07							569			\$ 30,000
Total Grant Date Value of Stock Awards											\$1,270,900
TDS.S Options	7/2/07								179,653	\$59.45	\$2,371,853
Total Grant Date Fair Value of all Awards											<u>\$3,642,753</u>
Kenneth R. Meyers											
USM Phantom Stock Bonus Match Units ⁽⁴⁾	3/15/07							245			\$ 17,304
Awards in TDS.S Shares ⁽¹⁾											
TDS.S Restricted Stock Units	7/2/07							8,423			\$ 500,747
Total Grant Date Value of Stock Awards											\$ 518,051
TDS.S Options	7/2/07								52,942	\$59.45	\$ 698,962
Total Grant Date Fair Value of all Awards											<u>\$1,217,013</u>
John E. Rooney											
Awards in USM Common Shares ⁽²⁾											
USM Restricted Stock Units	4/2/07							5,027			\$ 371,194
USM Phantom Stock Bonus Match Units ⁽⁴⁾	3/15/07							2,171			\$ 153,143
Total Grant Date Value of Stock Awards											\$ 524,337
USM Options	4/2/07								121,000	\$73.84	\$2,013,137
Total Grant Date Fair Value											<u>\$2,537,474</u>
Scott H. Williamson											
Awards in TDS.S Shares ⁽¹⁾											
TDS.S Restricted Stock Units	7/2/07							6,406			\$ 380,837
TDS.S Options	7/2/07								56,998	\$59.45	\$ 752,511
Total Grant Date Fair Value											<u>\$1,133,348</u>
LeRoy T. Carlson											
Awards in TDS.S Shares ⁽¹⁾											
TDS.S Restricted Stock Units	7/2/07							5,621			\$ 334,168
TDS.S Phantom Stock Bonus Match Units ⁽³⁾	2/14/07							1,105			\$ 58,000
Total Grant Date Value of Stock Awards											\$ 392,168
TDS.S Options	7/2/07								36,116	\$59.45	\$ 476,818
Total Grant Date Fair Value											<u>\$ 868,986</u>

Explanation of Columns:

- (a) Includes the persons identified in the Summary Compensation Table.
- (b) Represents the date on which the Compensation Committee took action to grant the awards.
- (c)—(e) These columns as set forth in SEC rules are not applicable because the identified officers did not receive any non-equity incentive plan awards, as defined by SEC rules.
- (f)—(h) These columns as set forth in SEC rules are not applicable because the identified officers did not receive any equity incentive plan awards, as defined by SEC rules.

- (i) Except with respect to Mr. Rooney, includes the number of TDS Special Common Shares underlying restricted stock units awarded pursuant to the TDS 2004 Long-Term Incentive Plan. The TDS.S restricted stock units will become vested on December 15, 2009. With respect to Mr. Rooney, represents the number of USM Common Shares underlying restricted stock units granted to Mr. Rooney pursuant to the U.S. Cellular 2005 Long-Term Incentive Plan. Mr. Rooney's U.S. Cellular restricted stock units vested on October 2, 2007.

Under the TDS 2004 Long-Term Incentive Plan, executives (other than John E. Rooney) may elect to defer receipt of all or a portion of their annual bonuses and to receive stock unit matches on the amount deferred up to \$400,000. Deferred compensation is deemed invested in phantom TDS Special Common Shares. Participants receive (i) a 25% stock unit match for amounts deferred up to 50% of their total annual bonus and (ii) a 33% match for amounts that exceed 50% of their total annual bonus. The matched stock units vest ratably at a rate of one-third per year over three years. The value of phantom stock bonus match units recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R with respect to such officer is included in column (e), "Stock Awards," of the above Summary Compensation Table. After vesting, the matched stock units are credited with dividends. The Summary Compensation Table does not include any dividends (or dividend equivalents) on deferred bonus denominated in phantom TDS stock because such dividends are not preferential under SEC rules, because they are not earned at a rate higher than dividends on TDS' common stock. Deferred bonus by John E. Rooney and Kenneth R. Meyers is deemed invested in phantom USM Common Shares. U.S. Cellular does not currently pay dividends. For information relating to similar provisions under the U.S. Cellular 2005 Long-Term Incentive Plan, see U.S. Cellular's proxy statement for its 2008 annual meeting.

- (j) Except with respect to John E. Rooney, represents the number of TDS Special Common Shares underlying options awarded during the year pursuant to the TDS 2004 Long-Term Incentive Plan. The TDS.S options granted on July 2, 2007 have an exercise price of \$59.45 per share, which was the closing price of a TDS Special Common Share on July 2, 2007, became exercisable on December 15, 2007 and are exercisable until July 2, 2017.

In the case of Mr. Rooney, the amount represents the number of USM Common Shares underlying options awarded during the fiscal year pursuant to the U.S. Cellular 2005 Long-Term Incentive Plan. The USM options were granted on April 2, 2007 at an exercise price of \$73.84 per share, which was the closing price of a USM Common Share on April 2, 2007, became fully vested on October 2, 2007, and are exercisable until April 2, 2017. Such options were exercised on October 2, 2007. See Option Exercises and Stock Vested table below.

- (k) Represents the per-share exercise price of the options granted in column (j). Such exercise price is not less than the closing market price of the underlying security on the date of the grant.
- (l) Represents the grant date fair value of each equity award computed in accordance with FAS 123R or, in the case of any adjustment or amendment of the exercise or base price of options, stock appreciation rights ("SARs") or similar option-like instruments previously awarded to a named executive officer, whether through amendment, cancellation or replacement grants, or any other means ("repriced"), or other material modification of such awards, represents the incremental fair value, computed as of the repricing or modification date in accordance with FAS 123R, with respect to that repriced or modified award. No options, SARs or other similar awards were repriced or materially modified in the last fiscal year with respect to the identified executive officers.

Footnotes:

- (1) Pursuant to the TDS 2004 Long-Term Incentive Plan, on the date specified, such executive officer was granted restricted stock units and options to purchase TDS Special Common Shares. The FAS 123R expense of the stock awards is reported in the Summary Compensation Table in column (e) and the FAS 123R expense of the option awards is reported in the Summary Compensation Table in column (f). Dividends are not distributed with respect to shares underlying restricted stock units until vested and issued or on shares underlying options unless and until such options are exercised and the shares are issued.
- (2) Pursuant to the U.S. Cellular 2005 Long-Term Incentive Plan, on the date specified, the U.S. Cellular Stock Option Compensation Committee granted to John E. Rooney restricted stock units and options to purchase USM Common Shares as indicated above. The FAS 123R expense of the stock awards is reported in the Summary Compensation Table in column (e) and the FAS 123R expense of the option awards is reported in the Summary Compensation Table in column (f). U.S. Cellular does not currently pay dividends.
- (3) Includes the number of phantom stock units in TDS Special Common Shares credited to such officer with respect to company match units related to deferred bonus compensation. The TDS 2004 Long-Term Incentive Plan provides the opportunity for the above officers (other than Mr. Rooney) to defer receipt of a portion of their bonuses and receive TDS matching stock units. The FAS 123R expense of the matched stock units is reported in the Summary Compensation Table in column (e) under "Stock Awards" and the grant date fair value is reported in the above table. The above table does not include the amount of the bonus earned that was invested in phantom stock because this is reported in the Summary Compensation Table in column (d) under "Bonus" whether paid in cash or deferred and deemed invested in phantom stock, rather than in column (e) as "Stock Awards". The above table also does not include the amount of the dividends paid on deferred bonus. Such dividends are not preferential because they are not earned at a rate higher than dividends on TDS' common stock. Accordingly, FAS 123R does not require any expense to be recorded with respect to such dividends. See "Nonqualified Deferred Compensation" table below for bonus phantom stock and dividends credited to the named executive officers.
- (4) Includes the number of phantom stock units in USM Common Shares credited to John E. Rooney and Kenneth R. Meyers with respect to company match units related to deferred bonus compensation. John E. Rooney participates and, prior to January 1, 2007, Kenneth R. Meyers participated, in the U.S. Cellular 2005 Long-Term Incentive Plan. This plan permits officers to defer all or a portion of their annual bonus to a deferred compensation account and receive U.S. Cellular matching stock units. The FAS 123R expense of the company match stock units is reported in the Summary Compensation Table in column (e) under "Stock Awards" and the grant date fair value is reported in the above table. U.S. Cellular does not currently pay dividends. The above table does not include the amount of the bonus earned that was invested in phantom stock because this is reported in the Summary Compensation Table in column (d) under "Bonus" whether paid in cash or deferred and deemed invested in phantom stock, rather than in column (e) as "Stock Awards". See "Nonqualified Deferred Compensation" table below for bonus phantom stock credited to the named executive officers.

Information Regarding Outstanding Equity Awards at Year End

The following table shows, as to the executive officers who are named in the Summary Compensation Table, certain information regarding outstanding equity awards at year end.

Outstanding Equity Awards at Fiscal Year-End

Name (a)	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options: (#) Exercisable (b)	Number of Securities Underlying Unexercised Options: (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (d)	Option Exercise Price (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (h)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#) (j)	
LeRoy T. Carlson, Jr. (1)										
Options:										
2007 TDS.S Options (3)	179,653			\$ 59.45	7/2/17					
2006 TDS.S Options (4)	213,333			\$ 49.80	12/13/16					
2005 Tandem Options (5)	111,045			\$ 77.36	4/20/15					
2004 Tandem Options (6)	67,540			\$ 66.00	5/8/14					
2003 Tandem Options (7)	65,567			\$ 52.92	7/3/13					
2002 Tandem Options (8)	68,215			\$ 60.20	8/19/12					
2001 Tandem Options (9)	29,429			\$ 99.44	4/30/11					
2000 2nd Tandem Options (10)	56,720			\$121.12	9/16/10					
2000 1st Tandem Options (11)	32,000			\$105.13	5/5/10					
1999 Tandem Options (12)	27,850			\$ 66.75	4/30/09					
1998 Tandem Options (13)	16,500			\$ 39.75	6/22/08					
Stock Awards:										
2007 TDS.S RSUs (14)						20,873	\$1,202,285			
2006 TDS.S RSUs (15)						20,424	\$1,176,422			
TDS.S Bonus Match not vested (23)						569	\$ 32,774			
Total TDS.S	392,986	—				41,866	\$2,411,481			
Total Tandem	474,866	—				—	\$ —			
Kenneth R. Meyers (2)										
Options:										
2007 TDS.S Options (3)	52,942			\$ 59.45	7/2/17					
2006 USM Options (16)		22,819		\$ 59.43	4/3/16					
2005 USM Options (17)		17,200		\$ 45.63	3/31/15					
2004 USM Options (18)		8,807		\$ 38.65	3/31/14					
Stock Awards:										
2007 TDS.S RSUs (14)						8,423	\$ 485,165			
2006 USM RSUs (21)						3,163	\$ 266,008			
2005 USM RSUs (22)						13,897	\$1,168,738			
2007 USM Bonus Match not vested (23)						164	\$ 13,792			
Total TDS.S	52,942	—				8,423	\$ 485,165			
Total USM	—	48,826				17,224	\$1,448,538			
John E. Rooney (2)										
Options:										
2005 USM Options (17)	104,575			\$ 45.63	3/31/15					
2004 USM Options (18)	92,000			\$ 38.65	3/31/14					
2003 USM Options (19)	105,250			\$ 24.47	4/21/13					
2002 USM Options (20)	16,500			\$ 41.00	3/31/12					
Stock Awards:										
2007 USM Bonus Match (23)						1,447	\$ 121,693			
2006 USM Bonus Match (23)						514	\$ 43,227			
Total USM	318,325	—				1,961	\$ 164,920			

Name (a)	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options: (#) Exercisable (b)	Number of Securities Underlying Unexercised Options: (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (d)	Option Exercise Price (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#) (j)
Scott H. Williamson (1)									
Options:									
2007 TDS.S Options (3)	56,998			\$ 59.45	7/2/17				
2006 TDS.S Options (4)	75,122			\$ 38.00	6/19/16				
2005 Tandem Options (5)	24,493			\$ 77.36	4/20/15				
2001 Tandem Options (9)	7,690			\$ 99.44	4/30/11				
2000 2nd Tandem Options (10)	14,760			\$117.51	9/16/10				
2000 1st Tandem Options (11)	8,600			\$105.13	5/5/10				
Stock Awards:									
2007 TDS. S RSUs (14)						6,406	\$ 368,986		
2006 TDS.S RSUs (15)						5,667	\$ 326,419		
Total TDS.S	132,120	—				12,073	\$ 695,405		
Total Tandem	55,543	—				—	\$ —		
LeRoy T. Carlson (1)									
Options:									
2007 TDS.S Options (3)	36,116			\$ 59.45	7/2/17				
2006 TDS.S Options (4)	61,127			\$ 38.00	6/19/16				
2005 Tandem Options (5)	26,531			\$ 77.36	4/20/15				
2004 Tandem Options (6)	22,475			\$ 66.00	5/8/14				
2003 Tandem Options (7)	23,605			\$ 52.92	7/3/13				
2002 Tandem Options (8)	22,170			\$ 59.00	7/5/12				
2001 Tandem Options (9)	15,590			\$ 99.44	4/30/11				
2000 2nd Tandem Options (10)	34,360			\$121.12	9/16/10				
2000 1st Tandem Options (11)	18,000			\$105.13	5/5/10				
1999 Tandem Options (12)	17,600			\$ 66.75	4/30/09				
1998 Tandem Options (13)	17,820			\$ 39.75	6/22/08				
Stock Awards:									
2007 TDS.S RSUs (14)						5,621	\$ 323,770		
2006 TDS.S RSUs (15)						5,913	\$ 340,589		
TDS.S Bonus Match not vested (23)						1,255	\$ 72,288		
Total TDS.S	97,243	—				12,789	\$ 736,647		
Total Tandem	198,151	—				—	\$ —		

Explanation of Columns:

- (a) Includes the persons identified in the Summary Compensation Table.
- (b) Includes, on an award-by-award basis, the number of securities underlying unexercised options, including any awards that have been transferred other than for value, that are exercisable as of December 31, 2007. No awards have been transferred. Except for 2007 and 2006 TDS awards, which represent awards with respect to TDS Special Common Shares, all prior awards represent the number of tandem TDS Common Shares and TDS Special Common Shares subject to options.
- (c) Includes on an award-by-award basis, the number of securities underlying unexercised options, including awards that have been transferred other than for value, that are unexercisable as of December 31, 2007, if any.
- (d) This column is not applicable because the identified officers do not have any options that are equity incentive plan awards, as defined by SEC rules.
- (e) Represents the exercise prices of the awards identified in columns (b) and (c).
- (f) Represents the expiration dates of the awards identified in columns (b) and (c).
- (g) Represents the total number of shares underlying stock awards that have not vested as of December 31, 2007.
- (h) Represents the market value of shares underlying stock awards that have not vested as of December 31, 2007, calculated using the closing price of TDS Special Common Shares of \$57.60, on December 31, 2007, the last trading day of 2007. With respect to Mr. Rooney, and with respect to Mr. Meyers' USM Restricted Stock Units, the aggregate market value of shares underlying stock awards that have not vested as of December 31, 2007, was calculated using the closing price of USM Common Shares of \$84.10 on December 31, 2007, the last trading day of 2007.
- (i) This column is not applicable because the identified officers do not have any stock awards that are equity incentive plan awards, as defined by SEC rules.
- (j) This column is not applicable because the identified officers do not have any stock awards that are equity incentive plan awards, as defined by SEC rules.

Footnotes:

The following provides additional information with respect to outstanding equity awards at year end. Number references correspond to numbers in the above table. The following discloses the date that options were scheduled to become exercisable and that restricted stock was scheduled to become vested.

- (1) With respect to such officer, information is presented as to the number of TDS shares underlying options or stock awards. Except for 2007 and 2006 awards, which represent awards with respect to TDS Special Common Shares, all prior awards represent the number of tandem TDS Common Shares and TDS Special Common Shares subject to options or stock awards. The tandem options provide that upon exercise or vesting, the optionee will acquire an equal number of TDS Common Shares and TDS Special Common Shares. Dividends are not distributed with respect to shares underlying restricted stock units until vested and issued or on shares underlying options unless and until such options are exercised and the shares are issued.

The following footnotes discuss the vesting and exercise periods included in the original awards.

- (2) With respect to John E. Rooney, and with respect to Kenneth R. Meyers prior to 2007, represents USM Common Shares underlying options or stock awards. U.S. Cellular does not currently pay any dividends. As reflected in the below footnotes, pursuant to an offer letter which was accepted by John E. Rooney on March 28, 2000, all stock option and restricted stock units awards that were unvested on October 10, 2006 vested on such date and the stock option and restricted stock unit awards granted to him on April 2, 2007 fully vested on October 2, 2007.
- (3) Such 2007 TDS.S Options represent options to purchase TDS Special Common Shares, were granted on July 2, 2007, became exercisable on December 15, 2007 and are exercisable until July 2, 2017 at the exercise price of \$59.45 per share.
- (4) With respect to Scott H. Williamson and LeRoy T. Carlson, such 2006 TDS.S Options represent options to purchase TDS Special Common Shares, were granted on June 19, 2006, became exercisable on December 15, 2006 and are exercisable until June 19, 2016 at the exercise price of \$38.00 per share. With respect to LeRoy T. Carlson, Jr., such 2006 TDS.S Options were granted on December 13, 2006, became exercisable on December 15, 2006 and are exercisable until December 13, 2016 at the exercise price of \$49.80 per share.
- (5) Such 2005 Tandem Options became exercisable on December 15, 2005 and are exercisable until April 20, 2015 at the exercise price of \$77.36 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares.
- (6) Such 2004 Tandem Options became exercisable on December 15, 2004 and are exercisable until May 8, 2014 at the exercise price of \$66.00 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares.
- (7) Such 2003 Tandem Options became exercisable on December 15, 2003 and are exercisable until July 3, 2013 at the exercise price of \$52.92 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares.
- (8) Such 2002 Tandem Options (i) with respect to LeRoy T. Carlson, Jr., became exercisable, on December 15, 2002 and are exercisable until August 19, 2012 at the exercise price of \$60.20 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares and (ii) with respect to LeRoy T. Carlson, became exercisable on December 15, 2002 and are exercisable until July 5, 2012 at the exercise price of \$59.00 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares.
- (9) Such 2001 Tandem Options became exercisable on December 15, 2001 and are exercisable until April 30, 2011 at the exercise price of \$99.44 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares.
- (10) Such 2000 2nd Tandem Options became exercisable in annual increments of 25% on December 15, 2001 and on each anniversary of such date until December 15, 2004 and are exercisable until September 15, 2010 at the exercise price of \$121.12 per tandem option (\$117.51 with respect to Scott H. Williamson) to purchase an equal number of TDS Common Shares and TDS Special Common Shares.
- (11) Such 2000 1st Tandem Options became exercisable on December 15, 2000 and are exercisable until May 5, 2010 at the exercise price of \$105.13 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares.
- (12) Such 1999 Tandem Options became exercisable on December 15, 1999 and are exercisable until April 30, 2009 at the exercise price of \$66.75 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares.
- (13) Such 1998 Tandem Options became exercisable on December 15, 1998 and are exercisable until June 22, 2008 at the exercise price of \$39.75 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares.
- (14) Such 2007 TDS.S Restricted Stock Units will become vested on December 15, 2009.
- (15) Such 2006 TDS.S Restricted Stock Units will become vested on December 15, 2008.
- (16) The 2006 USM Options were scheduled to become exercisable in annual increments of 25% on April 3 of each year beginning in 2007 and ending in 2010 (except that, as discussed in Note (2) above, all of Mr. Rooney's unvested options became fully vested on October 10, 2006), and are exercisable until April 3, 2016 at an exercise price of \$59.43.
- (17) The 2005 USM Options were scheduled to become exercisable in annual increments of 25% on March 31 of each year beginning in 2006 and ending in 2009 (except that, as discussed in Note (2) above, all of Mr. Rooney's unvested options became fully vested on October 10, 2006), and are exercisable until March 31, 2015 at an exercise price of \$45.63.
- (18) The 2004 USM Options were scheduled to become exercisable in annual increments of 25% on March 31 of each year beginning in 2005 and ending in 2008 (except that, as discussed in Note (2) above, Mr. Rooney's unvested options became fully vested on October 10, 2006), and are exercisable until March 31, 2014 at an exercise price of \$38.65.
- (19) The 2003 USM Options were scheduled to become exercisable in annual increments of 25% on March 31 of each year beginning in 2004 and ending in 2007 (except that, as discussed in Note (2) above, Mr. Rooney's unvested options became fully vested on October 10, 2006), and are exercisable until April 21, 2013 at an exercise price of \$24.47.
- (20) The 2002 USM Options were scheduled to become exercisable in annual increments of 25% on March 31 of each year beginning in 2003 and ending in 2006, and are exercisable until March 31, 2012 at an exercise price of \$41.00.

- (21) Such 2006 USM Restricted Stock Units become vested on April 3, 2009.
- (22) Such 2005 USM Restricted Stock Units become vested on March 31, 2008.
- (23) Represents phantom stock units credited to such officer with respect to deferred bonus compensation, including accumulated dividends on such deferred units. See "Information Regarding Nonqualified Deferred Compensation" below. Except with respect to Mr. Rooney and Mr. Meyers, represents the number of TDS shares underlying options or stock awards. Except for 2007 and 2006 awards, which represent awards with respect to TDS Special Common Shares, all prior awards represent the number of tandem TDS Common Shares and TDS Special Common Shares subject to options or stock awards. The tandem options provide that upon exercise or vesting, the optionee will acquire an equal number of Common Shares and Special Common Shares. With respect to Mr. Rooney and Mr. Meyers, represents USM Common Shares underlying options or stock awards. One-third of the phantom stock bonus match units become vested on each of the first three anniversaries of the last day of the year for which the applicable bonus is payable, provided that such employee is an employee of TDS or U.S. Cellular or an affiliate on such date.

Information Regarding Option Exercises and Stock Vested in 2007

The following table shows, as to the executive officers who are named in the Summary Compensation Table, certain information regarding option exercises and stock vested in 2007.

Option Exercises And Stock Vested

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (\$) (e)
LeRoy T. Carlson, Jr. (1)				
TDS/TDS.S Options Exercised (Exercise Date):				
(6)(11)				
1997 2nd Tandem Options (7/25/07)	3,600	\$ 343,329		
1997 2nd Tandem Options (8/1/07)	3,600	\$ 301,989		
1997 2nd Tandem Options (8/8/07)	3,600	\$ 255,792		
1997 2nd Tandem Options (8/15/07)	3,600	\$ 254,187		
1997 2nd Tandem Options (8/22/07)	3,600	\$ 292,174		
1997 2nd Tandem Options (9/5/07)	3,600	\$ 301,748		
1997 2nd Tandem Options (9/12/07)	3,600	\$ 297,009		
1997 2nd Tandem Options (9/19/07)	3,600	\$ 298,767		
1997 2nd Tandem Options (9/26/07)	3,600	\$ 307,335		
1997 2nd Tandem Options (10/3/07)	3,600	\$ 321,544		
1997 2nd Tandem Options (10/10/07)	3,600	\$ 331,758		
1997 2nd Tandem Options (10/17/07)	3,600	\$ 326,390		
1997 2nd Tandem Options (10/24/07)	3,600	\$ 320,341		
1997 2nd Tandem Options (10/31/07)	3,600	\$ 325,284		
1997 2nd Tandem Options (11/1/07)	4,200	\$ 380,627		
1997 1st Tandem Options (11/7/07)	3,600	\$ 300,979		
1997 1st Tandem Options (11/14/07)	3,600	\$ 274,391		
1997 1st Tandem Options (11/21/07)	3,600	\$ 272,986		
1997 1st Tandem Options (11/28/07)	970	\$ 69,884		
1998 Tandem Options (12/5/07)	3,600	\$ 307,755		
1998 Tandem Options (12/12/07)	3,600	\$ 311,802		
1998 Tandem Options (12/19/07)	3,600	\$ 305,676		
Stock Awards Vested:				
2005 TDS/TDS.S Tandem Restricted Stock				
Units (3)			19,024	\$2,418,902
TDS.S Bonus Match Units (4)			370	\$ 21,312
Dividends on Bonus Match Units (5)				
TDS.S			38	\$ 2,189
Tandem			76	\$ 9,135
Total TDS.S		\$ —	408	\$ 23,507
Total Tandem	77,170	\$6,501,747	19,100	\$2,428,037
Kenneth R. Meyers (2)				
USM Options Exercised (Exercise Date): (7)(11)				
1997 USM Options (5/15/07)	4,010	\$ 195,287		
1998 USM Options (5/15/07)	7,680	\$ 307,277		
1999 USM Options (5/15/07)	9,600	\$ 287,520		
2002 USM Options (5/15/07)	26,225	\$ 864,114		
2003 USM Options (5/15/07)	66,275	\$3,336,283		
2005 USM Options (5/15/07)	17,200	\$ 487,104		
2000 USM Options (6/12/07)	4,762	\$ 84,526		
2001 USM Options (6/12/07)	16,600	\$ 408,194		
2004 USM Options (6/12/07)	26,418	\$1,323,542		
2006 USM Options (6/12/07)	7,606	\$ 223,008		
USM Stock Awards Vested:				
2005 USM Restricted Stock Units (3)			6,551	\$ 490,670
2007 USM Bonus Match Units (4)			82	\$ 6,896
Total USM	186,376	\$7,516,855	6,633	\$ 497,566

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (\$) (e)
John E. Rooney (2)				
USM Options Exercised (Exercise Date): (8)(11)				
2000 USM CEO Initial Options (5/14/07)	55,000	\$ 226,050		
2006 USM Options (6/18/07)	24,543	\$ 773,596		
2006 USM Options (7/16/07)	23,556	\$1,016,677		
2006 USM Options (8/16/07)	31,620	\$ 857,850		
2006 USM Options (9/17/07)	25,912	\$ 953,562		
2007 USM Options (10/2/07)	121,000	\$3,407,360		
2006 USM Options (10/16/07)	26,015	\$ 951,369		
2001 USM CEO Options (11/16/07)	20,000	\$ 472,000		
2005 USM Options (11/16/07)	5,374	\$ 200,826		
2006 USM Options (11/16/07)	6,354	\$ 149,764		
2005 USM Options (12/17/07)	21,051	\$ 854,039		
USM Stock Awards Vested:				
2007 USM Restricted Stock Units (3)			5,027	\$ 512,754
2007 USM Bonus Match Units (4)			723	\$ 60,804
2006 USM Bonus Match Units(4)			514	\$ 43,227
2005 USM Bonus Match Units (4)			1,213	\$ 102,013
Total USM	<u>360,425</u>	<u>\$9,863,093</u>	<u>7,477</u>	<u>\$ 718,798</u>
Scott H. Williamson (1)				
TDS/TDS.S Options Exercised (Exercise Date): (9)(11)				
1999 Tandem Options (6/28/07)	6,370	\$ 336,318		
2002 Tandem Options (6/28/07)	14,670	\$ 888,227		
2004 Tandem Options (6/28/07)	14,965	\$ 801,334		
Stock Awards Vested:				
2005 TDS/TDS.S Tandem Restricted Stock Units (3)			4,187	\$ 532,377
Total Tandem	<u>36,005</u>	<u>\$2,025,879</u>	<u>4,187</u>	<u>\$ 532,377</u>
LeRoy T. Carlson (1)				
TDS/TDS.S Options Exercised (Exercise Date): (10)(11)				
1997 2nd Tandem Options (6/20/07)	39,600	\$3,136,320		
1997 1st Tandem Options (6/20/07)	8,295	\$ 655,886		
Stock Awards Vested:				
2005 TDS/TDS.S Tandem Restricted Stock Units (3)			6,164	\$ 783,753
Bonus Match Units (4)				
TDS.S			864	\$ 49,766
Tandem			238	\$ 28,608
Dividends on Bonus Match Units (5)				
TDS.S			81	\$ 4,666
Tandem			187	\$ 22,477
Total TDS.S	<u>—</u>	<u>\$ —</u>	<u>945</u>	<u>\$ 54,432</u>
Total Tandem	<u>47,895</u>	<u>\$3,792,206</u>	<u>6,589</u>	<u>\$ 834,838</u>

Explanation of Columns:

- Includes the persons identified in the Summary Compensation Table.
- Represents the number of securities for which the options were exercised.
- Represents the aggregate dollar value realized upon exercise of options, based on the difference between the market price of the underlying securities at exercise and the exercise or base price of the options.
- Represents the number of shares of stock that have vested. This includes restricted stock and bonus plan company-match phantom stock units, including dividends on such deferred units that became vested in 2007.
- Represents the aggregate dollar value realized upon vesting of stock, calculated by multiplying the number of shares of stock or units by the market value of the underlying shares on the vesting date.

Footnotes:

- Except with respect to John E. Rooney, and Kenneth R. Meyers as indicated, information is presented as to the number of TDS shares underlying options or stock awards. Except for 2007 and 2006 awards, which represent awards with respect to

TDS Special Common Shares, all prior awards represent the number of tandem TDS Common Shares and TDS Special Common Shares subject to options or stock awards. The tandem options provide that upon exercise or vesting, the optionee will acquire an equal number of TDS Common Shares and TDS Special Common Shares.

- (2) With respect to John E. Rooney, and with respect to Kenneth R. Meyers as indicated, represents USM Common Shares underlying options or stock awards. As discussed above, pursuant to John E. Rooney's employment letter agreement and award agreements, Mr. Rooney's 2007 options and restricted stock units vested on October 2, 2007, on which date the closing price of USM Common Shares was \$102.00 per share. The stock price used to calculate the value realized on vesting of the restricted stock units for Mr. Meyers was the closing price of USM Common Shares of \$74.90 on April 23, 2007. U.S. Cellular does not currently pay dividends. The stock price used to calculate the value realized on vesting of the bonus stock was the closing price of USM Common Shares of \$84.10 on December 31, 2007, the last trading day of 2007.
- (3) On December 15, 2007, the 2005 TDS/TDS.S tandem restricted stock units vested and were issued in TDS Common Shares and TDS Special Common Shares. The amounts in column (e) relating to such shares represent the market values of these shares on such date, using the closing price of \$66.15 and \$61.00, or a total of \$127.15 per tandem share, on December 14, 2007, the last trading day prior to December 15, 2007.

With respect to Mr. Rooney, pursuant to John E. Rooney's employment letter agreement, USM options and restricted stock units awarded to Mr. Rooney vested on October 2, 2007. The stock price used to calculate the value realized on vesting of the restricted stock units was the closing price of USM Common Shares of \$102.00 on October 2, 2007.

With respect to Mr. Meyers, his USM restricted stock units were scheduled to become vested on March 31, 2007. The closing price of USM Common Shares on the last trading date before such date was \$73.45. However, due to the delay in SEC filings resulting from the restatement discussed above, U.S. Cellular suspended the issuance of shares upon the vesting of restricted stock units between March 17 and April 23, 2007. As a result, the restricted stock units that were scheduled to become vested on March 31, 2007 were not issued until after April 23, 2007. The stock price used to calculate the value realized on vesting was the closing price of USM Common Shares of \$74.90 on April 23, 2007.

- (4) Pursuant to the TDS 2004 Long-Term Incentive Plan, the bonus plan company-match phantom stock units vest one-third on each of the first three anniversaries of the last day of the year for which the applicable bonus is payable, provided that such employee is an employee of TDS or an affiliate on such date. The stock price used to calculate the value realized on vesting was the closing price of TDS Common Shares of \$62.60 and TDS Special Common Shares of \$57.60, or a total of \$120.20 per tandem share, on December 31, 2007, the last trading day of 2007. Pursuant to U.S. Cellular's 2005 Long-Term Incentive Plan, the USM bonus plan company-match phantom stock units vest one-third on each of the first three anniversaries of the last day of the year for which the applicable bonus is payable, provided that such employee is an employee of U.S. Cellular or an affiliate on such date. The stock price used for U.S. Cellular shares was the closing price of USM Common Shares of \$84.10 on December 31, 2007, the last trading day in 2007. See "Information Regarding Nonqualified Deferred Compensation" below.
- (5) Represents the number of phantom stock units in TDS Special Common Shares credited to such officer with respect to deemed dividends on accumulated deferred phantom stock units that became vested in 2007. The stock price used to calculate the value realized on vesting was the closing price of TDS Common Shares of \$62.60 and TDS Special Common Shares of \$57.60, or a total of \$120.20 per tandem share, on December 31, 2007, the last trading day of 2007. Pursuant to SEC rules, column (h) of the Summary Compensation Table does not include any dividends (or dividend equivalents) on deferred bonus denominated in phantom TDS stock because such dividends are not preferential under SEC rules, because they are not earned at a rate higher than dividends on TDS' common stock. U.S. Cellular does not currently pay dividends.
- (6) All stock option exercises by LeRoy T. Carlson, Jr. were made pursuant to a plan under SEC Rule 10b5-1.
- (7) None of the stock option exercises by Kenneth R. Meyers were made pursuant to a plan under SEC Rule 10b5-1. With respect to all exercises by Kenneth R. Meyers, Mr. Meyers paid the exercise price by allowing U.S. Cellular to withhold USM Common Shares having a value equal to the aggregate exercise price. He also paid taxes by allowing U.S. Cellular to withhold USM Common Shares having a value equal to the tax withholding amount.
- (8) All stock option exercises by John E. Rooney were made pursuant to a plan under SEC Rule 10b5-1, except the exercise of the 2000 CEO Initial Options on May 14, 2007. With respect to all exercises, Mr. Rooney paid the exercise price by allowing U.S. Cellular to withhold USM Common Shares having a value equal to the aggregate exercise price. He also paid taxes by allowing U.S. Cellular to withhold USM Common Shares having a value equal to the tax withholding amount.
- (9) None of the stock option exercises by Scott H. Williamson were made pursuant to a plan under SEC Rule 10b5-1.
- (10) None of the stock option exercises by LeRoy T. Carlson were made pursuant to a plan under SEC Rule 10b5-1. Mr. Carlson paid taxes by allowing TDS to withhold TDS Special Common Shares and/or TDS Common Shares having a value equal to the tax withholding amount.
- (11) See the Outstanding Equity Awards at Fiscal Year-End Table above for a description of the options that continued to be held by the named executive officers at December 31, 2007. In addition, the following is a description of options that had been fully exercised as of December 31, 2007 by the named executive officers:

The 1997 1st TDS/TDS.S Tandem Options became exercisable on February 10, 1998 and were exercisable until December 15, 2007 at the exercise price of \$43.88 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares.

The 1997 2nd TDS/TDS.S Tandem Options became exercisable with respect to one-third of the shares on each of December 15, 1998, December 15, 1999 and December 15, 2000, and were exercisable until November 5, 2007 at the exercise price of \$43.75 per tandem option to purchase an equal number of TDS Common Shares and TDS Special Common Shares.

The 1997 USM Options became exercisable in annual increments of 20% on March 31 of each year beginning in 1998 and ending in 2002, and were originally exercisable until May 14, 2007 at the exercise price of \$25.25. However, because a company-imposed blackout on trading was in effect until May 15, 2007, the exercise period was extended for 30 days from such date.

The 1998 USM Options became exercisable in annual increments of 20% on March 31 of each year beginning in 1999 and ending in 2003, and were exercisable until March 31, 2008 at an exercise price of \$33.94.

The 1999 USM Options became exercisable in annual increments of 20% on March 31 of each year beginning in 2000 and ending in 2004, and were exercisable until March 31, 2009 at an exercise price of \$44.00.

The 2001 USM Options became exercisable in annual increments of 20% on March 31 of each year beginning in 2002 and ending in 2006, and were exercisable until May 8, 2011 at an exercise price of \$64.16.

The 2001 CEO USM Options became exercisable in annual increments of 20% on March 31 of each year beginning in 2002 and ending in 2006, and were exercisable until May 29, 2011 at an exercise price of \$59.40.

The 2000 CEO Initial USM Options became exercisable in annual increments of 20% on April 10 of each year beginning in 2001 and ending in 2005, and were exercisable until April 10, 2010 at an exercise price of \$69.19.

The 2000 USM Options became exercisable in annual increments of 20% on March 31 of each year beginning in 2001 and ending in 2005, and were exercisable until March 31, 2010 at an exercise price of \$71.00.

Information Regarding Pension Benefits

TDS and U.S. Cellular executive officers are covered by a “defined contribution” Tax-Deferred Savings Plan, a “defined contribution” Pension Plan and a related supplemental plan, as discussed above. The company contributions for each of the named executive officers under these plans is disclosed in column (i), “All Other Compensation,” of the Summary Compensation Table. However, TDS and U.S. Cellular do not have any “defined benefit” pension plans (including supplemental plans). The named executive officers only participate in tax-qualified defined contribution plans and a non-qualified defined contribution plan. Both the Tax-Deferred Savings Plan (TDSP) and the Pension Plan are qualified defined contribution plans and the supplemental executive retirement plan (SERP) is a non-qualified defined contribution plan. Accordingly, the Pension Benefits table provided by SEC rules is not applicable.

Information Regarding Nonqualified Deferred Compensation

The following table shows, as to the executive officers who are named in the Summary Compensation Table, certain information regarding nonqualified deferred compensation.

Nonqualified Deferred Compensation

<i>Name</i> <i>(a)</i>	<i>Executive Contributions in Last FY</i> <i>(\$)</i> <i>(b)</i>	<i>Registrant Contributions in Last FY</i> <i>(\$)</i> <i>(c)</i>	<i>Aggregate Earnings in Last FY</i> <i>(\$)</i> <i>(d)</i>	<i>Aggregate Withdrawals/ Distributions</i> <i>(\$)</i> <i>(e)</i>	<i>Aggregate Balance at Last FYE</i> <i>(\$)</i> <i>(f)</i>
LeRoy T. Carlson, Jr.					
SERP(1)		\$ 20,509	\$ 17,649		\$ 335,105
Bonus Deferral and Company Match(3):					
Bonus Deferral					
2,275 TDS Special Common Shares	\$120,000				
Company Match of					
370 TDS Special Common Shares		\$ 21,312			
Dividends on Deferred Bonus:					
114 TDS Special Common Shares			\$ 6,566		
76 TDS Common Shares			\$ 4,758		
Changes in Value in 2007			\$229,407		
Accumulated Balance at Year End:					
17,404 TDS Special Common Shares . . .					\$1,002,470
12,314 TDS Common Shares					\$ 770,856
Total Value of Accumulated Balance					\$1,773,326
Aggregate Totals(5)	<u>\$120,000</u>	<u>\$ 41,821</u>	<u>\$258,380</u>	<u>\$ —</u>	<u>\$2,108,431</u>
Kenneth R. Meyers					
SERP(1)		\$ 34,425	\$ 14,979		\$ 301,422
Salary Deferral(2)					
TDS (for 2007)	\$ 52,197		\$ 1,532		\$ 53,729
U.S. Cellular (for periods prior to 2007) . .	\$ 1,563		\$ 2,413		\$ 40,513
Bonus Deferral and Company Match(3):					
Distribution of 1,782 USM Common Shares(4)				\$124,017	
Bonus Deferral					
981 USM Common Shares	\$ 69,215				
Company Match in USM Common Shares:					
82 shares from 2007 Company Match . . .		\$ 6,896			
Changes in Value in 2007			\$ 13,203		
Ending Balance					
1,062 USM Common Shares					\$ 89,314
Aggregate Totals(5)	<u>\$122,975</u>	<u>\$ 41,321</u>	<u>\$ 32,127</u>	<u>\$124,017</u>	<u>\$ 484,978</u>

Name (a)	Executive Contributions in Last FY (\$) (b)	Registrant Contributions in Last FY (\$) (c)	Aggregate Earnings in Last FY (\$) (d)	Aggregate Withdrawals/ Distributions (\$) (e)	Aggregate Balance at Last FYE (\$) (f)
John E. Rooney					
SERP(1)		\$ 34,425	\$ 10,837		\$ 227,598
Salary Deferral(2)	\$157,550		\$ 65,365		\$1,176,717
Bonus Deferral and Company Match(3):					
Bonus Deferral 7,442 USM Common Shares	\$525,000				
Company Match in USM Common Shares:					
723 shares from 2007 Company Match . .		\$ 60,804			
514 shares from 2006 Company Match . .		\$ 43,227			
1,213 shares from 2005 Company Match .		\$102,013			
Changes in Value in 2007			\$915,436		
Ending Balance					
66,030 USM Common Shares					\$5,553,123
Aggregate Totals(5)	<u>\$682,550</u>	<u>\$240,469</u>	<u>\$991,638</u>	<u>\$ —</u>	<u>\$6,957,438</u>
Scott H. Williamson					
SERP(1)		\$ 25,543	\$ 15,687		\$ 305,165
Aggregate Totals	<u>\$ —</u>	<u>\$ 25,543</u>	<u>\$ 15,687</u>	<u>\$ —</u>	<u>\$ 305,165</u>
LeRoy T. Carlson					
SERP(1)			\$ 20,388		\$ 363,426
Bonus Deferral and Company Match(3):					
Bonus Deferral					
3,810 TDS Special Common Shares . .	\$200,000				
Company Match of					
1,102 TDS Special Common Shares		\$ 63,475			
238 TDS Common Shares		\$ 14,899			
Dividends on Deferred Bonus					
268 TDS Special Common Shares			\$ 15,437		
187 TDS Common Shares			\$ 11,706		
Changes in Value in 2007			\$553,170		
Accumulated Balance at Year End					
40,921 TDS Special Common Shares					\$2,357,050
30,387 TDS Common Shares					\$1,902,226
Total Value of Accumulated Balance					\$4,259,276
Aggregate Totals(5)	<u>\$200,000</u>	<u>\$ 78,374</u>	<u>\$600,701</u>	<u>\$ —</u>	<u>\$4,622,702</u>

Explanation of Columns:

- (a) Includes the persons identified in the Summary Compensation Table.
- (b) Represents the dollar amount of executive contributions during the last fiscal year. With respect to any deferred salary, includes the actual dollar amount deferred. The entire amount of the salary earned in 2007 is included in column (c) of the Summary Compensation Table, whether or not deferred. Only John E. Rooney and Kenneth R. Meyers deferred a portion of their salary in 2007. The officer makes an election as to when to receive a distribution of the deferred compensation account.
- With respect to deferred bonus, includes the actual dollar amount of bonus deferred, which amount is also included in column (d) of the Summary Compensation Table. The entire amount of the bonus earned in 2007 (with respect to 2006 performance) is included in column (d) of the Summary Compensation Table, whether or not deferred.
- (c) Represents the dollar amount of aggregate contributions by TDS or U.S. Cellular during the last fiscal year. With respect to the SERP, represents the actual dollar amount contributed with respect to 2007 for the officer. This is the same as the amount reported in column (i) of the Summary Compensation Table. With respect to the company match, the amounts in 2007 represent the value of the shares on the date the bonus match units vested with respect to the officer. This does not agree with the amount included as stock awards in column (e) of the Summary Compensation Table, which includes the dollar amount recognized for financial statement reporting purposes in accordance with FAS 123R rather than the value of the phantom shares at the time credited to the officer's account.
- (d) Represents the dollar amount of aggregate interest or other earnings accrued during the last fiscal year. With respect to the SERP, represents the actual dollar amount earned in 2007 by the officer, of which any amount that is deemed to be above-market or preferential earnings as defined by SEC rules is included in column (h) of the Summary Compensation Table. With respect to any deferred salary, includes the amount of interest credited to the deferred account for 2007, of which any amount

that is deemed to be above-market or preferential earnings as defined by SEC rules is included in column (h) of the Summary Compensation Table. With respect to dividends on bonus deferral and company match, represents the dollar value of the phantom stock units credited to the account of the identified officer as dividends, based on the closing price of the underlying shares on December 31, 2007, the last trading day of the year. Dividends are not distributed with respect to shares underlying restricted stock units until vested and issued or on shares underlying options unless and until such options are exercised and the shares are issued and, accordingly, dividends on such awards are not included in the above table under SEC rules.

- (e) Represents the aggregate dollar amount of any withdrawals by or distributions to the executive during the last fiscal year. Any such amounts represent withdrawals or distributions of company and/or employee contributions and/or earnings from prior years and are not included in 2007 compensation in the Summary Compensation Table.
- (f) Represents the dollar value of the balance of the executive's account as of the end of the last fiscal year. With respect to the SERP, represents the actual dollar amount in the executive's account as of December 31, 2007. With respect to any deferred salary, represents the actual dollar amount in the executive's account as of December 31, 2007. With respect to bonus deferral and company match, represents the dollar value of the number of phantom stock units held in the executive's account based on the closing price of the underlying shares on December 31, 2007, the last trading day of the year. The stock price used for TDS shares was the closing price of TDS Common Shares of \$62.60 and TDS Special Common Shares of \$57.60, on December 31, 2007. The stock price used for U.S. Cellular shares was the closing price of USM Common Shares of \$84.10 on December 31, 2007. U.S. Cellular does not currently pay dividends. Column (f) includes amounts reported as 2007 compensation in the Summary Compensation Table, as indicated in notes to columns (b) through (d).

Footnotes:

- (1) Each of the identified officers participates in a supplemental executive retirement plan ("SERP"). This plan provides supplemental benefits under the TDS pension plan ("Pension Plan") to offset the reduction of benefits caused by the limitation on annual employee compensation which can be considered for tax qualified pension plans under the Internal Revenue Code. The SERP is a non-qualified deferred compensation plan and is intended to be unfunded. Such officers are credited with earnings on this nonqualified defined contribution plan. Under the SERP, the deferred balance is credited with an assumed rate of earnings on all items other than the contributions for the current year equal to the yield on ten year BBB rated industrial bonds for the last trading date of the prior year as quoted by Standard & Poor's. The interest rate for 2007 was set as of the last trading date of 2006 at 5.9435% per annum, based on the yield on ten year BBB rated industrial bonds at such time. Such rate exceeded 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), of 5.89% at such time. Accordingly, pursuant to SEC rules, column (h) of the Summary Compensation Table for 2007 includes the portion of such interest that exceeded 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), at the time the interest rate is set.

See "Compensation Discussion and Analysis" for information relating to vesting and distribution of amounts under the SERP.

- (2) Represents deferred salary accounts pursuant to deferred salary compensation agreements with Mr. Meyers and Mr. Rooney. The other officers have not deferred any of their salaries. All of the annual salary is reported in column (c) of the Summary Compensation Table, whether or not deferred. Pursuant to the agreements, Mr. Meyers and Mr. Rooney's deferred compensation accounts are credited with interest compounded monthly, computed at a rate equal to one-twelfth of the sum of the average thirty-year Treasury Bond rate for salary deferred as an employee of TDS, or the twenty-year Treasury Bond rate for salary deferred as an employee of U.S. Cellular, plus 1.25 percentage points, until the deferred compensation amount is paid to such person. As required by SEC rules, column (h) of the Summary Compensation Table includes the portion of such interest that exceeded interest calculated using 120% of the applicable federal long-term rate, with compounding (as prescribed under section 1274(d) of the Internal Revenue Code), at the time each monthly interest rate is set.
- (3) The amounts in column (b) represent deferrals of annual bonus. All of the annual bonus earned is reported in column (d), "Bonus," of the Summary Compensation Table, whether or not deferred. The amounts in column (c) represent the value of company match awards vested with respect to the officer in the fiscal year. One-third of the phantom stock bonus match units vest with respect to a particular year's deferred bonus on each of the first three anniversaries of the last day of the year for which the applicable bonus is payable, provided that the officer is an employee of TDS or U.S. Cellular or an affiliate on such date. If the officer continues as an employee during the vesting period, he or she will receive a total bonus match equal to the sum of (i) 25% of amounts deferred up to 50% of such year's bonus and (ii) 33% of amounts deferred that exceed 50% of such year's bonus. The vesting of unvested phantom stock units may accelerate under certain circumstances and the effects of such acceleration are disclosed in the "Potential Payments Upon Termination or Change in Control" table below. The FAS 123R expense of the matched stock units is reported in the Summary Compensation Table in column (e) under "Stock Awards."

Subject to the requirements of Section 409A of the Internal Revenue Code, a TDS officer will receive in shares an amount equal to his or her vested deferred compensation account balance on the earlier of the date specified by the officer, the date the officer separates from service for whatever reason, and the date the officer is determined to suffer a permanent disability.

John E. Rooney participates and prior to 2007 Kenneth R. Meyers participated in the U.S. Cellular 2005 Long-Term Incentive Plan. This plan permits participants to defer all or a portion of their annual bonus to a deferred compensation account. Deferred compensation will be deemed invested in phantom USM Common Shares. The entire amount of the bonus earned is reported in the Summary Compensation Table in column (d) under "Bonus," whether or not deferred and deemed invested

in phantom stock. The FAS 123R expense of the matched stock units is reported in the Summary Compensation Table in column (e) under "Stock Awards." For further information relating to U.S. Cellular company match awards, see U.S. Cellular's proxy statement for its 2008 annual meeting. A U.S. Cellular officer will receive in shares an amount equal to his or her vested deferred compensation account balance at the date elected by the officer (either the officer's separation from service or a date specified by the officer).

- (4) Represents a distribution of a portion of Mr. Meyers' account on January 5, 2007, based on a pre-existing election. The distribution represented 1,782 gross USM Common Shares, having a value of \$124,017, based on the closing price at December 29, 2006 of \$69.59 per share. Of this amount, \$55,103 had been reported as bonus and \$13,776 had been reported as company match compensation, for a total of \$68,879, in the summary compensation table with respect to 2003 under prior SEC rules. After deduction of shares for taxes, Mr. Meyers received a net of 1,170 USM Common Shares, having a value of \$81,449 using the same price per share.
- (5) Information relating to amounts included in the above Summary Compensation Table for 2007 is discussed in the above notes. The following is a summary of the amount of the total deferred compensation balances reported as compensation in the summary compensation table in prior years, beginning in 2006, which is the first year in which deferred compensation was reported pursuant to the above table. This is the first year that Kenneth R. Meyers and Scott H. Williamson are included in the TDS Summary Compensation Table, so there are no prior amount reported for such persons below.

	<u>LeRoy T. Carlson, Jr.</u>	<u>Kenneth R. Meyers</u>	<u>John E. Rooney</u>	<u>Scott H. Williamson</u>	<u>LeRoy T. Carlson</u>
SERP Company Contribution	\$ 18,769	\$ —	\$ 33,626	\$ —	\$ —
Salary Deferral	—	—	141,064	—	—
Salary Deferral Excess Interest	—	—	3,335	—	—
Bonus Deferral	110,000	—	300,000	—	200,000
Company Match	30,000	—	121,548	—	58,000
Total	<u>\$158,769</u>	<u>\$ —</u>	<u>\$599,573</u>	<u>\$ —</u>	<u>\$258,000</u>

Potential Payments Upon Termination Or Change-In-Control

This section discusses, with respect to the executives identified in the Summary Compensation Table, each contract, agreement, plan or arrangement, whether written or unwritten, that provides for payments to such executive at, following, or in connection with any termination, including resignation, severance, retirement or constructive termination, or a change in control of TDS or a change in the executive officer's responsibilities.

TDS does not have any plans or policies that provide for severance or other compensation or benefits to the named executive officers upon termination or a Change in Control other than the acceleration of stock awards upon certain events as discussed herein and as set forth in the Table of Potential Payments upon Termination or Change in Control. However, TDS may enter into agreements or arrangements with officers that provide for severance or other compensation or benefits under circumstances that are negotiated with an officer in connection with the employment or termination of employment of such officer, as discussed below.

The acceleration of awards is considered to be appropriate under certain qualified termination events or a Change in Control as discussed therein, but TDS does not consider it appropriate to generally provide for other significant severance or similar benefits in such events or to permit the acceleration of awards as a general rule for other non-qualified termination events. TDS considers the fact that, unlike many companies that may be widely held, TDS is controlled by the TDS Voting Trust. As a result, TDS does not follow the practices of certain other companies that may provide for substantial benefits upon a termination or a Change in Control as a standard practice. Instead, potential payments upon termination or a Change in Control are designed primarily so that employees are neither harmed nor given a windfall in such circumstances. The acceleration of awards under certain circumstances are intended to motivate executive officers to act in the best long-term interests of TDS.

With respect to agreements with specific officers, TDS may enter into arrangements that provide for severance or other compensation or benefits under circumstances that are negotiated with such officer in connection with the employment or termination of employment of an officer. Any such agreement or arrangement is based on the facts and circumstances at the time relating to that particular employment relationship. TDS has entered into certain agreements with the named executive officers as described in the footnotes to the Table of Potential Payments upon Termination or Change in Control.

The foregoing limited and customized approach to termination payments is consistent with TDS' overall compensation objectives, as discussed herein. These objectives assume that officers will be compensated primarily based on performance during their continued employment with TDS and are designed to motivate executive officers to act in the best long-term interest of TDS, recognizing that TDS is a controlled company. As a result, these objectives do not contemplate providing significant benefits upon or providing incentives with respect to qualified termination events or a Change in Control or providing any benefits upon non-qualified termination events. Accordingly, the limited amounts of termination and Change in Control payments provided as discussed herein are taken into account with all other facts and circumstances, but otherwise do not significantly affect decisions relating to other elements of compensation, which are provided consistent with the foregoing compensation objectives assuming continued employment until normal retirement.

Arrangement with Specified Officers

Except as disclosed below, neither TDS nor its subsidiaries have any agreements with any of the named executive officers providing for severance or other compensation or benefits upon termination or a change in control, provided that certain awards may accelerate upon termination or a change in control as discussed above under Compensation Disclosure and Analysis—Other Benefits and Plans Available to Identified Officers. TDS may enter into limited employment arrangements with newly hired officers, or into employment or similar agreements in connection with the termination of an officer, as discussed below. However, in general, TDS does not enter into employment agreements that provide significant rights or benefits to officers.

TDS does not have any executory employment, severance or similar agreement with LeRoy T. Carlson, Jr. Accordingly, any payments upon any termination event or change of control will only be made according to the plans described above that are applicable generally under such plans. However, TDS has entered into certain arrangements with Kenneth R. Meyers and LeRoy T. Carlson that are currently executory in whole or in part, as discussed below. Accordingly, the below table of Potential Payments upon Termination or Change in Control includes such arrangements, in addition to the provisions that will be applicable generally under the plans discussed above. In addition, as discussed below, U.S. Cellular has certain arrangements with John E. Rooney relating to acceleration of options and restricted stock units, but this has already occurred as of October 10, 2006, as discussed above.

Table of Potential Payments upon Termination or Change in Control

The following table summarizes the estimated payments to be made under each contract, agreement, plan or arrangement which provides for payments to a named executive officer at, following, or in connection with any termination of employment including by resignation, retirement, disability or a constructive termination of a named executive officer, or a Change in Control or a change in the named executive officer's responsibilities. However, in accordance with SEC regulations, the following does not report any amount to be provided to a named executive officer under any arrangement that does not discriminate in scope, terms, or operation in favor of our executive officers and which is available generally to all employees. Also, the following table does not repeat information disclosed above under the Nonqualified Deferred Compensation table or the Outstanding Equity Awards at Fiscal Year-End table, except to the extent that the amount payable to the named executive officer would be enhanced or accelerated by the termination event.

The following table provides quantitative disclosure, assuming that the triggering event took place on December 31, 2007 and, if applicable, that the price per share of the registrant's securities is the closing market price as of December 31, 2007, the last trading day in 2007. All of John E. Rooney's awards granted prior to 2008 other than bonus match awards have vested pursuant to an agreement with U.S. Cellular. See footnote (2) to the below table. With respect to the other officers, because all of the options granted by TDS prior to 2008 are exercisable as of December 31, 2007, no additional amounts would become payable with respect to TDS options upon any termination or Change in Control. However, additional payments may become due as a result of the acceleration of the vesting of restricted stock units and/or bonus match units granted by TDS or U.S. Cellular, or options granted to Mr. Meyers by U.S. Cellular, upon the following triggering events: (i) a qualified disability (for restricted stock units and bonus match awards but not options), (ii) death (for restricted stock units and bonus match awards but not options), (iii) a Change in Control (as defined above) and (iv) a qualified retirement (for restricted stock units granted by either TDS or U.S. Cellular and bonus match awards and options granted by U.S. Cellular but not bonus match awards or options granted by TDS) (collectively, "Triggering Events"). No such additional payments would be made in the event of any other termination of employment or service. In addition, the below table identifies other payments that have been, will be or would be made pursuant to certain agreements as discussed below.

Table of Potential Payments upon Termination or Change in Control

Name (a)	Early Vesting of Options (\$) (b)	Early Vesting of Restricted Stock Units (\$) (c)	Early Vesting of Bonus Stock Match Units (\$) (d)	Other (\$) (e)	Total (\$) (f)
LeRoy T. Carlson, Jr.					
Options	—				—
Restricted Stock					
2007 Award of 20,873 TDS.S Shares		\$1,202,285			\$1,202,285
2006 Award of 20,424 TDS.S Shares		\$1,176,422			\$1,176,422
Bonus Stock Match Units					
569 TDS.S Shares			\$ 32,774		\$ 32,774
Aggregate Totals	—	\$2,378,707	\$ 32,774	—	\$2,411,481
Kenneth R. Meyers (1)					
Options					
48,826 USM Common Shares	\$1,624,907				\$1,624,907
Restricted Stock					
17,060 USM Common Shares		\$1,434,746			\$1,434,746
2007 Award of 8,423 TDS.S Shares		\$ 485,165			\$ 485,165
Bonus Stock Match Units					
164 USM Common Shares			\$ 13,792		\$ 13,792
Aggregate Totals	\$1,624,907	\$1,919,911	\$ 13,792	—	\$3,558,610
John E. Rooney (2)					
Options	—				—
Restricted Stock					—
Bonus Stock Match Units					
1,961 USM Common Shares			\$164,920		\$ 164,920
Aggregate Totals	—	—	\$164,920	—	\$ 164,920
Scott H. Williamson					
Options	—				—
Restricted Stock					
2007 Award of 6,406 TDS.S Shares		\$ 368,986			\$ 368,986
2006 Award of 5,667 TDS.S Shares		\$ 326,419			\$ 326,419
Aggregate Totals	—	\$ 695,405	—	—	\$ 695,405
LeRoy T. Carlson(3)					
Options	—				—
Restricted Stock					
2007 Award of 5,621 TDS.S Shares		\$ 323,770			\$ 323,770
2006 Award of 5,913 TDS.S Shares		\$ 340,589			\$ 340,589
Bonus Stock Match Units					
1,255 TDS.S Shares			\$ 72,288		\$ 72,288
Potential annual payments on retirement				\$154,000	\$ 154,000
Aggregate Totals	—	\$ 664,359	\$ 72,288	\$154,000	\$ 890,647

Explanation of Columns:

- (a) Includes the persons identified in the Summary Compensation Table.
- (b) Represents the maximum potential value of accelerated options assuming that a Triggering Event took place on December 31, 2007 and that the price per share of the registrant's securities is the closing market price as of December 31, 2007, the last trading day in 2007. The stock price used for U.S. Cellular shares was the closing price of USM Common Shares of \$84.10 on December 31, 2007.

- (c) Represents the maximum value of accelerated restricted stock units assuming that a Triggering Event took place on December 31, 2007 and that the price per share of the registrant's securities is the closing market price as of December 31, 2007, the last trading day in 2007. The stock price used for TDS Special Common Shares was the closing price of \$57.60 on December 31, 2007. The stock price used for U.S. Cellular shares was the closing price of USM Common Shares of \$84.10 on December 31, 2007. In accordance with FAS 123R, TDS recognized expense in 2007 with respect to the above stock awards to LeRoy T. Carlson because he was 66 years or older and eligible for retirement, even though such stock awards have not yet vested. Accordingly, an expense with respect to such shares is also included in column (e), Stock Awards, in the Summary Compensation Table.
- (d) Represents the maximum potential value of accelerated bonus match units assuming that a Triggering Event took place on December 31, 2007 and that the price per share of the registrant's securities is the closing market price as of December 31, 2007, the last trading day in 2007. The stock price used for TDS Special Common Shares was the closing price of \$57.60 on December 31, 2007. The stock price used for U.S. Cellular shares was the closing price of USM Common Shares of \$84.10 on December 31, 2007.
- (e) Includes payments or potential payments with respect to LeRoy T. Carlson, as discussed in Note (3) below.
- (f) Represents the total of columns (b) through (e).

Although TDS has attempted to make a reasonable estimate (or a reasonable estimated range of amounts) applicable to the payment or benefit based on the disclosed material assumptions, the calculation of the foregoing represents forward-looking statements that involve risks, uncertainties and other factors that may cause actual results to be significantly different from the amounts expressed or implied by such forward looking statements. Such risks, uncertainties and other factors include those set forth under "Risk Factors" in TDS' Form 10-K for the year ended December 31, 2007.

Perquisites and other personal benefits or property payable upon termination or change in control are excluded only if the aggregate amount of such compensation will be less than \$10,000. A perquisite or personal benefit is specifically identified only if it exceeds the greater of \$25,000 or 10% of the total amount of perquisites and personal benefits for an officer. Any perquisite or benefit is valued on the basis of the aggregate incremental cost of such perquisite or personal benefit to TDS.

No information is provided with respect to contracts, agreements, plans or arrangements to the extent they do not discriminate in scope, terms or operation in favor of executive officers of the registrant and that are available generally to all employees.

Footnotes:

- (1) Kenneth R. Meyers was appointed Executive Vice President and Chief Financial Officer of TDS effective January 1, 2007. In connection therewith, he relinquished the position of Executive Vice President—Finance, Chief Financial Officer and Treasurer of U.S. Cellular effective December 31, 2006. Because TDS is an affiliate, this did not trigger any termination or other payments to Mr. Meyers. In connection with Mr. Meyers' change in employment to TDS from U.S. Cellular, TDS entered into a Retention Agreement with Kenneth R. Meyers as of December 4, 2006 with respect to Mr. Meyers' unvested U.S. Cellular options and restricted stock units. Reference is made to TDS' Form 8-K dated November 30, 2006 for further information and a copy of such agreement. This agreement provides that, in the event of a qualified termination of Mr. Meyers' employment with TDS on or after January 1, 2007, TDS will make certain payments to Mr. Meyers. A qualified termination is a termination by TDS without cause, as defined in such agreement, or by Mr. Meyers for good reason, as defined in such agreement. The payment would consist of the sum of (1) the difference between the fair market value and the exercise price of specified unvested options to acquire USM Common Shares held by Mr. Meyers which are cancelled and (2) the fair market value of specified unvested restricted stock units with respect to USM Common Shares held by Mr. Meyers which are forfeited, in each case as a result of the qualified termination of Mr. Meyers' employment with TDS. Assuming a qualified termination on December 31, 2007, the payment that Mr. Meyers would have received under this agreement would be the same as the amounts reported in the above table with respect to U.S. Cellular awards (other than the amounts related to U.S. Cellular bonus stock match units), or a total of \$3,059,653, based on the closing price of USM Common Shares as of December 31, 2007 of \$84.10 per share. However, all payments under this agreement would be made by TDS rather than U.S. Cellular.

The following table shows the calculation of this amount:

<i>Award (Per Share Exercise Price of Options)</i>	<i>Number of Shares Underlying Specified Awards that are Unvested at 12/31/07</i>	<i>Value at 12/31/07 based on \$84.10 per share</i>	<i>Less Aggregate Exercise Price</i>	<i>Amount that would have been Payable at 12/31/07</i>
2006 USM Common Shares (\$59.43)	22,819	\$1,919,078	\$1,356,133	\$ 562,945
2005 USM Common Shares (\$45.63)	17,200	\$1,446,520	\$ 784,836	\$ 661,684
2004 USM Common Shares (\$38.65)	8,807	\$ 740,669	\$ 340,391	\$ 400,278
Subtotal Options	<u>48,826</u>			<u>\$1,624,907</u>
2006 USM Restricted Stock	3,163	\$ 266,008	\$ —	\$ 266,008
2005 USM Restricted Stock	13,897	\$1,168,738	\$ —	\$1,168,738
Subtotal Restricted Stock	<u>17,060</u>			<u>\$1,434,746</u>
Total				<u>\$3,059,653</u>

- (2) U.S. Cellular has certain arrangements with John E. Rooney relating to acceleration of vesting of options and restricted stock units. Reference is made to U.S. Cellular's Form 8-K dated March 26, 2000 for further information. However, the acceleration of all option and restricted stock unit awards granted on or prior to April 10, 2006 occurred as of October 10, 2006, and all option and restricted stock unit awards granted after April 10, 2006 vest six months after the date of grant, as discussed above. Accordingly, Mr. Rooney would have no further benefits or acceleration as a result of termination or Change in Control, except with respect to bonus stock match units as set forth in the above table.
- (3) TDS has entered into an agreement with LeRoy T. Carlson whereby it will employ Mr. Carlson until he elects to retire from TDS. Mr. Carlson is to be paid at least \$60,000 per annum until his retirement. The agreement also provides that upon his retirement, Mr. Carlson will be retained by TDS as a part-time consultant (for not more than 60 hours in any month) until his death or disability. Upon his retirement, Mr. Carlson will receive \$75,000 per annum as a consultant, plus increments beginning in 1985 equal to the greater of three percent of his consulting fee or two-thirds of the percentage increase in the consumer price index for the Chicago metropolitan area. If Mr. Carlson becomes disabled before retiring, TDS can elect to discontinue his employment and retain him in accordance with the consulting arrangement described above. Upon Mr. Carlson's death (unless his death follows his voluntary termination of his employment or the consulting arrangement), his widow will receive until her death an amount equal to that which Mr. Carlson would have received as a consultant. TDS may terminate payments under the agreement if Mr. Carlson becomes the owner of more than 21% of the stock, or becomes an officer, director, employee or paid agent of any competitor of TDS within the continental United States. No amounts have ever been paid or become payable under this agreement. Column (e) includes the annual amount that Mr. Carlson would receive in 2008 assuming he retired on December 31, 2007. This amount represents \$75,000, plus increments beginning in 1985 equal to the greater of three percent of his consulting fee or two-thirds of the percentage increase in the consumer price index for the Chicago metropolitan area through 2007, which is approximately \$154,000. This amount would increase on an annual basis in 2009 and each year thereafter at increments equal to the greater of three percent of his consulting fee or two-thirds of the percentage increase in the consumer price index for the Chicago metropolitan area until such payments ceased pursuant to the foregoing agreement.

Compensation of Directors

The following table shows, as to directors who are not executive officers of TDS, certain information regarding director compensation.

Director Compensation

<i>Name</i> (a)	<i>Fees Earned or Paid in Cash</i> (\$) (b)	<i>Stock Awards</i> (\$) (c)	<i>Option Awards</i> (\$) (d)	<i>Non-Equity Incentive Plan Compensation</i> (\$) (e)	<i>Change in Pension Value and Nonqualified Deferred Compensation Earnings</i> (\$) (f)	<i>All Other Compensation</i> (\$) (g)	<i>Total</i> (\$) (h)
Letitia G. Carlson, M.D.	\$ 44,223	\$ 7,661	—	—	—	\$124	\$ 52,008
Walter C.D. Carlson	\$ 58,969	\$24,595	—	—	—	\$124	\$ 83,688
Gregory P. Josefowicz	\$ 14,750	—	—	—	—	\$ —	\$ 14,750
Donald C. Nebergall	\$ 75,195	\$ 9,158	—	—	—	\$124	\$ 84,477
George W. Off	\$116,234	\$11,290	—	—	—	\$124	\$127,648
Christopher D. O’Leary	\$ 51,829	\$ 8,352	—	—	—	\$124	\$ 60,305
Mitchell H. Saranow	\$ 72,945	\$ 9,158	—	—	—	\$124	\$ 82,227
Martin L. Solomon	\$ 17,996	\$15,437	—	—	—	\$124	\$ 33,557
Herbert S. Wander	\$110,247	\$10,800	—	—	—	\$124	\$121,171

Explanation of Columns:

- (a) Includes each director unless such director is an executive officer whose compensation, including any compensation for service as a director, is fully reflected in the Summary Compensation Table. Accordingly, this includes only non-employee directors. The above table does not include James Barr III because he was an employee until March 24, 2007, and thereafter received fees for consulting services to TDS, as discussed below. Directors who are employees of TDS or its subsidiaries are identified in the Summary Compensation Table. Such directors do not receive director fees or compensation except for director life insurance, as disclosed in the Summary Compensation Table.
- (b) Includes the aggregate dollar amount of all fees earned or paid in cash for services as a director, including annual retainer fees, committee and/or chairmanship fees, and meeting fees.

- (c) Represents the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R. The following table discloses certain additional information with respect to stock awards to non-employee directors:

<i>Name</i>	<i>Aggregate Number of awards of TDS Special Common Shares outstanding at December 31, 2007</i>	<i>Aggregate Number of TDS Special Common Shares underlying Stock Awards Granted in 2007</i>	<i>Aggregate Grant Date Fair Value of Stock Awards in 2007</i>
Letitia G. Carlson, M.D.	—	133	\$ 7,661
Walter C.D. Carlson	—	427	\$24,595
Gregory P. Josefowicz	—	—	\$ —
Donald C. Nebergall	—	159	\$ 9,158
George W. Off	—	196	\$11,290
Christopher D. O’Leary	—	145	\$ 8,352
Mitchell H. Saranow	—	159	\$ 9,158
Martin L. Solomon	—	268	\$15,437
Herbert S. Wander	—	175	\$10,800

Shares due with respect to stock awards for retainers or meeting fees are issued promptly after the date upon which the awards become effective and, accordingly, there are no awards outstanding at the end of the fiscal year.

- (d) This column is not applicable because non-employee directors do not receive options.
- (e) This column is not applicable because non-employee directors do not participate in any non-equity incentive plans, as defined by SEC rules.
- (f) This column is not applicable because non-employee directors do not participate in any pension plans or receive any earnings on deferred compensation.
- (g) Represents the dollar value of insurance premiums paid by, or on behalf of, TDS during the fiscal year with respect to life insurance for the benefit of such director, which is the only category of other compensation.
- (h) Represents the sum of all amounts reported in columns (b) through (g).

Narrative Disclosure to Director Compensation Table

The following provides additional information with respect to director compensation. All director compensation is approved by the full board of directors.

The board of directors has approved a Non-Employee Directors’ Plan for non-employee directors. A non-employee director is a director of TDS who is not an employee of TDS or its affiliates, U.S. Cellular or TDS Telecom. The purpose of the Non-Employee Directors’ Plan is to provide reasonable compensation to non-employee directors for their services to TDS, and to induce qualified persons to serve as non-employee members of the board of directors. This plan was amended by the TDS board of directors on May 10, 2007, and approved by TDS shareholders at the 2007 annual meeting on July 26, 2007.

Non-employee directors will receive an annual director’s retainer fee of \$45,000 paid in cash. Non-employee directors also will receive an annual stock award of \$45,000 paid in the form of TDS Special Common Shares, which will be distributed in March on or prior to March 15 of each year, beginning March 2008, for services performed during the 12 month period that commenced on March 1 of the immediately preceding calendar year and ended on the last day of February of the calendar year of payment. The number of shares will be determined on the basis of the closing price of TDS Special Common Shares for the last trading day in the month of February of each year. The closing price of TDS

Special Common Shares on February 29, 2008 was \$43.10 per share. The Chairperson of the board of directors will receive an additional annual retainer fee of \$45,000, paid in cash.

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

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

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

Non-employee directors also will receive a meeting fee of \$1,750 for each board or committee meeting attended.

Under the Directors Plan, annual retainers will be paid in cash on a quarterly basis, as of the last day of each quarter. Fees for all board and committee meetings will be paid in cash on a quarterly basis, as of the last day of each quarter. The TDS board of directors has reserved 75,000 Special Common Shares of TDS for issuance pursuant to the Non-Employee Directors' Plan.

In addition, TDS pays life insurance premiums to provide life insurance of \$100,000 for each of its directors. Except for such life insurance premiums, directors who are also employees of TDS or any affiliate do not receive any additional compensation for services rendered as directors.

Directors are also reimbursed for travel and expenses incurred in attending board and committee meetings, director education and other Board or company related matters pursuant to TDS' travel and expense reimbursement policy. TDS also reimburses directors for the cost of attending director education programs.

None of the directors had stock awards or option awards outstanding at fiscal year end.

Directors who are executive officers of TDS do not receive fees or compensation as directors. The compensation of such directors and officers who are named executive officers is disclosed in the tables under Executive and Director Compensation above.

The following describes the non-employee director compensation plan that existed prior to the implementation of the foregoing revised plan in 2007.

Each non-employee director received an annual director's fee of \$44,000 payable quarterly, and the chairperson received an additional \$34,000 fee.

Each non-employee director serving on the Audit Committee received an annual fee of \$11,000 payable quarterly, except for the chairperson, who received a fee of \$22,000.

Each non-employee director received an annual fee of \$5,000 payable quarterly, for serving on the Compensation Committee, except for the chairperson, who received a fee of \$7,000.

Each non-employee director received a fee of \$1,750 for board of directors, Audit, Compensation and Corporate Governance Committee meetings, plus reimbursement of reasonable out-of-pocket expenses incurred in connection with travel to, and attendance at, each regularly scheduled or special meeting.

Each non-employee director received 50%, and could elect to receive on an annual basis up to 100%, of their retainers and meeting fees for regularly scheduled meetings of the board (five per year), by the delivery of TDS Special Common Shares having a fair market value as of the date of payment equal to the cash amount of the retainer or fee foregone. For purposes of determining the number of Special Common Shares deliverable in connection with any of the foregoing elections, the fair market value of a Special Common Share was the average closing price of our Special Common Shares as

reported in the American Stock Exchange Composite Transactions section of The Wall Street Journal for the twenty trading days before the end of the quarter or the date of the board meeting, as applicable.

Other Matters Relating to Non-Employee Directors

James Barr III. Mr. Barr relinquished his position as President and Chief Executive Officer of TDS Telecom effective January 1, 2007. He remained on TDS Telecom's payroll until March 23, 2007 and retired on March 24, 2007. On March 6, 2006, TDS and James Barr III entered into an amendment of an arrangement relating to Mr. Barr's employment and retirement. Reference is made to TDS' Form 8-K dated March 6, 2006 for further information. Under the amended arrangement, because Mr. Barr remained employed with TDS Telecom until at least March 31, 2005, the agreement provided that (i) all of Mr. Barr's stock options became fully vested on the date of his retirement and (ii) TDS will pay Mr. Barr a sum equal to his then current annual salary in twenty-four equal monthly installments, with the initial six installments to be paid on or as soon as administratively practicable following the six month anniversary of his retirement and the remaining 18 installments to be paid each month after the six month anniversary of his retirement. Mr. Barr is required to provide consulting services to TDS during such period in consideration for such payments. Upon his retirement, all of his options vested pursuant to the foregoing agreement. Mr. Barr's 2005 and 2006 restricted stock awards also vested upon his retirement in accordance with such award agreements. Although Mr. Barr is now a non-employee director, he does not receive director fees because he receives consulting fees pursuant to the foregoing arrangements.

Martin L. Solomon. As disclosed above, due to personal reasons, Martin L. Solomon retired from the TDS board of directors as of the 2007 annual meeting. As noted above, Gregory P. Josefowicz was elected in 2007 to fill the directorship that had been held by Mr. Solomon.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee has responsibilities relating to the compensation of the executive officers of TDS (which does not include U.S. Cellular or any of its subsidiaries), including the review of salary, bonus, long-term compensation and all other compensation. The members of the Compensation Committee are Herbert S. Wander (chairperson), Gregory P. Josefowicz, George W. Off and Christopher D. O'Leary. Such persons are independent, as discussed above. None of such persons was, during 2007 or during any of the preceding three years, an officer or employee of TDS (or its affiliates), or had any relationship requiring disclosure by TDS under any paragraph of Item 404 of SEC Regulation S-K.

Long-term compensation for executive officers who are employees of U.S. Cellular is approved by the stock option compensation committee of U.S. Cellular. The stock option compensation committee of U.S. Cellular is composed of directors of such subsidiary who are neither officers nor employees of TDS or any of its subsidiaries nor directors of TDS. The annual compensation of U.S. Cellular's President and Chief Executive Officer, Mr. Rooney, is approved by LeRoy T. Carlson, Jr., the Chairman of U.S. Cellular. LeRoy T. Carlson, Jr. is also President and CEO of TDS. Mr. Carlson is a member of the board of directors of TDS, U.S. Cellular, and TDS Telecom. He is also the Chairman of TDS Telecom and, as such, approves the executive officer annual compensation decisions for TDS Telecom other than the President and CEO of TDS Telecom, and recommends the annual compensation of the President and CEO of TDS Telecom to the TDS Compensation Committee. David A. Wittwer, an executive officer of TDS, was the President and CEO of TDS Telecom in 2007. Mr. Carlson is compensated by TDS for his services to TDS and all its subsidiaries, including U.S. Cellular. However, U.S. Cellular effectively reimburses TDS for a portion of such compensation as part of a management fee pursuant to an intercompany agreement between TDS and U.S. Cellular, as discussed above. Further information is included in the proxy statement of U.S. Cellular for its 2008 annual meeting of shareholders.

Certain Relationships and Related Transactions

In addition to such compensation committee interlocks and insider participation in compensation decisions, TDS and certain related parties are involved in the following relationships and transactions.

David A. Wittwer became the President and Chief Executive Officer of TDS Telecom in 2007. As a result, Mr. Wittwer is deemed to be an executive officer of TDS under SEC rules. Mr. Wittwer's wife, Debra Wittwer, was employed by TDS in 2007 as a finance director until August 17, 2007. Pursuant to Item 404 of Regulation S-K, the total of Debra Wittwer's salary and bonus earned in 2007 did not exceed \$120,000. Also, because she terminated employment in 2007, the total amount of her FAS 123R expense relating to options and restricted stock awards was negative, due to the forfeiture of awards upon termination.

The following persons are partners of Sidley Austin LLP, the principal law firm of TDS, U.S. Cellular and their subsidiaries: Walter C.D. Carlson, a trustee and beneficiary of a voting trust that controls TDS and U.S. Cellular, the non-executive Chairman of the Board and member of the board of directors of TDS and a director of U.S. Cellular; William S. DeCarlo, the General Counsel of TDS and an Assistant Secretary of TDS and certain subsidiaries of TDS; and Stephen P. Fitzell, the General Counsel and/or an Assistant Secretary of U.S. Cellular and certain subsidiaries of TDS. Mr. Carlson does not provide legal services to TDS, U.S. Cellular or their subsidiaries. TDS, U.S. Cellular and their subsidiaries incurred legal expenses from Sidley Austin LLP of \$11.2 million in 2007, \$12.0 million in 2006 and \$7.8 million in 2005.

The Audit Committee of the board of directors is responsible for the review and oversight of all related party transactions, as such term is defined by the rules of the American Stock Exchange.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of December 31, 2007 regarding TDS Common Shares and TDS Special Common Shares that may be issued under equity compensation plans currently maintained by TDS.

<i>Plan Category</i>	<i>(a) Number of securities to be issued upon the exercise of outstanding options and rights</i>	<i>(b) Weighted-average exercise price of outstanding options and rights</i>	<i>(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i>
Equity compensation plans approved by security holders(1)			
TDS Common Shares	1,083,245		919,786
TDS Special Common Shares	2,742,132	\$68.31	7,010,889
Equity compensation plans not approved by security holders(2)			
TDS Common Shares	-0-	\$ —	9,607
TDS Special Common Shares	-0-		-0-
Total			
TDS Common Shares	1,083,245		929,393
TDS Special Common Shares	2,742,132	\$68.31	7,010,889

Explanation of Columns:

- (a) Represents the number of securities to be issued upon the exercise of outstanding options, unvested restricted stock units and vested and unvested phantom stock units.
- (b) Represents the weighted-average exercise price of all outstanding options, warrants and rights, including tandem options and TDS Special Common Share options. Restricted stock units and phantom stock units do not have any exercise price.
- (c) Represents the number of securities remaining available for future issuance under the plan, other than securities to be issued upon the exercise of the outstanding options, restricted stock units and phantom stock units disclosed in column (a).

Footnotes:

- (1) This includes the following plans that have been approved by TDS shareholders:

<i>Plan</i>	<i>Number of securities to be issued upon the exercise of outstanding options and rights</i>	<i>Number of securities remaining available for future issuance (excluding securities reflected in prior column)</i>	<i>Total</i>
2004 Long-Term Incentive Plan			
TDS Common Shares	1,083,245	919,786	2,003,031
TDS Special Common Shares	2,742,132	6,643,612	9,385,744
2003 Employee Stock Purchase Plan			
TDS Special Common Shares	-0-	301,747	301,747
Compensation Plan for Non-Employee Directors			
TDS Special Common Shares	-0-	65,530	65,530
Total			
TDS Common Shares	1,083,245	919,786	2,003,031
TDS Special Common Shares	2,742,132	7,010,889	9,753,021

As a result of the TDS Special Common Share dividend in 2005, all options to purchase Common Shares as of May 13, 2005 under the 2004 Long-Term Incentive Plan, whether vested or unvested, were adjusted into tandem options. The tandem options provide that upon exercise, the optionee will acquire the number of TDS Common Shares originally subject to the option plus an equal number of TDS Special Common Shares for the original exercise price.

The 2003 Employee Stock Purchase Plan will expire December 31, 2008. See Proposal 2 herein relating to the approval of the 2009 Employee Stock Purchase Plan effective January 1, 2009.

See Note 22—Stock Based Compensation, in the notes to the consolidated financial statements included in our 2007 Annual Report to Shareholders for certain information about these plans, which is incorporated by reference herein.

The material terms of the Compensation Plan for Non-Employee Directors are set forth above under “Compensation of Directors” and are incorporated by reference herein.

- (2) The only plan that has not been approved by TDS shareholders is the TDS Quest Plan under which 9,607 TDS Common Shares are available for future issuance.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

On February 29, 2008 TDS had outstanding and entitled to vote 53,164,603 Common Shares, par value \$.01 per share (excluding 3,416,415 Common Shares held by TDS and 484,012 Common Shares held by a subsidiary of TDS); 57,767,762 Special Common Shares, par value \$.01 per share (excluding 5,177,884 Special Common shares held by TDS and 484,012 Special Common Shares held by a subsidiary of TDS); 6,442,058 Series A Common Shares, par value \$.01 per share; and 8,603 Preferred Shares, par value \$.01 per share.

Each of the outstanding Common Shares and Preferred Shares is entitled to one vote and each of the outstanding Series A Common Shares is entitled to ten votes. Accordingly, the voting power of all outstanding Series A Common Shares was 64,420,580 votes. The total voting power of all outstanding shares of all classes of capital stock was 117,593,786 votes at February 29, 2008 with respect to matters other than the election of directors.

Each of the outstanding Special Common Shares is entitled to one vote per share in the election of 25 percent of the directors plus one director (or four of the twelve present directors). Other than as required by law, holders of Special Common Shares do not have any right to vote on any matters except in the election of certain directors, as described above.

Security Ownership of Management

The following table sets forth as of February 29, 2008, or the latest practicable date, the number of Common Shares, Special Common Shares and Series A Common Shares beneficially owned, and the percentage of the outstanding shares of each such class so owned by each director and nominee for director of TDS, by each of the executive officers named in the Summary Compensation Table and by all directors and executive officers as a group.

<i>Name of Individual or Number of Persons in Group</i>	<i>Title of Class or Series</i>	<i>Amount and Nature of Beneficial Ownership(1)</i>	<i>Percent of Class or Series</i>	<i>Percent of Shares of Common Stock</i>	<i>Percent of Voting Power(2)</i>
LeRoy T. Carlson, Jr., Walter C.D. Carlson, Letitia G. Carlson, M.D. and Prudence E. Carlson(3)	Special Common Shares	6,060,131	10.5%	5.2%	—
	Series A Common Shares	6,087,951	94.5%	5.2%	51.8%
LeRoy T. Carlson(4)(11)	Common Shares	280,892	*	*	*
	Special Common Shares	370,876	*	*	—
	Series A Common Shares	53,221	*	*	*
LeRoy T. Carlson, Jr.(5)(11)	Common Shares	485,745	*	*	*
	Special Common Shares	904,882	1.6%	*	—
	Series A Common Shares	17,956	*	*	*
Walter C.D. Carlson(6)	Common Shares	5,844	*	*	*
	Special Common Shares	8,678	*	*	—
	Series A Common Shares	881	*	*	*
Letitia G. Carlson, M.D.(7)	Common Shares	2,115	*	*	*
	Special Common Shares	4,366	*	*	—
	Series A Common Shares	952	*	*	*
Prudence E. Carlson (8)	Common Shares	11	*	*	*
	Special Common Shares	54,264	*	*	—
	Series A Common Shares	179,255	*	*	*
Kenneth R. Meyers(9)(11)	Common Shares	2,744	*	*	*
	Special Common Shares	55,151	*	*	—
James Barr III	Common Shares	9,747	*	*	*
	Special Common Shares	15,722	*	*	—
Donald C. Nebergall(10)	Common Shares	3,312	*	*	*
	Special Common Shares	5,752	*	*	—
	Series A Common Shares	1,055	*	*	*
Herbert S. Wander	Common Shares	3,159	*	*	*
	Special Common Shares	4,550	*	*	—
George W. Off	Common Shares	4,391	*	*	*
	Special Common Shares	5,851	*	*	—
Gregory P. Josefowicz	Common Shares	—	—	—	—
	Special Common Shares	1,044	*	*	—
Christopher D. O’Leary	Common Shares	—	—	—	—
	Special Common Shares	1,468	*	*	—
Mitchell H. Saranow	Common Shares	1,926	*	*	*
	Special Common Shares	3,309	*	*	—
John E. Rooney	Common Shares	2,470	*	*	*
	Special Common Shares	1,315	*	*	—
Scott H. Williamson(11)	Common Shares	61,094	*	*	*
	Special Common Shares	189,772	*	*	—
Other executive officers(9)(11)(12) . . .	Common Shares	117,215	*	*	*
	Special Common Shares	287,408	*	*	—
	Series A Common Shares	—	*	*	*
All directors, director nominees and executive officers as a group (20 persons)(9)(11)	Common Shares	980,695	1.8%	*	*
	Special Common Shares	7,974,539	13.8%	6.8%	—
	Series A Common Shares	6,341,271	98.4%	5.4%	53.9%

* Less than 1%

(1) The nature of beneficial ownership for shares in this column is sole voting and investment power, except as otherwise set forth in these footnotes. Except with respect to customary brokerage agreement terms pursuant to which shares in a brokerage account are pledged as collateral security for the repayment of debit balances, none of the above shares are pledged as security, unless otherwise specified.

- (2) Represents the percent of voting power in matters other than the election of directors.
- (3) The shares listed are held by the persons named as trustees under a voting trust which expires June 30, 2035, created to facilitate long-standing relationships among the trust certificate holders. Under the terms of the voting trust, the trustees hold and vote the TDS Special Common and Series A Common Shares held in the trust. If the voting trust were terminated, the following individuals, directly or indirectly, would each be deemed to own beneficially more than 5% of the outstanding TDS Series A Common Shares: LeRoy T. Carlson, Jr., Catherine Mouly (wife of LeRoy T. Carlson, Jr.), Walter C.D. Carlson, Prudence E. Carlson, Richard Beckett (husband of Prudence E. Carlson), and Letitia G. Carlson, M.D.
- (4) Includes 9,057 Special Common Shares and 53,221 Series A Common Shares held by Mr. Carlson's wife and phantom stock with respect to 30,387 Common Shares and 40,921 Special Common Shares. Mr. Carlson disclaims beneficial ownership of such shares. Does not include 29,245 Special Common Shares and 33,048 Series A Common Shares held for the benefit of LeRoy T. Carlson or 188,183 Special Common and 189,213 Series A Common Shares held for the benefit of Mr. Carlson's wife (an aggregate of 217,428 Special Common Shares, or 0.4% of class, and 222,261 Series A Common Shares, or 3.5% of class) in the voting trust described in footnote (3). Beneficial ownership is disclaimed as to Series A Common Shares held for the benefit of his wife.
- (5) Includes 1,158 Common Shares, 6,444 Special Common Shares and 5,283 Series A Common Shares held by Mr. Carlson's wife outside the voting trust and includes phantom stock with respect to 12,315 Common Shares and 17,404 Special Common Shares.

Special Common Shares in Voting Trust. Does not include 1,812,986 Special Common Shares (3.1% of class) held in the voting trust described in footnote (3), of which 712,549 shares are held for the benefit of LeRoy T. Carlson, Jr. and 684,960 shares are held by a family partnership, of which Mr. Carlson is a general partner. Beneficial ownership is disclaimed with respect to an aggregate of 415,477 Special Common Shares held for the benefit of his wife, his children and others in such voting trust.

Series A Common Shares in Voting Trust. Does not include 1,817,008 Series A Common Shares (28.2% of class) held in the voting trust described in footnote (3), of which 174,962 shares are held for the benefit of LeRoy T. Carlson, Jr. and 1,549,039 shares are held by family partnerships, of which Mr. Carlson is a general partner. Beneficial ownership is disclaimed with respect to an aggregate of 93,007 Series A Common Shares held for the benefit of his wife, his children and others in such voting trust.

- (6) *Special Common Shares in Voting Trust.* Does not include 1,894,201 Special Common Shares (3.3% of class) held in the voting trust described in footnote (3), of which shares 1,094,057 are held for the benefit of Walter C.D. Carlson and 684,960 shares are held by a family partnership, of which Mr. Carlson is a general partner. Beneficial ownership is disclaimed with respect to an aggregate of 115,184 Special Common Shares held for the benefit of his wife and children in such voting trust.

Series A Common Shares in Voting Trust. Does not include 1,899,326 Series A Common Shares (29.5% of class) held in the voting trust described in footnote (3), of which shares 1,097,861 are held for the benefit of Walter C.D. Carlson and 686,346 shares are held by a family partnership, of which Mr. Carlson is a general partner. Beneficial ownership is disclaimed with respect to an aggregate of 115,119 Series A Common Shares held for the benefit of his wife and children in such voting trust.

- (7) *Special Common Shares in Voting Trust.* Does not include 1,838,991 Special Common Shares (3.2% of class) held in the voting trust described in footnote (3), of which shares 1,056,380 are held for the benefit of Letitia G. Carlson, M.D. and 684,960 shares are held by a family partnership, of which Dr. Carlson is a general partner. Beneficial ownership is disclaimed with respect to an aggregate of 97,651 Special Common Shares held for the benefit of her husband and children in such voting trust.

Series A Common Shares in Voting Trust. Does not include 1,841,188 Series A Common Shares (28.6% of class) held in the voting trust described in footnote (3), of which 1,053,891 shares are held for the benefit of Letitia G. Carlson, M.D. and 686,346 shares are held by a family partnership, of which Dr. Carlson is a general partner. Beneficial ownership is disclaimed with respect to an aggregate of 100,951 Series A Common Shares held for the benefit of her husband and children in such voting trust.

- (8) *Special Common Shares in Voting Trust.* Does not include 1,716,280 Special Common Shares (1.8% of class) held in the voting trust described in footnote (3), of which 999,227 shares are held for the benefit of Prudence E. Carlson and 685,288 shares are held by family partnerships, of which Ms. Carlson is a general partner. Beneficial ownership is disclaimed with respect to an aggregate of 31,765 Special Common Shares held for the benefit of her husband and children in such voting trust.

Series A Common Shares in Voting Trust. Does not include 1,717,646 Series A Common Shares (16.0% of class) held in the voting trust described in footnote (3), of which 1,690,927 shares are held by family partnerships, of which Ms. Carlson is a general partner. Beneficial ownership is disclaimed with respect to an aggregate of 26,719 Series A Common Shares held for the benefit of her husband and children in such voting trust.

- (9) Includes shares as to which voting and/or investment power is shared, and/or shares held by spouse and/or children.
- (10) Does not include 443,038 Special Common (0.8% of class) and 442,768 Series A Common Shares (6.9% of class) held as trustee under trusts for the benefit of the heirs of LeRoy T. and Margaret D. Carlson, or 287 Special Common Shares or 287 Series A Common Shares held for the benefit of Donald C. Nebergall, which are included in the voting trust described in footnote (3).
- (11) Includes the following number of Common Shares that may be acquired pursuant to stock options and/or restricted stock units which are currently vested or will vest within 60 days: LeRoy T. Carlson, 198,151 shares; LeRoy T. Carlson, Jr., 458,366 shares; Kenneth R. Meyers, 0 shares; Scott H. Williamson, 55,543 shares; all other executive officers, 129,682 shares; and all directors and executive officers as a group 786,199 shares. Includes the following number of Special Common Shares that may be purchased pursuant to stock options and/or restricted stock units which are currently vested or vested within 60 days: LeRoy T. Carlson, 295,394 shares; LeRoy T. Carlson, Jr., 851,352 shares; Kenneth R. Meyers, 52,942 shares; Scott H. Williamson, 187,663 shares; all other executive officers, 441,820 shares; and all directors and executive officers as a group 1,641,508 shares.
- (12) Includes shares held by the other executive officers identified in the above list of executive officers: David A. Wittwer, Douglas D. Shuma, Kurt B. Thaus, C. Theodore Herbert and Joseph R. Hanley.

Security Ownership by Certain Beneficial Owners

In addition to persons listed in the preceding table and the footnotes thereto, the following table sets forth as of February 29, 2008 or the latest practicable date, information regarding each person who is known to TDS to own beneficially more than 5% of any class of voting securities of TDS, based on publicly available information and TDS' stock records as of such date. The nature of beneficial ownership in this table is sole voting and investment power except as otherwise set forth in footnotes thereto.

<u>Shareholder's Name and Address</u>	<u>Title of Class or Series</u>	<u>Shares of Class or Series Owned</u>	<u>Percent of Class</u>	<u>Percent of Shares of Common Stock</u>	<u>Percent of Voting Power(1)</u>
Southeastern Asset Management, Inc.(2)(3) 6410 Poplar Ave., Suite 900 Memphis, TN 38119	Common Shares Special Common Shares	3,710,280 16,816,947	7.0% 29.1%	3.2% 14.3%	3.2% —
Capital Research Global Investors(4)(5)(7) 333 South Hope Street Los Angeles, CA 90071	Common Shares Special Common Shares	5,519,300 5,232,900	10.4% 9.1%	4.7% 4.5%	4.7% —
Capital World Investors(6)(7) 333 South Hope Street Los Angeles, CA 90071	Special Common Shares	4,068,100	7.0%	3.5%	—
Gabelli Funds, LLC(8)(9) One Corporate Center Rye, NY 10580	Common Shares Special Common Shares	3,763,623 2,875,588	7.1% 5.0%	3.2% 2.4%	3.2% —
Barclays Global Investors, NA(10) 45 Fremont Street San Francisco, CA 94105	Common Shares	5,134,446	9.7%	4.4%	4.4%
Wallace R. Weitz & Company(11) 1125 South 103rd Street, Suite 600 Omaha, NE 68124-6008	Special Common Shares	3,329,584	5.8%	2.8%	—
State Street Bank and Trust Company (12) State Street Financial Center One Lincoln Street Boston, MA 02111	Common Shares	2,737,649	5.1%	2.3%	2.3%

(1) Represents voting power in matters other than election of directors.

(2) Based on a Schedule 13D (Amendment No. 12) filed with the SEC, Southeastern Asset Management reports that it has sole power to vote or direct the vote of 1,874,680 Common Shares and shared power to vote 1,530,800 Common Shares. Southeastern Asset Management reports that it has sole power to dispose or to direct the disposition of 2,173,480 Common Shares and shared power to dispose or direct the disposition of 1,530,800 Common Shares, and no power of disposition with respect to 6,000 Common Shares.

(3) Based on a Schedule 13D (Amendment No. 11) filed with the SEC, Southeastern Asset Management reports that it has sole power to vote or direct the vote of 8,980,610 Special Common Shares and shared power to vote 5,666,200 Special Common Shares. Southeastern Asset Management reports that it has sole power to dispose or to direct the disposition of 11,144,747 Special Common Shares and shared power to dispose or direct the disposition of 5,666,200 Special Common Shares, and no power of disposition with respect to 6,000 Special Common Shares.

- (4) Based on the most recent Schedule 13G filed with the SEC. In such Schedule 13G, Capital Research Global Investors reports that it has sole power to vote or direct the vote of, and sole power to dispose or to direct the disposition of, 5,519,300 Common Shares.
- (5) Based on the most recent Schedule 13G filed with the SEC. In such Schedule 13G, Capital Research Global Investors reports that it has sole power to vote or direct the vote of, and sole power to dispose or to direct the disposition of 5,232,900 Special Common Shares..
- (6) Based on the most recent Schedule 13G filed with the SEC. In such Schedule 13G, Capital World Investors reports that it has sole power to vote or direct the vote of 1,765,000 Special Common Shares and reports sole power to dispose or direct the disposition of 4,068,100 Special Common Shares.
- (7) Based on Schedule 13G filed with the SEC, Capital Research Global Investors and Capital World Investors are both divisions of Capital Research and Management Company
- (8) Based upon a Schedule 13D (Amendment No. 12) filed with the SEC. Includes Common Shares held by the following affiliates: GAMCO Asset Management, Inc.—2,264,823 Common Shares; Gabelli Funds, LLC—1,490,300 Common Shares; Gabelli Foundation, Inc.—1,000 Common Shares; GGC, Inc.—4,000 Common Shares; Mario J. Gabelli—2,500 Common Shares; and Gabelli Securities, Inc.—1,000 Common Shares. In such Schedule 13D, such group reports sole or shared investment authority over 3,763,623 Common Shares and has reported sole voting power with respect to 3,680,623 Common Shares.
- (9) Based upon a Schedule 13D (Amendment No. 2) filed with the SEC. Includes Special Common Shares held by the following affiliates: GAMCO Investors, Inc.—2,000 Special Common Shares; Gabelli Funds, LLC—1,125,300 Special Common Shares; GAMCO Asset Management, Inc.—1,740,788 Special Common Shares; GGCP, Inc.—4,000 Special Common Shares; Mario J. Gabelli—2,500 Special Common Shares; and Gabelli Securities, Inc.—1,000 Special Common Shares. In such Schedule 13D, such group reports sole or shared investment authority over 2,875,588 Common Shares and has reported sole voting power with respect to 2,805,088 Common Shares.
- (10) Based on the most recent Schedule 13G filed with the SEC. Includes Common Shares held by the following affiliates: Barclays Global Investors, NA—3,015,948 Common Shares; Barclays Global Fund Advisors—1,861,067 Common Shares; Barclays Global Investors, Ltd.—134,379 Common Shares; and Barclays Global Investors Japan Limited—123,052 Common Shares. In such Schedule 13G, such group reports sole investment authority over 4,595,617 Common Shares and has reported sole power to dispose or direct the disposition of 5,134,446 Common Shares.
- (11) Based on the most recent Schedule 13G (Amendment No. 2) filed with the SEC, Wallace R. Weitz & Company reports that it has sole or shared power to vote or direct the vote of 3,314,320 Special Common Shares and sole or shared power to dispose or to direct the disposition of 3,329,584 Special Common Shares.
- (12) Based on the most recent Schedule 13G filed with the SEC, State Street Bank and Trust Company reports that it has sole power to vote or direct the vote of, and sole power to dispose or direct the disposition of 2,737,649 Common Shares.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder require TDS' directors and officers, and persons who are deemed to own more than ten percent of the Common Shares, to file certain reports with the SEC with respect to their beneficial ownership of Common Shares. The reporting persons are also required to furnish TDS with copies of all such reports they file.

Based on a review of copies of such reports furnished to TDS by the reporting persons and written representations by directors and officers of TDS, TDS believes that all filing requirements under Section 16 of the Securities Exchange Act applicable to the reporting persons during and with respect to 2007 were complied with on a timely basis.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See "Executive and Director Compensation—Compensation Committee Interlocks and Insider Participation."

SHAREHOLDER PROPOSALS FOR 2009 ANNUAL MEETING

The 2009 annual meeting of shareholders is currently scheduled for May 21, 2009, and the proxy statement for such meeting is expected to be dated on or about April 15, 2009.

Pursuant to SEC rules, proposals of shareholders intended to be included in TDS' proxy statement and form of proxy relating to the 2009 annual meeting of shareholders must be received by TDS at its principal executive offices not later than December 16, 2008.

In addition, pursuant to TDS's bylaws, proposals by shareholders intended to be presented at the 2009 annual meeting of shareholders (whether or not to be included in TDS's proxy statement and form of proxy relating to the 2009 annual meeting pursuant to SEC rules), must be received by TDS at its principal executive offices not earlier than December 16, 2008 and not later than January 15, 2009 for consideration at the 2009 annual meeting of shareholders.

As permitted by SEC rules, the proxy solicited by the board of directors for the 2009 annual meeting will confer discretionary authority to vote on any matter that may properly come before such meeting or any adjournment thereof, other than with respect to proposals that are duly submitted pursuant to the foregoing requirements and/or that are included in the proxy statement.

SOLICITATION OF PROXIES

Your proxy is being solicited by the board of directors and its agents, and the cost of solicitation will be paid by TDS. Officers, directors and regular employees of TDS, acting on its behalf, may also solicit proxies by mail, email, advertisement, telephone, telecopy, in person or other methods. None of such persons will receive additional compensation for such solicitations. TDS has also retained MacKenzie Partners, Inc. to assist in the solicitation of proxies. The standard fee for an annual meeting is \$7,500 plus reimbursement of out-of-pocket expenses. TDS will, at its expense, request brokers and other custodians, nominees and fiduciaries to forward proxy soliciting material to the beneficial owners of shares held of record by such persons.

FINANCIAL INFORMATION

We will furnish you without charge a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, including the financial statements and the schedules thereto, upon the written or oral request of any shareholder as of the record date, and will provide copies of the exhibits to any such documents upon payment of a reasonable fee which shall not exceed our reasonable expenses incurred to do so. Requests for such materials should be directed to Investor Relations, Telephone and Data Systems, Inc., 30 North LaSalle Street, 40th Floor, Chicago, Illinois 60602, telephone (312) 630-1900.

OTHER BUSINESS

It is not anticipated that any action will be asked of the shareholders other than those set forth above, but if other matters are properly brought before the annual meeting, the persons named in the proxy will vote in accordance with their best judgment.

By order of the Board of Directors

A handwritten signature in black ink that reads "Kevin C. Gallagher". The signature is written in a cursive style with a large, sweeping "G" and a distinct "K".

Kevin C. Gallagher
Vice President and Corporate Secretary

All shareholders are urged to sign, date and mail their proxies promptly or vote on the Internet in accordance with the instructions set forth on the proxy

Exhibit A

TELEPHONE AND DATA SYSTEMS, INC. 2009 EMPLOYEE STOCK PURCHASE PLAN

SECTION 1. *ESTABLISHMENT; PURPOSE; SCOPE.*

Telephone and Data Systems, Inc. hereby establishes the Telephone and Data Systems, Inc. 2009 Employee Stock Purchase Plan to encourage and facilitate the purchase of Special Common Shares of the Company by Employees of the Company and certain other participating Employers. The Plan is intended to provide a further incentive for such Employees to promote the best interests of the Controlled Group and an additional opportunity to participate in its economic progress. It is the intention of the Company to have the Plan qualify as an "employee stock purchase plan" within the meaning of section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), and provisions of the Plan shall be construed in a manner consistent with the Code.

SECTION 2. *DEFINITIONS; CONSTRUCTION.*

As used in this Plan, as of any time of reference, and unless the context otherwise requires:

(a) "*Affiliate*" means any trade or business entity which is a member of the same controlled group (as described in section 414(b) and (c) of the Code) with the Company, any organization that is a member of an affiliated service group (as described in section 414(m) of the Code) with the Company or such a trade or business, or any other entity required to be aggregated with the Company pursuant to final regulations under section 414(o) of the Code.

(b) "*Benefits Representative*" means the Employee Benefits Department of the Company located in Middleton, Wisconsin, or such other person or persons designated by the Committee to assist the Committee with the administration of the Plan.

(c) "*Board*" means the Board of Directors of the Company as from time to time constituted.

(d) "*Company*" means Telephone and Data Systems, Inc., a Delaware corporation, and any successor thereto.

(e) "*Compensation*" means an employee's "Compensation" as defined in paragraph (11) of Article 2 of the Telephone and Data Systems, Inc. Tax-Deferred Savings Plan, as amended from time to time, determined without regard to the limitation on compensation which is taken into account under such plan pursuant to section 401(a)(17) of the Code.

(f) "*Controlled Group*" means the Company and its Subsidiaries.

(g) "*Effective Date*" means January 1, 2009.

(h) "*Eligibility Date*" means the Effective Date and the first day of each subsequent calendar month.

(i) "*Eligible Employee*" means any Employee, but excluding any individual who is a leased employee of an Employer (within the meaning of section 414(n) of the Code).

(j) "*Employee*" means an individual whose relationship with an Employer is, under common law, that of an employee.

(k) "*Employee Stock Purchase Account*" means the account established pursuant to Section 6(d) of the Plan to hold a Participant's payroll deduction contributions.

(l) "*Employer*" means the Company and (i) any entity that is a member of the Controlled Group that adopts the Plan as of the Effective Date, with the prior approval of the Company; and (ii) each entity that is or subsequently becomes a member of the Controlled Group and adopts the Plan as of any later date, with the prior approval of the Company.

(m) "*Fair Market Value*" means the closing price of a Special Common Share on the American Stock Exchange (or any successor thereto) for the date of determination, or if such date is not a trading day,

the closing price of such share on the American Stock Exchange (or any successor thereto) on the next preceding trading day.

(n) “*Nominee*” means the custodian designated by the Company for the Stock Accounts established hereunder.

(o) “*Participant*” means any Eligible Employee of an Employer who meets the eligibility requirements of Section 5(a), and has elected to participate in the Plan as described in such Section. An individual shall cease to be a Participant as of the date he or she terminates employment with his or her Employer, for whatever reason; *provided, however*, that the transfer of employment from one Employer to another Employer shall not be considered a termination of employment hereunder.

(p) “*Plan*” means the Telephone and Data Systems, Inc. 2009 Employee Stock Purchase Plan herein set forth, and any amendment or supplement thereto.

(q) “*Purchase Date*” means the last day of each calendar quarter.

(r) “*Purchase Period*” means a calendar quarter ending on a Purchase Date.

(s) “*Purchase Price*” means, with respect to a Purchase Date, 85 percent of the Fair Market Value of a Special Common Share determined as of such date.

(t) “*Special Common Shares*” means the Special Common Shares of the Company, par value \$0.01 per share.

(u) “*Subsidiary*” means an entity which is deemed to be a “subsidiary corporation” within the meaning of Section 424(f) of the Code.

(v) “*Termination Date*” means the earliest of (i) December 31, 2013, (ii) such earlier date on which the Board terminates the Plan or (iii) the Purchase Date on which all shares available for issuance under the Plan shall have been purchased by Participants under the Plan.

The masculine gender, when appearing in this Plan, shall be deemed to include the feminine gender unless the context clearly indicates to the contrary. The words “hereof,” “herein,” and “hereunder,” and other similar compounds of the word “here,” shall mean and refer to the entire Plan and not to any particular provision or section of this document.

SECTION 3. ADMINISTRATION.

This Plan shall be administered by the 2009 Employee Stock Purchase Plan Committee (hereinafter referred to as the “Committee”), the members of which shall be individuals selected by the Board. As of the Effective Date, the Committee shall be comprised of LeRoy T. Carlson, Jr., Kenneth R. Meyers and C. Theodore Herbert. Subject to the express provisions hereof, the Committee shall have complete authority to interpret this Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations necessary or advisable for the administration of this Plan. The Committee’s determinations on the matters referred to in this paragraph shall be conclusive. No member of the Committee shall be personally liable for any decision or determination made in good faith under the Plan.

SECTION 4. GRANT OF OPTION.

(a) For each Purchase Period, each Eligible Employee after his or her Eligibility Date shall be granted an option on the Purchase Date (such Purchase Date also being referred to in the Plan as a “grant date”) to purchase a number of Special Common Shares, such number and Purchase Price to be determined in accordance with Section 7 and item (s) of Section 2, respectively.

(b) Notwithstanding the foregoing, no Eligible Employee shall be granted any option for a Purchase Period if, immediately after the grant of such option, the Eligible Employee would own shares (including shares which may be purchased under the Plan) possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any of its Subsidiaries actually issued and outstanding immediately after such grant. For purposes of the foregoing sentence, the rules of stock attribution set forth in section 424(d) of the Code shall apply in determining share ownership.

SECTION 5. *ELIGIBILITY AND PARTICIPATION.*

(a) Any Eligible Employee of an Employer shall be eligible to participate in the Plan on and after the first Eligibility Date following such Eligible Employee's satisfaction of the eligibility service requirement, or, if later, on and after the first Eligibility Date following the date on which the Eligible Employee's Employer adopts the Plan. For purposes of this subsection, an Eligible Employee shall have satisfied the eligibility service requirement if he or she has completed at least three months of continuous service with an Employer. For the sole purpose of calculating length of service under the Plan, Employees shall be credited with service for an Employer, an Affiliate and any other member of the Controlled Group (even though such service may have been performed prior to the Company's acquisition of such member or prior to the time such Affiliate became an Affiliate). No eligibility provision hereof shall permit or deny participation in the Plan in a manner contrary to the applicable requirements of the Code and the regulations promulgated thereunder.

(b) On and after the first Eligibility Date as of which an Eligible Employee is eligible to participate in the Plan as described in subsection (a) of this Section, such Eligible Employee may elect to become a Participant in the Plan by making an election to enroll herein, in the time and manner prescribed by the Committee. Such Eligible Employee's election shall specify his or her chosen rate of payroll deduction contributions described in Section 6, and shall authorize the Eligible Employee's Employer to withhold a portion of his or her Compensation in the amount of any such payroll deduction contributions. The Eligible Employee's election shall become effective as soon as administratively practicable after such election is received by the Benefits Representative or its designee.

(c) If a Participant is transferred from one Employer to another Employer, such transfer shall not terminate the Participant's participation in the Plan. Such transferred Participant may continue to make payroll deduction contributions under the Plan provided such Participant takes such action as the Committee may require, if any, in the time and manner prescribed by the Committee. If a Participant is transferred from an Employer to an Affiliate that is not a participating Employer, the Participant's participation in the Plan shall cease and the entire balance of the Participant's Employee Stock Purchase Account shall be refunded to the Participant as soon as administratively practicable thereafter. If such Participant subsequently is transferred from such Affiliate to a participating Employer, such Participant can resume making payroll deduction contributions under the Plan provided such Participant takes such action as the Committee may require, if any, in the time and manner prescribed by the Committee.

(d) If an individual terminates employment with all Employers so as to discontinue participation in the Plan, and such individual is subsequently reemployed by an Employer, such individual shall not be required again to satisfy the eligibility service requirement described in subsection (a) of this Section, but rather shall be eligible to recommence participation on and after the first Eligibility Date after his or her date of reemployment, in the time and manner prescribed by the Committee.

SECTION 6. *PARTICIPANT CONTRIBUTIONS.*

(a) Upon enrollment in the Plan a Participant shall elect, in the manner described in Section 5(b), a rate of payroll deduction contributions in an amount equal to a whole percentage not less than 1% and not more than 15% of such Participant's Compensation for each payroll period, beginning as soon as administratively practicable following the Participant's Eligibility Date and election to enroll in the time and manner prescribed by the Committee.

(b) A Participant shall have the right from time to time to increase or decrease his or her designated rate of payroll deductions under the Plan by making an election authorizing such increase or decrease, in the time and manner prescribed by the Committee. Such election shall specify a percentage rate of payroll deduction contributions not less than 0% and not more than 15%. A Participant also may elect to withdraw from the Plan for the remainder of a calendar year, as described in Section 8. A decrease of a payroll deduction election hereunder to 0% shall not be treated as a withdrawal from the Plan for this purpose. A Participant's election to change his or her rate of payroll deductions hereunder shall become effective as soon as administratively practicable after such election is received by the Benefits Representative or its designee.

(c) A Participant's designated rate of payroll deductions as in effect on the last day of a Purchase Period shall continue in effect during the subsequent Purchase Period unless and until the Participant files a change in the rate of payroll deductions as described in subsection (b) of this Section, or elects to withdraw from participation for the Purchase Period as described in Section 8.

(d) All payroll deductions in the possession of the Company shall be segregated from the general funds of the Company. The Committee shall cause to be established a separate Employee Stock Purchase Account on behalf of each Participant to which shall be credited his or her payroll deduction contributions made under the Plan. Such Employee Stock Purchase Accounts shall be solely for accounting purposes, and there shall be no segregation of assets among the separate Accounts. Such Accounts shall not be credited with interest or other investment earnings. Each Employee Stock Purchase Account shall be restricted to the uses provided herein until such time as the Company applies the amounts credited thereto to purchase Special Common Shares under the Plan on behalf of Participants.

SECTION 7. PURCHASE OF SPECIAL COMMON SHARES.

(a) Subject to a Participant's right of withdrawal from the Plan for the remainder of a calendar year, as described in Section 8 hereof, the balance of each Participant's Employee Stock Purchase Account shall be applied on each Purchase Date to purchase Special Common Shares by dividing the balance of such account as of such date by the Purchase Price of a Special Common Share as of such date. A Participant's purchase of Special Common Shares shall be rounded to the nearest one-ten thousandth of a share (or such other fractional interest prescribed by the Committee). The Participant's Employee Stock Purchase Account shall be debited by the amounts applied to purchase such Special Common Shares, and the Participant's Stock Account shall be credited with such Special Common Shares.

(b) Upon termination of employment for any reason, the Participant's participation in the Plan shall cease and the entire balance of the Participant's Employee Stock Purchase Account shall be refunded to the Participant as soon as administratively practicable thereafter.

(c) Notwithstanding any provision of this Plan to the contrary, a Participant's right to purchase Special Common Shares during any calendar year shall be limited to the extent necessary so that the Participant's right to purchase Special Common Shares under this Plan and shares of stock under all other employee stock purchase plans maintained by members of the Controlled Group shall not accrue at a rate in excess of \$25,000 of the total of the Fair Market Value of Special Common Shares and the fair market value of shares of stock of other members of the Controlled Group (determined on the grant date) for any calendar year determined in accordance with section 423(b)(8) of the Code and regulations promulgated thereunder. Any portion of the balance of a Participant's Employee Stock Purchase Account in excess of the amount necessary to purchase shares on a Purchase Date in accordance with the foregoing limitation shall be refunded to the Participant as soon as administratively practicable thereafter.

(d) Notwithstanding any provision of the Plan to the contrary, the maximum number of shares which shall be available for purchase under the Plan shall be 175,000 Special Common Shares, subject to adjustment as provided in Section 11. The Special Common Shares to be sold under this Plan may, at the election of the Company, be treasury shares, shares originally issued for such purpose or shares purchased by the Company. In the event the amount of shares to be purchased on behalf of all Participants collectively exceeds the shares available for purchase under the Plan, the number of Special Common Shares to be purchased by each Participant under this Section shall be determined by multiplying the number of shares which the Participant elected to purchase on such Purchase Date by the following fraction (or by applying such other equitable adjustment on a uniform basis as may be determined by the Committee):

Total number of shares available for purchase on Purchase Date

Total number of shares elected to be purchased by all Participants on Purchase Date

Any portion of the balance of a Participant's Employee Stock Purchase Account that is not applied to purchase Special Common Shares on a Purchase Date as a result of the foregoing adjustment shall be refunded to the Participant as soon as administratively practicable thereafter.

SECTION 8. *PARTICIPANT'S RIGHT TO WITHDRAW.*

At any time during a Purchase Period, but in no event later than 15 days (or such shorter period prescribed by the Committee) prior to the Purchase Date for such Purchase Period, a Participant may elect to withdraw from participation in the Plan. A withdrawal election shall be made in the time and manner prescribed by the Committee. Upon a Participant's election to withdraw from the Plan pursuant to this Section, the amount credited to the Participant's Employee Stock Purchase Account shall be refunded to the Participant as soon as is administratively practicable, and such Participant's participation in the Plan shall be terminated for the remainder of the calendar year in which such withdrawal election is made. The Participant shall be eligible to recommence participation in the Plan on or after the first day of the following calendar year in the time and manner prescribed by the Committee.

SECTION 9. *SUSPENSION ON ACCOUNT OF EMPLOYEE'S HARDSHIP WITHDRAWAL.*

If a Participant makes a hardship withdrawal from the Telephone and Data Systems, Inc. Tax-Deferred Savings Plan or any other plan with a cash or deferred arrangement qualified under section 401(k) of the Code which plan is sponsored, or participated in, by any Employer, such Participant shall be suspended from making payroll deductions under this Plan for a period of six months from the date of such hardship withdrawal. The balance of such Participant's Employee Stock Purchase Account shall be applied to purchase Special Common Shares on the Purchase Date next occurring after the effective date of such hardship withdrawal, except to the extent the Participant withdraws from the Plan for the remainder of the calendar year, as described in Section 8, or discontinues participation in this Plan on account of the Participant's termination of employment. After the expiration of such six-month period, the Participant may resume active participation in the Plan by electing to resume making payroll deductions hereunder, in the time and manner prescribed by the Committee, unless the Participant has withdrawn from participation in the Plan as described in Section 8 for the remainder of the calendar year which contains the date of expiration of such six-month period.

SECTION 10. *STOCK ACCOUNT; ISSUANCE OF CERTIFICATES.*

(a) A Stock Account shall be established on behalf of each Participant for whom shares are purchased under this Plan (or, if so designated by the Participant, on behalf of such Participant and one other person as such Participant may designate as joint tenants with right of survivorship).

(b) As of each Purchase Date, the Special Common Shares purchased on a Participant's behalf (including the right to fractional shares) shall be credited to the Participant's Stock Account and shall be registered in the name of the Nominee. All rights accruing to an owner of record of such Special Common Shares, including dividend, voting and tendering rights, shall belong to the Participant for whom such Stock Account is established (including any joint tenant or, in the case of a deceased Participant, the Participant's estate).

(c) The Nominee shall establish procedures pursuant to which a Participant (including any joint tenant or, in the case of a deceased Participant, the executor or administrator of the Participant's estate) can elect that the shares credited to the Participant's Stock Account shall be registered in the name of such Participant, or in the names of such Participant and one other person as the Participant may designate as joint tenants with right of survivorship, as the case may be. Such a joint tenancy designation shall not apply to shares registered by the Participant's estate after the Participant's death. As soon as administratively practicable after such election, certificates representing such shares shall be issued to the Participant (including any joint tenant or, in the case of a deceased Participant, to the Participant's estate). The Nominee shall also establish procedures pursuant to which a Participant (or the executor or administrator of the Participant's estate) can receive a cash payment in lieu of any fractional shares credited to his or her Stock Account.

SECTION 11. *CHANGES IN THE COMPANY'S CAPITAL STRUCTURE.*

In the event of any conversion, stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of shares of the Company stock other than a regular cash dividend ("Corporate Event"), the Committee shall adjust appropriately and equitably (a) the

number and class of shares or other securities that are reserved for sale under the Plan, (b) the number and class of shares or other securities that are subject to outstanding options, (c) the maximum number of shares that can be purchased by a Participant, and (d) the appropriate market value and other price determinations applicable to the options, such adjustments to be made so that the economic value of each Participant's options immediately after the Corporate Event have substantially the same economic value as such Participant's options immediately prior to the Corporate Event. All determinations by the Committee under this Section 11 shall be final, conclusive and binding.

SECTION 12. *AMENDMENT OF THE PLAN.*

The Board may at any time, and from time to time, amend the Plan in any respect; *provided, however,* that any amendment that changes the number of shares to be reserved under the Plan (other than as provided in Section 11), or that otherwise requires stockholder approval under applicable law, shall not be effective unless stockholder approval is obtained in the time and manner prescribed by law.

SECTION 13. *TERMINATION OF THE PLAN.*

While it is intended that the Plan remain in effect until the Termination Date, the Board may terminate the Plan at any time in its discretion. Upon termination of the Plan, the Committee shall terminate payroll deductions and shall apply the balance of each Participant's Employee Stock Purchase Account to purchase Special Common Shares as described in Section 7 as if such termination date were a Purchase Date under the Plan and were the last day of the Plan. Notwithstanding the foregoing, upon termination of the Plan, a Participant may elect, in the time and manner prescribed by the Committee, to withdraw from participation in the Plan. As soon as administratively practicable after the termination of the Plan, the Committee shall refund to the Participant any amount in his or her Employee Stock Purchase Account, if any, that has not been applied to purchase Special Common Shares as a result of the Participant's election to withdraw from the Plan or as a result of the application of any limitation hereunder.

Notwithstanding any provision in the Plan to the contrary, the Plan shall automatically terminate as of the Purchase Date on which all Special Common Shares available for purchase under the Plan shall have been purchased by Participants under the Plan.

SECTION 14. *MISCELLANEOUS.*

(a) The Plan is subject to the approval of a majority of the votes cast on the matter by the stockholders of the Company within twelve months before or after its adoption by the Board.

(b) The right to purchase Special Common Shares under this Plan shall not be transferable by any Participant other than by will or the laws of descent and distribution, and must be exercisable, during his or her lifetime, only by the Participant.

(c) No Participant shall have rights or privileges of a stockholder of the Company with respect to shares purchasable under this Plan unless and until the Participant shall become the holder of record of one or more Special Common Shares.

(d) The Company is not obligated to repurchase any Special Common Shares acquired under the Plan.

(e) The sale and delivery of Special Common Shares under the Plan shall be in compliance with relevant statutes and regulations of governmental authorities, including state securities laws and regulations, and with the regulations of applicable stock exchanges.

(f) This Plan and all determinations made hereunder and action taken pursuant hereto shall be governed by the laws of the State of Illinois and construed in accordance therewith.

(g) Each Employer, by adopting the Plan, appoints the Company and the Board as its agents to exercise on its behalf all of the powers and authorities hereby conferred upon the Company and the Board by the terms of the Plan, including, but not by way of limitation, the power to amend and terminate the Plan. The authority of the Company and the Board to act as such agents shall continue for as long as necessary to carry out the purposes of the Plan.