TELEPHONE & DATA SYSTEMS INC /DE/
Form DEFC14A
April 17, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

Telephone and Data Systems, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

TELEPHONE AND DATA SYSTEMS, INC.
30 North LaSalle Street
Suite 4000
Chicago, Illinois 60602
Phone: (312) 630-1900
Fax: (312) 630-9299

April 17, 2015

Dear Shareholders

You are cordially invited to attend the 2015 annual meeting of shareholders ("2015 Annual Meeting") of Telephone and Data Systems, Inc. ("TDS") on Thursday, May 21, 2015, at 8:00 a.m., central time, at City Center West Conference Center, 525 Junction Road, Madison, Wisconsin.

The formal Notice of 2015 Annual Meeting of Shareholders and 2015 Proxy Statement ("2015 Proxy Statement") of our board of directors is attached. Also enclosed is our 2014 Annual Report to shareholders ("2014 Annual Report"). At our 2015 Annual Meeting, shareholders are being asked to take the following actions:

1. elect members of the board of directors;

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

3. approve, on an advisory basis, the compensation of our named executive officers as disclosed in the attached 2015 Proxy Statement (commonly known as "Say-on-Pay").

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

We would like to have as many shareholders as possible represented at the 2015 Annual Meeting. Therefore, whether or not you plan to attend the meeting, please sign, date and return the enclosed **WHITE** proxy card(s), or vote by phone or on the Internet in accordance with the instructions set forth on the **WHITE** proxy card(s).

We look forward to visiting with you at the 2015 Annual Meeting.

Very truly yours,

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

IMPORTANT

Your vote is important. No matter how many shares you own, we urge you to please vote FOR the election of the nominees nominated by the board of directors and FOR proposals 2 and 3. In addition to voting by mail, telephone and Internet voting is available. Simply follow the instructions on the enclosed proxy card.

In addition, we ask that you do not return any proxy card you may receive from GAMCO.

If you have questions or need assistance voting your shares please contact

105 Madison Avenue
New York, New York 10016
TDS@mackenziepartners.com
Call Collect: (212) 929-5500
Or Toll-Free: (800) 322-2885
Fax: (212) 929-0308

Dear Fellow Shareholders

The TDS mission is to provide outstanding communication services to our customers and meet the needs of our shareholders, our people and our communities. In pursuing this mission, we seek to grow our businesses, create opportunities for our associates and employees, and steadily build value over the long term for our shareholders.

Total Company Performance

2014 was a pivotal year for TDS as we started to build momentum from our recent strategic actions across our portfolio of companies.

Our two principal business units are U. S. Cellular, where we own 84%, and wholly-owned TDS Telecom. We are able to differentiate ourselves by being a local provider, primarily in suburban and rural markets. A common factor in our businesses is our focus on providing exceptional customer experiences. At our core, this focus includes everything from offering best-in-class products and services, to the dedication and professionalism of the associates and employees who deliver those services. Another common factor is that our businesses converge around data. For consumers and business customers alike, that means we have the networks to efficiently transport their data, and a whole host of plans, services, and products that enable
them to use their data, when and how they want. For shareholders, it's about our plan to monetize the usage of data on our networks over time.

Our financial and operating results continue to reflect the intensely competitive environment in which we operate, and the impact of investments to support our long-term strategy for growth. We believe the investments and other actions we've taken to position our businesses in this manner will enable us to continue improving our performance over time. This past year we made progress in a number of important areas.

U.S. Cellular began to once again drive postpaid customer growth. We did so with our value proposition of best-in-class network; competitive devices, plans, and pricing; and award-winning customer service. The

company increased smartphone penetration and offered
more products and services that expand customers' data use.
Our 4G LTE network now reaches 94% of customers and, by
the fourth quarter, was supporting 78% of customers' data traffic, further enhancing U.S. Cellular's competitive advantage and ability to retain and attract customers.

At TDS Telecom, our fiber investments and bundling strategy has enabled TDS Telecom to achieve strong growth in TDS TV penetration and broadband adoption in our wireline business. In our cable business, Baja Broadband is proving that the company's expansion into cable is complementing our wireline business, as intended. In September we acquired a second cable company, BendBroadband, which already has delivered strong contributions as well. At OneNeck IT Solutions, which is our hosted and managed services business targeting mid-market customers, we are delivering continued growth in recurring service revenues.

Building Shareholder Value

Our strategic imperative is to build the value of our businesses. We intend to do so by leveraging our improved competitive positioning and allocating our resources effectively to support customer and revenue growth initiatives. In rapidly changing and intensely competitive industries, we are constantly evaluating our operational, developmental, and financial opportunities, and the use of our resources, to strengthen the company. As part of this effort, during 2014 U.S. Cellular monetized non-core assets including spectrum and cell towers. At TDS Telecom, we expanded our presence in the cable business through a second acquisition and divested some small ILEC markets.

Dear Fellow Shareholders (continued)

Returning Value to Our Shareholders

Across the business portfolio, TDS has invested in substantial initiatives over the past few years to position our companies to compete more effectively and operate more efficiently. Our capital allocation strategy is to invest approximately 75% of available resources in this way, and return the remaining 25% to our shareholders through cash dividends and share repurchases. In line with this strategy, we recently announced our 41st consecutive annual dividend increase, increasing our dividend rate by 5.2%. And during 2014, we repurchased $39.1 million of TDS shares.

Corporate Governance

As the following Proxy Statement Summary highlights, we continue to take steps to improve the effectiveness of our Board of Directors. We have an active refreshment process that led to David Wittwer joining our Board, bringing significant and desired skills in the broadband and cable industry. Our Audit Committee continues to function at a high level, earning top marks in proxy advisor scores and our Compensation Committee continues to evolve programs to better align pay with performance. We began a program this year to hold conversations with our shareholders to better understand their priorities from a corporate governance standpoint and to encourage dialogue regarding ongoing improvements. We appreciate their candor.

We ask for your support this year to re-elect the TDS slate of nominees. We feel we are making progress in our strategy and continuity at this stage is critical.

Thank you to our fellow shareholders and debt holders for your continuing support of our long-term strategies.

Sincerely,

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

2015 Proxy Statement Summary

Annual Meeting Information

Time and Date	May 21, 2015, at 8:00 a.m. central time
Place	City Center West Conference Center 525 Junction Road Madison, WI 53717
Record Date	March 30, 2015
Webcast	investors.tdsinc.com

Strong Corporate Governance Practices

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

- Annual election of all directors
- Annual "Say on Pay"
- Executive sessions with only independent directors present
- Policy prohibiting pledging and hedging of company shares
- Charter and bylaws can be amended by a simple majority vote
- Authority to retain independent advisors by each committee
- TDS has established a Corporate Governance and Nominating Committee even though, as a controlled company, TDS is not required to do so
- The Corporate Governance and Nominating Committee operates under a formal charter and in a manner that is intended to reflect good corporate governance and other best practices
- The positions of (i) Chairman of the Board and (ii) President and Chief Executive Officer are separate
- The TDS Audit Committee, which is comprised entirely of independent directors, operates under a formal charter and in a manner that is intended to reflect good corporate governance and other best practices

Shareholder Engagement

TDS has an open-door policy for its shareholders to meet with management. Our goal is ongoing engagement with our shareholders and we value the views and opinions of our shareholders.

In 2014, TDS implemented a more formal shareholder engagement program to hold conversations with our shareholders to better understand their priorities regarding corporate governance practices and to encourage dialogue regarding ongoing improvements.

Voting Matters and Board Recommendations

Voting Matters	Board's Recommendations	Rationale	Page Reference
Election of 12 Director nominees	FOR all TDS Board nominees	Broad relevant expertise Strong skills	14
Ratify independent registered public accountants	FOR	Independent	38
Approve, on an advisory basis, the compensation of named executive officers ("Say on Pay")	FOR	Strong oversight by compensation committee Aligned with shareholders through a mix of cash and equity	42

2015 Proxy Statement Summary (continued)

Proposal 1 Director Nominees
Our Board of Directors has nominated 12 directors for election at the 2015 Annual Meeting (Proxy Item No. 1) beginning on page 14. The Board believes that the background and experience of the TDS Board Common Share nominees are more significant and more relevant to TDS than the GAMCO candidates.

Each of the four TDS Board Common Share nominees has experience as a director of TDS, a Fortune 1000 company, ranging from about 6 to 18 years. In addition, the TDS Board Common Share nominees have other more relevant public company board experience [see biographies pages 14-19]. In comparison, it is believed that the GAMCO candidates have minimal public company experience. [pages 10-13]

Accordingly, the TDS Corporate Governance and Nominating Committee and the TDS Board of Directors believe that the GAMCO candidates have substantially less experience and qualifications compared to each of the four TDS Board Common Share nominees.

LeRoy T. Carlson, Jr.	1968	68	President and CEO, TDS				ü
Letitia G. Carlson, M.D.	1996	54	Physician and Associate Clinical Professor at George Washington University				
Prudence E. Carlson	2008	63	Private Investor				
Walter C.D. Carlson	1981	61	Partner at Sidley Austin LLP				C
*Clarence A. Davis	2009	73	Business Consultant	ü	FE		
Kenneth R. Meyers	2007	61	President and CEO, U.S. Cellular				
Christopher D. O'Leary	2006	55	EVP, COO-International, General Mills	ü		ü	
*George W. Off	1997	68	Private Investor	ü	C	ü	
*Mitchell H. Saranow	2004	69	Chairman of The Saranow Group LLC	ü	FE		ü
*Gary L. Sugarman	2009	62	Managing member-Richfield Capital Partners	ü		ü	
Herbert S. Wander	1968	80	Of Counsel, Katten Muchin Rosenman LLP	ü	ü	C	
David A. Wittwer	2014	54	President and CEO, TDS Telecom				

*To be elected by Common Shares

AC=Audit Committee
CC=Compensation Committee
CGNC=Corporate Governance and Nominating Committee
C=Chair
FE=Financial Expert

2015 Proxy Statement Summary (continued)

Existing Directors Skills and Qualifications

- Active or Retired CEO/COO expertise
- Financial expertise
- Industry expertise
- International expertise
- Sales/Marketing expertise
- Public company board expertise
- Investor/Capital markets expertise

Director Nomination Process

In 2013, the Corporate Governance and Nominating Committee established and since then follows a process relating to board refreshment and committee composition.

Board Self-Assessment

Under the leadership of the Chairman of the Board, the board of directors performed a self-assessment and evaluated its performance and effectiveness as a board in 2014. This self-assessment covered matters relating to board meetings, board composition, committees, board oversight, and other matters. Similarly, each committee of the board of directors evaluated its performance and effectiveness in 2014.

Proposal 2 Independent Public Accountant

As a matter of good corporate governance, we are requesting shareholders to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

Proposal 3 Approve, on an advisory basis, the compensation of named executive officers ("Say on Pay")

Executive Compensation Programs

Our executive compensation programs are designed to attract and retain high-quality executives. We believe that our compensation practices are transparent and reflect our commitment to align compensation with our business strategy and our short- and long-term performance.

Compensation Highlights

- Compensation Committee comprised solely of independent directors (Wander [Chairman], O'Leary, Sugarman and Off)

Compensation programs designed to motivate executive officers to act in the long-term interests of TDS

Compensation Committee utilizes services of both an independent compensation consultant (Compensation Strategies) and TDS' compensation consultant (Towers Watson)

Compensation Beliefs

Compensation should be attractive and fiscally responsible

Compensation is a mix of salary, cash bonuses and equity-based long-term incentive awards

Link individual compensation with attainment of individual performance goals and with attainment of business unit and TDS objectives

Few perquisites

In 2014 TDS received strong support for its executive compensation with approximately 85% of votes cast approving the advisory resolution.

Communicating with Board of Directors

Any interested party can communicate with an individual director or even the full Board of Directors by sending a letter to TDS Board of Directors, c/o Corporate Secretary, TDS, 30 N. LaSalle Street, Suite 4000, Chicago, IL 60602.

Governance Documents

Governance documents, such as the Corporate Governance Guidelines, the Board Committee Charters, the Officer & Director Code of Conduct can be found in the Corporate Governance section of investors.tdsinc.com.

These documents are also available at no cost by writing the Corporate Secretary, TDS, 30 N. LaSalle Street, Suite 4000, Chicago, IL 60602.

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NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS AND 2015 PROXY STATEMENT

TO THE SHAREHOLDERS OF

TELEPHONE AND DATA SYSTEMS, INC.

The 2015 annual meeting of shareholders ("2015 Annual Meeting") of Telephone and Data Systems, Inc., a Delaware corporation, will be held at City Center West Conference Center, 525 Junction Road, Madison, Wisconsin, on Thursday, May 21, 2015, at 8:00 a.m., central time, for the following purposes:

1. To elect members of the board of directors. Your board of directors unanimously recommends that you vote **FOR** the directors nominated by the TDS board of directors.

2. To consider and ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accountants for the year ending December 31, 2015. Your board of directors unanimously recommends that you vote **FOR** this proposal.

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

4. To transact such other business as may properly be brought before the meeting or any postponement, adjournment or recess thereof by or at the direction of the TDS board of directors.

We have fixed the close of business on March 30, 2015, as the record date for the determination of shareholders entitled to notice of, and to vote at, the 2015 Annual Meeting or any adjournments thereof.

We are first sending this Notice of 2015 Annual Meeting of Shareholders and 2015 Proxy Statement ("2015 Proxy Statement"), together with our 2014 Annual Report to shareholders ("2014 Annual Report"), on or about April 17, 2015.

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 21, 2015

The following information about the Internet availability of proxy materials is being provided under Rule 14a-16 of the Securities and Exchange Commission ("SEC"):

Effective as of April 17, 2015, the following documents are available at *www.tdsinc.com* under Investor Relations Proxy Vote, or at investors.tdsinc.com/proxyvote:

1. 2015 Proxy Statement
2. 2014 Annual Report
3. Forms of **WHITE** Proxy Cards

In addition, all additional soliciting materials sent to shareholders or made public after this Notice has been sent will be made publicly accessible at the above website address no later than the day on which such materials are first sent to shareholders or made public.

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

The location where the 2015 Annual Meeting will be held is City Center West Conference Center, 525 Junction Road, Madison, Wisconsin 53717. Junction Road is approximately three blocks west of the Old Sauk Road exit of the West Beltline Highway (U.S. Route 12/14) going through Madison, and 525 Junction Road is approximately two blocks south of Old Sauk Road. The West Beltline Highway has exits for Old Sauk Road going in either direction. For information about this location and a map see the following website: investors.tdsinc.com/proxyvote.

TELEPHONE AND DATA SYSTEMS, INC.
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QUESTIONS AND ANSWERS

The following are questions and answers related to the actions being taken at the 2015 Annual Meeting and do not include all of the information that may be important to you. You should carefully read this entire 2015 Proxy Statement and not rely solely on the following questions and answers.

Proposal 1 Election of Directors

Under TDS' Restated Certificate of Incorporation, as amended, the terms of all incumbent directors will expire at the 2015 Annual Meeting.

Holders of Series A Common Shares and Preferred Shares, voting as a group, will be entitled to elect eight directors. Your board of directors has nominated the following incumbent directors for election by the holders of Series A Common Shares and Preferred Shares: LeRoy T. Carlson, Jr., Letitia G. Carlson, M.D., Prudence E. Carlson, Walter C.D. Carlson, Kenneth R. Meyers, Christopher D. O'Leary, Herbert S. Wander and David A. Wittwer.

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

None of the nominees have been nominated pursuant to any agreement or other arrangement. Clarence A. Davis and Gary L. Sugarman were initially nominated for election as directors in 2009 pursuant to a Settlement Agreement, which we refer to as the "Settlement Agreement," between TDS and GAMCO Asset Management, Inc. which we refer to, together with its affiliates, as "GAMCO," but the obligations thereunder expired in 2010. Nevertheless, the TDS board of directors has continued to nominate Clarence A. Davis and Gary L. Sugarman as directors of TDS at subsequent annual meetings, including at the 2015 Annual Meeting, as discussed below.

Your board of directors unanimously recommends that you vote "**FOR**" its nominees for election as directors on the enclosed **WHITE** proxy card(s), including its nominees for election by the holders of Common Shares, and urges you **NOT** to sign or return any proxy card(s) that you may receive from GAMCO.

See "Background of Recent Events" below.

Proposal 2 Ratification of Independent Registered Public Accounting Firm for 2015

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, 2015.

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

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

As required by the Dodd Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), at the 2015 Annual Meeting shareholders are being asked to approve, on an advisory basis, the compensation of our named executive officers for 2014 as disclosed in this 2015 Proxy Statement.

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

What is the record date for the meeting?

The close of business on March 30, 2015 is the record date for the determination of shareholders entitled to notice of, and to vote at, the 2015 Annual Meeting or any postponement, adjournment or recess thereof.

A complete list of shareholders entitled to vote at the 2015 Annual Meeting, arranged in alphabetical order and by voting group, showing the address of and number of shares held by each shareholder, will be made available at the offices of TDS, 30 North LaSalle Street, 40th Floor, Chicago, Illinois 60602, for

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examination by any shareholder, for any purpose germane to the 2015 Annual Meeting, during normal business hours, for a period of at least ten days prior to the 2015 Annual Meeting.

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

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

- Common Shares;
- Series A Common Shares; and
- Preferred Shares.

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

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

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

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

The following shows information relating to the outstanding shares and voting power of such shares in the election of directors as of February 28, 2015:

Class of Stock	*Outstanding Shares*	*Votes per Share*	*Voting Power*	*Total Number of Directors Elected by Voting Group and Standing for Election*
Series A Common Shares	7,178,943	10	71,789,430	
Preferred Shares	8,240	1	8,240	
Subtotal			71,797,670	8
Common Shares	100,734,394	1	100,734,394	4
Total Directors				12

Accordingly, holders of Series A Common Shares and Preferred Shares, voting as a group, will be entitled to elect eight directors and holders of Common Shares will be entitled to elect four directors.

Director Voting Sunset Provision. As noted above, holders of Series A Common Shares and Preferred Shares, on the one hand, and holders of Common Shares, on the other hand, currently vote separately in the election of directors. However, pursuant to the Restated Charter (as defined below), if the number of Series A Common Shares issued and outstanding at any time falls below 500,000, because of the conversion of Series A Common Shares into Common Shares or otherwise, the holders of Series A Common Shares would lose the right to vote as a separate class (together with the holders of any outstanding Preferred Shares which have voting rights), and thereafter the holders of Series A Common Shares, with ten votes per share, and the holders of Common Shares, with one vote per share, (together with the holders of any outstanding Preferred Shares which have voting rights), would vote as a single class in the election of all directors.

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

The following shows information relating to the outstanding shares and voting power of such shares in matters other than the election of directors as of February 28, 2015:

Class of Stock	*Outstanding Shares*	*Votes per Share*	*Total Voting Power*	*Percent*
Series A Common Shares	7,178,943	10	71,789,430	56.7%
Common Shares	100,734,394	0.543888	54,788,193	43.3%
Preferred Shares	8,240	1	8,240	*
			126,585,863	100.0%

*
Less than .1%

Pursuant to the Restated Certificate of Incorporation for TDS (the "Restated Charter"), which effected a reclassification of TDS shares during 2012 (the "Reclassification"), the aggregate voting power of Series A Common Shares and Common Shares in matters other than the election of directors was set at approximately 56.7% and 43.3%, respectively. The initial percentages will be adjusted under certain circumstances, except that the aggregate voting percentage of the Series A Common Shares cannot increase above the initial fixed percentage voting power of approximately 56.7%.

Based on shares outstanding on February 28, 2015, the per share voting power of the Common Shares for the 2015 Annual Meeting is 0.543888 votes per share, calculated pursuant to Section B.9 of Article IV of the Restated Charter. See the Restated Charter which explains how the relative voting percentages are calculated.

Voting Power Sunset Provision. As noted above, the aggregate voting power of Series A Common Shares in matters other than the election of directors can be adjusted, but cannot increase above approximately 56.7%. However, this percentage could decrease. For instance, this could occur if holders of Series A Common Shares convert such shares into Common Shares in order to be able to sell such shares on the NYSE. Accordingly, the Restated Charter effectively has a sunset provision for voting in matters other than the election of directors because, if a sufficient number of Series A Common Shares are converted into Common Shares, the voting power of Series A Common Shares could decline below 50%.

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

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

- vote FOR the election of such director nominees, or

- WITHHOLD authority to vote for such director nominees.

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

How may shareholders vote with respect to the ratification of our independent registered public accounting firm for 2014 in Proposal 2?

Shareholders may, with respect to Proposal 2:

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

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

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

Shareholders may, with respect to Proposal 3:

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

Your board of directors unanimously 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"), held 6,801,013 Series A Common Shares on February 28, 2015, representing approximately 94.7% of the Series A Common Shares. By reason of such holding, the TDS Voting Trust has the voting power to elect all of the directors to be elected by the holders of Series A Common Shares and Preferred Shares and has approximately 53.7% of the voting power with respect to matters other than the election of directors. The TDS Voting Trust also held 6,134,003 Common Shares on February 28, 2015, representing approximately 6.1% of the Common Shares. By reason of such holding, the TDS Voting Trust has approximately 6.1% of the voting power with respect to the election of directors elected by the holders of Common Shares and an additional 2.6% of the voting power in matters other than the election of directors. Accordingly, the TDS Voting Trust has an aggregate of 56.3% of the voting power in matters other than the election of directors. The TDS Voting Trust does not currently own Preferred Shares.

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

- FOR the board of directors' nominees for election by the holders of Series A Common Shares and Preferred Shares, and FOR the board of directors' nominees for election by the holders of Common Shares,
- FOR the proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2015, and
- FOR the Say-on-Pay proposal.

How do I vote?

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

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, date and mail your WHITE proxy card(s) in the enclosed business reply envelope to Corporate Election Services, Inc., PO Box 3230, Pittsburgh, PA 15230-0125, or vote by phone or the Internet.

How will proxies be voted?

All properly voted and unrevoked proxies received in the enclosed form in time for our 2015 Annual Meeting will be voted in the manner directed.

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

If a proxy indicates that all or a portion of the votes represented by such proxy are not being voted or abstained with respect to a particular matter, and the shareholder giving such proxy does not attend the 2015 Annual Meeting, such "non-votes" will not be considered present and entitled to vote on such matter. However, the shares represented by such a proxy may be considered present and entitled to vote on other matters and will count for the purpose of determining the presence of a quorum.

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Proxies given pursuant to this solicitation may be revoked at any time prior to the voting of the shares at the 2015 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 2015 Annual Meeting.

The board of directors has no knowledge of any other proposals that may be properly presented at the 2015 Annual Meeting and no other proposals were received by TDS by the date specified by the advance notice provision in TDS' Bylaws. The proxy solicited by the board of directors for the 2015 Annual Meeting confers discretionary authority to the proxies named therein to vote on matters that may properly come before such meeting or any postponement, adjournment or recess thereof, in addition to the foregoing proposals, to the extent permitted by Rule 14a-4(c) under the Securities Exchange Act of 1934, as amended.

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

If you are the beneficial owner of shares held in "street name" by a broker, bank, or other nominee ("broker"), such broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions.

If GAMCO solicits proxies for the election of directors, under Rule 452 of the NYSE, your broker will not have "discretionary" authority to vote your shares with respect to *any* of the proposals. In such event, your broker will only be able to vote your shares if you provide your broker with instructions on how to vote such shares. It is expected that GAMCO will solicit proxies for the election of two candidates for election as directors. See Background of Recent Events below.

In the event that there are no contested matters at the meeting, the broker may be entitled to vote the shares with respect to "discretionary" items but will not be permitted to vote the shares with respect to "non-discretionary" items (in which case such shares will be treated as non-votes). In addition, whether the broker can or will vote your shares with respect to discretionary items if you have not given instructions to the broker and how such shares may be voted by the broker (i.e., proportionately with voting instructions received by the broker from other shareholders or pursuant to the recommendation of management, etc.) depend on the particular broker's policies. As a result, we cannot advise you whether your broker will or will not vote your shares or how it may vote the shares if it does not receive or have voting instructions from you and, accordingly, recommend that you contact your broker. In general, the ratification of auditors is a discretionary item. On the other hand, matters such as the election of directors, votes on Say-on-Pay, the approval of an equity compensation plan, and shareholder proposals are non-discretionary items. In such cases, if your broker does not have specific or standing instructions, your shares will be treated as non-votes and may not be voted on such matters.

Accordingly, we urge you to provide instructions to your broker so that your votes may be counted on all matters. If your shares are held in street name, your broker will include a voting instruction card with this 2015 Proxy Statement. We strongly encourage you to vote your shares by following the instructions provided on the voting instruction card. Please return your voting instruction card to your broker and/or contact your broker to ensure that a proxy card is voted on your behalf.

What constitutes a quorum for the meeting?

A majority of the voting power of shares of capital stock in matters other than the election of directors and entitled to vote, represented in person or by proxy, will constitute a quorum to permit the 2015 Annual Meeting to proceed. Withheld votes and abstentions of shares entitled to vote and any non-votes will be treated as present in person or represented by proxy for purposes of establishing a quorum for the meeting. If such a quorum is present or represented by proxy, the meeting can proceed. If the shares beneficially owned by the TDS Voting Trust are present in person or represented by proxy at the 2015 Annual Meeting, such shares will constitute a quorum at the 2015 Annual Meeting to permit the meeting to proceed. In addition, where a separate vote by a class or group is required with respect to a proposal, a quorum is also required with respect to such proposal for the vote to proceed with respect to such proposal.

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In the election of directors, where a separate vote by a class or voting group is required, the holders of a majority of the votes of the stock of such class or group issued and outstanding and entitled to vote with respect to such director election, present in person or represented by proxy, will constitute a quorum with respect to such election. Withheld votes by shares entitled to vote with respect to a director election and non-votes with respect to such director election will be treated as present in person or represented by proxy for purposes of establishing a quorum for such director election. If Series A Common Shares beneficially owned by the TDS Voting Trust are present in person or represented by proxy at the 2015 Annual Meeting, such shares will constitute a quorum at the 2015 Annual Meeting in connection with the election of directors by the holders of Series A Common Shares and Preferred Shares. If a quorum of the holders of Common Shares is not present at the time the 2015 Annual Meeting is convened, the chairman of the meeting or holders of a majority of the voting power in matters other than the election of directors represented in person or by proxy may adjourn the 2015 Annual Meeting with respect to all proposals or only with respect to the election of directors by the holders of Common Shares.

With respect to Proposals 2 and 3, 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 2015 Annual Meeting in connection with such proposals. Abstentions from voting on such proposals by shares entitled to vote on such proposals and any non-votes with respect to such proposals will be treated as present in person or represented by proxy for purposes of establishing a quorum for such proposals. If TDS shares beneficially owned by the TDS Voting Trust are present in person or represented by proxy at the 2015 Annual Meeting, such shares will constitute a quorum at the 2015 Annual Meeting in connection with such proposals.

Even if a quorum is present, holders of a majority of the voting stock present in person may adjourn the 2015 Annual Meeting. Because it holds a majority of the voting power of all classes of stock, the TDS Voting Trust has the voting power to approve an adjournment. TDS does not currently have any expectation that the 2015 Annual Meeting would be adjourned for any reason.

What vote is required to elect directors in Proposal 1?

The holders of Common Shares will vote separately with respect to the election of four directors. The holders of Series A Common Shares and Preferred Shares will vote separately with respect to the election of eight directors.

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

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

In the election of directors by holders of Common Shares, each holder of outstanding Common Shares is entitled to one vote for each Common Share held in such holder's name. In the election of directors by holders of Series A Common Shares and Preferred Shares, each holder of outstanding Series A Common Shares is entitled to ten votes for each Series A Common Share held in such holder's name and each holder of outstanding Preferred Shares is entitled to one vote for each Preferred Share held in such holder's name.

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. Based on shares outstanding on February 28, 2015, each holder of outstanding Common Shares was entitled to 0.543888 vote for each Common Share held in such holder's name. Each holder of outstanding Series A Common Shares is entitled to

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

If a quorum is present at the 2015 Annual Meeting, the approval of Proposals 2 and 3 will require the affirmative vote of the holders of stock having a majority of the votes which could be cast by the holders of all stock entitled to vote on such question which are present in person or represented by proxy at the meeting. Abstentions by shares entitled to vote on such proposals will be treated as votes which could be cast that are present for such purposes and, accordingly, will effectively count as a vote cast against such proposal. Any non-votes with respect to such proposals will not be included in the total of votes which could be cast which are present for purposes of determining whether such proposals are approved, even though they may be included for purposes of determining a quorum.

What does it mean if I receive more than one WHITE proxy card?

If you hold multiple series of shares, or hold shares in multiple registrations, you will receive a **WHITE** proxy card for each such account. Please sign, date, and return all **WHITE** proxy cards you receive as described above. If you choose to vote by phone or Internet, please vote each **WHITE** proxy card you receive. Only your latest dated proxy for each account will be voted at the 2015 Annual Meeting.

As noted above, TDS has received a notice from GAMCO that GAMCO intends to nominate two candidates for election by the holders of Common Shares, and you may receive proxy cards from both TDS and GAMCO. Because only the latest dated proxy card for each holding is counted for the election, we may conduct multiple mailings prior to the date of the 2015 Annual Meeting. Therefore, whether or not your initial proxy cards are voted, you may receive more than one **WHITE** proxy card from TDS for each account or registration. This will also ensure that you receive management's latest proxy information and materials prior to the 2015 Annual Meeting.

Your board unanimously recommends that you **NOT** sign any proxy card(s) sent to you by GAMCO. If you have previously signed any proxy card(s) sent to you by GAMCO, you can revoke it by voting the enclosed **WHITE** proxy card or any subsequent **WHITE** proxy card provided by TDS.

Can I change my vote or revoke my proxy?

Yes. You can change your vote or revoke your proxy at any time before it is voted at the 2015 Annual Meeting by voting a later-dated proxy or by voting by ballot at the meeting.

Voting against or withholding votes with respect to the GAMCO Candidates on a proxy card provided by GAMCO will not be counted as a vote for the TDS nominee(s) and could result in the revocation of any previous vote you may have cast for such TDS nominee(s) on a **WHITE** proxy card. If you vote a proxy card provided by GAMCO, you have the right to change such vote by voting a **WHITE** proxy card provided by TDS.

Only the latest dated proxy card you vote will be counted for election purposes.

Who pays the solicitation expenses for this 2015 Proxy Statement and related TDS materials?

TDS does. Your proxy is being solicited by the TDS 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 the behalf of the TDS board of directors, may also solicit proxies by mail, email, advertisement, telephone, telecopy, press release, employee communication, postings on TDS' Internet website and Intranet website or in person. We will not pay such persons additional compensation for their proxy solicitation efforts. TDS has also retained MacKenzie Partners, Inc. to assist in the solicitation of proxies. 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.

TDS expects to pay MacKenzie Partners, Inc. a fee of approximately $350,000 relating to the solicitation of proxies for the contested election of directors in 2015. It is anticipated that MacKenzie Partners, Inc. will employ approximately 60 persons to solicit proxies for the 2015 Annual Meeting. Our

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expenses related to the solicitation, including expenditures for printing, legal, accounting, public relations, soliciting, advertising and related expenses, including the above fees of MacKenzie Partners, Inc. in excess of those normally spent for an annual meeting with an uncontested director election and excluding salaries and wages of our regular employees and officers, are currently expected to be approximately $725,000, of which approximately $185,000 has been spent to date.

Due to the notice from GAMCO, Schedules are attached to this 2015 Proxy Statement with certain information required by the SEC's proxy rules, which Schedules are incorporated by reference herein. Schedule I includes certain information about the directors and certain officers and employees of TDS who may solicit proxies and Schedule II sets forth certain additional information with respect to such persons.

Who should I call if I have any questions?

If you have any questions, or need assistance voting, please contact our proxy solicitor, MacKenzie Partners, Inc. at (800) 322-2885 (Call Toll Free) or (212) 929-5500 (Call Collect) or by email to TDS@mackenziepartners.com.

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BACKGROUND OF RECENT EVENTS

GAMCO has been a shareholder of TDS for many years and currently owns more than 5% of the TDS Common Shares (see "Security Ownership of Certain Beneficial Owners and Management" below). GAMCO manages private advisory accounts, mutual funds and closed-end funds.

In February 2009, GAMCO notified TDS that it intended to nominate four persons for election as directors by the holders of publicly-traded common stock of TDS at the 2009 annual meeting. Following discussions between TDS and GAMCO, TDS and GAMCO entered into the Settlement Agreement in April 2009. Pursuant to the Settlement Agreement, the TDS board of directors nominated two persons recommended by GAMCO, Clarence A. Davis and Gary L. Sugarman, for election as directors by the holders of publicly-traded common stock at the 2009 annual meeting. As a result, two persons who had been directors of TDS ceased to be directors of TDS at the 2009 annual meeting, and Messrs. Davis and Sugarman were elected as directors of TDS to fill the seats vacated by such persons. Pursuant to the Settlement Agreement, GAMCO withdrew the notice of its intention to nominate four persons as directors and agreed not to nominate persons for election at the 2009 or 2010 annual meeting. The obligations under the Settlement Agreement expired in 2010 and neither TDS nor GAMCO has any further obligations under the Settlement Agreement.

Notwithstanding the expiration of the obligations under the Settlement Agreement, the TDS board of directors has continued to nominate Clarence A. Davis and Gary L. Sugarman as directors of TDS at subsequent annual meetings. As a result, two of the four incumbent directors who were elected by holders of Common Shares were initially recommended by GAMCO.

GAMCO nominated a candidate for election as a director by the holders of Common Shares at the 2013 annual meeting, but this candidate did not receive sufficient votes to be elected as a director.

GAMCO nominated Philip T. Blazek and Walter M. Schenker for election as a director by the holders of Common Shares at the 2014 annual meeting. In 2014, the TDS Corporate Governance and Nominating Committee and the TDS board of directors considered the background, experience and qualifications of Mr. Blazek and Mr. Schenker based upon the information provided and available to them. This included information provided by GAMCO in its notice to TDS, information provided by Mr. Blazek and Mr. Schenker in questionnaires, and information provided by a background check of Mr. Blazek and Mr. Schenker. In 2014, the TDS Corporate Governance and Nominating Committee requested Mr. Blazek and Mr. Schenker to participate in an interview with certain members of the TDS board of directors, but GAMCO objected to Mr. Blazek or Mr. Schenker being interviewed in 2014. As a result, the TDS Corporate Governance and Nominating Committee and the TDS board of directors considered the background, experience and qualifications of Mr. Blazek and Mr. Schenker based on the information that was available to them compared to the background, experience and qualifications of the TDS directors who were then serving as directors elected by the holders of Common Shares (the "2014 TDS Candidates"). Based on this evaluation, the TDS Corporate Governance and Nominating Committee and the TDS board of directors believed that the GAMCO candidates had substantially less experience and qualifications compared to each of the four TDS Board nominees in connection with the 2014 nominations. In addition, the TDS Corporate Governance and Nominating Committee and the board of directors noted a settlement between Mr. Schenker and the SEC in connection with unregistered securities offerings, as described below. Accordingly, in 2014, the TDS Corporate Governance and Nominating Committee recommended that the TDS board of directors nominate the 2014 TDS Candidates for election as directors by the holders of Common Shares and, based on this recommendation the TDS board of directors nominated the 2014 TDS Candidates for election as directors by the holders of Common Shares at the 2014 annual meeting. At the 2014 annual meeting of shareholders, the 2014 TDS Candidates were elected as directors and neither Mr. Blazek nor Mr. Schenker received sufficient votes to be elected as a director.

On November 26, 2014, GAMCO filed an amendment to its Schedule 13D with respect to TDS Common Shares in which it stated: "In light of the upcoming deadlines to submit shareholder proposals and director nominations for consideration at the Issuer's 2015 Annual Meeting of Shareholders, GAMCO, on behalf of its investment advisory clients, is currently evaluating all options available to it."

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On February 5, 2015, representatives of TDS, LeRoy T. Carlson, Jr., President and CEO, Jane W. McCahon, Vice President Corporate Relations and Corporate Secretary, and Peter L. Sereda, Senior Vice President Finance and Treasurer, attended a previously scheduled meeting with Mario Gabelli, Chairman and CEO of GAMCO, to discuss matters relating to the business of TDS and its subsidiaries.

On February 19, 2015, GAMCO sent a notice to TDS and filed an amendment to its Schedule 13D with respect to TDS Common Shares disclosing its intention to nominate each of Philip T. Blazek and Walter M. Schenker, who we refer to as the "GAMCO Candidates," for election as a director at the 2015 Annual Meeting by the holders of Common Shares.

On February 20, 2015, Jane W. McCahon requested the GAMCO Candidates to provide a consent to a background check and to complete a Director Candidate Questionnaire and both such candidates complied with this request.

In addition, on February 20, 2015, Ms. McCahon requested each of the candidates to participate in an interview requested by the TDS Corporate Governance and Nominating Committee (the members of which are Walter C.D. Carlson (chairman), LeRoy T. Carlson, Jr. and Mitchell H. Saranow). Because Mr. Saranow is elected by the holders of Common Shares and may be running for election against the GAMCO Candidates, the Committee determined that the interviews would be conducted by Walter C.D. Carlson, LeRoy T. Carlson, Jr., and Herbert S. Wander, an independent director. Each of such directors is elected by the holders of Series A Common Shares and, accordingly, would not be running for election against the GAMCO Candidates.

Accordingly, on March 6, 2015, Walter C.D. Carlson, LeRoy T. Carlson, Jr. and Herbert S. Wander held calls with each of Philip T. Blazek and Walter M. Schenker to interview them. On these calls, the GAMCO Candidates were asked questions about their background, experience and qualifications for serving as directors of TDS and other matters.

The TDS Corporate Governance and Nominating Committee and the board of directors do not believe that any additional or updated information that they received on the background, experience and qualifications of the GAMCO Candidates since the 2014 annual meeting of shareholders provided any reason for them to change their views of the relative strengths of the background, experience and qualifications of the GAMCO Candidates.

On March 9, 2015, the TDS Corporate Governance and Nominating Committee met and discussed the background, experience and qualifications of the GAMCO Candidates as well as of the persons currently serving as directors. Based on this, the TDS Corporate Governance and Nominating Committee determined to recommend that Clarence A. Davis, George W. Off, Mitchell H. Saranow and Gary L. Sugarman (currently incumbent directors who were elected by the holders of Common Shares at the 2014 annual meeting), be nominated for election as directors by the holders of Common Shares at the 2015 Annual Meeting (except that Mr. Saranow abstained with respect to his nomination).

Based on the foregoing considerations, on March 11, 2015, the TDS Corporate Governance and Nominating Committee unanimously recommended that the TDS board of directors nominate Messrs. Davis, Off, Saranow and Sugarman for election as directors by the holders of Common Shares (except that Mr. Saranow abstained with respect to his recommendation). Based on the recommendation of the TDS Corporate Governance and Nominating Committee and the foregoing considerations, on March 11, 2015, the TDS board of directors nominated Messrs. Davis, Off, Saranow and Sugarman for election as directors by the holders of Common Shares at the 2015 Annual Meeting.

The following describes what the TDS Corporate Governance and Nominating Committee and the board of directors believe are the relative strengths of the four TDS Board nominees compared to the GAMCO Candidates.

The background and experience of the TDS Board nominees are believed to be more significant and more relevant to TDS, and broader, than the background and experience of the GAMCO Candidates. The following summarizes certain of the background and experience of the TDS Board nominees, which are more fully described below under "Election of Directors."

Clarence A. Davis. Mr. Davis has significant business and accounting experience. In addition to being a director of TDS since 2009, he is a director of two GAMCO investment funds, one of which is listed on the NYSE, was a director and CEO of Nestor, Inc. (formerly NASDAQ: NEST), and was a director of Sonesta International Hotels (formerly NASDAQ: SNSTA) and Pennichuck Corp. (formerly NASDAQ: PNNW). He was the former CFO and COO of the American Institute of Certified Public Accountants. He has substantial audit committee experience, including on the TDS Audit Committee as a designated audit committee financial expert.

George W. Off. Mr. Off has significant business and executive management experience as the former CEO of retail marketing and technology companies. In addition to being a director of TDS since 1997, he has been a director and CEO of Checkpoint Systems, Inc. (NYSE: CKP) and Catalina Marketing Corporation, which at the time was a NYSE listed company (formerly NYSE: POS). He has substantial board experience, and has been the chairperson of the TDS Audit Committee and served as a member of the TDS Compensation Committee for many years.

Mitchell H. Saranow. Mr. Saranow is a certified public accountant and has been a lawyer, investment banker and a CFO, CEO and/or Chairman at several companies. In addition to being a director of TDS since 2004, Mr. Saranow has been an officer and/or director of Navigant Consulting, Inc. (NYSE: NCI), Lawson Products, Inc. (NASDAQ: LAWS), North American Scientific, Inc. (formerly NASDAQ: NASM) and Telular Corp. (formerly NASDAQ: WRLS). Mr. Saranow also has founded, co-founded or acquired, developed and sold several ventures. He worked as an investment banker specializing in financing cable television companies. As a result, he has significant experience with public companies and their boards of directors, as well as a background in accounting, finance, law and business development. He has been a member of the audit committees of several public companies and was designated an audit committee financial expert by two of such companies, including TDS.

Gary L. Sugarman. Mr. Sugarman has significant management experience in communications companies and is experienced in telecom mergers and acquisitions. In addition to being a director of TDS since 2009, Mr. Sugarman is a director of Otelco, Inc. (NASDAQ: OTEL) and LICT Corporation (OTC: LICT). He has held various operating positions, including Director of Business Development, at Rochester Telephone Company (now known as Frontier Corporation (NYSE: FTR)). He has financial expertise as the founder and managing member of Richfield Capital Partners. He is also a member of the TDS Compensation Committee.

In comparison, the following are excerpts about the background and experience of the GAMCO Candidates from GAMCO's notice to TDS dated February 19, 2015:

Philip T. Blazek. "Since 2013, he serves as President of Special Diversified Opportunities Inc. (OTC Markets: SDOI), leading the company through the sale of its operating assets and strategic alternatives to deploy the proceeds. In 2012, he was Managing Director at Korenvaes Management, a debt and equity investment fund. From 2008 through 2011, Mr. Blazek was President and Chief Investment Officer of Blazek Crow Holdings Capital, an equity small cap value investment fund he founded with the Crow Holdings Family Office. From 2005 to 2008, he was a Partner at Greenway Capital, investing and providing growth capital to small cap companies. His investment banking advisory tenure included Dresdner Kleinwort Wasserstein (formerly Wasserstein Perella) from 1996 to 2004 and the Investment Banking Division (Telecom/Media/Technology Group) of Goldman Sachs from 1991 to 1994."

Walter M. Schenker. "Mr. Schenker has worked in the investment business for over 40 years. He worked for a number of leading brokerage/investment banks as well as money management firms. In 1999, he was one of the founders of Titan Capital Management, a registered investment advisor and hedge fund. In June 2010, after the retirement of Mr. Schenker's partner, he founded MAZ Capital Advisors where he is self-employed. Since the mid-1970's Mr. Schenker has followed the automotive parts industry and in the 1970's and 1980's published significant research on the industry and was quoted in major publications. Mr. Schenker has worked with public and private companies to advise and assist with raising capital. Mr. Schenker has been the lead plaintiff in securities class actions, and is knowledgeable on corporate governance issues. Mr. Schenker has

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served as a director of Sevcon, Inc. (NasdaqCM: SEV) since December 2013, where he also serves as Chairman of its board's compensation committee."

Each of the four TDS Board nominees has experience as a director of TDS ranging from about 6 to 18 years. TDS is identified as number 504 in the list of Fortune 1000 companies and is considerably larger than any company of which Mr. Blazek or Mr. Schenker has served as a director and/or officer. In addition, the TDS Board nominees have various other public company board experience as noted above. In comparison, it is believed that the GAMCO Candidates have much more limited public company experience.

Each of the four TDS Board nominees has experience with the businesses in which TDS is engaged (wireline, wireless, cable and hosted & managed services) as a result of having served as a TDS director from a range of about 6 to 18 years. In addition, Gary L. Sugarman has substantial other experience with other communications companies, as noted above. It is believed that neither of the GAMCO Candidates has any experience as a director or officer of a company that has businesses similar in nature to any of the TDS businesses or any other comparable experience with such businesses. Philip T. Blazek has some recent experience since 2013 as the president of a small public company (less than $50 million in market cap), but he is not believed to be a director. Walter M. Schenker has some recent experience since December 2013 as a director of a small public company (less than $50 million in market cap) as a result of a nomination by GAMCO, but he is not believed to be an officer.

Accordingly, the TDS Corporate Governance and Nominating Committee and the board of directors believe that the GAMCO Candidates have substantially less experience and qualifications compared to each of the four TDS Board nominees.

In addition, the TDS Corporate Governance and Nominating Committee and the board of directors noted the following background information with respect to Mr. Schenker. The GAMCO notice delivered to TDS on February 19, 2015 stated that "In 2007, TCMP3 Partners, L.P., its general partner TCMP3 Capital LLC, its investment manager Titan Capital Management, LLC, and portfolio managers Steven E. Slawson and Walter M. Schenker, agreed to a settlement with the SEC in connection with unregistered securities offerings, which are commonly referred to as "PIPEs" (Private Investment in Public Entity). The settlement was reached without admitting or denying the allegations of the complaint."

Each of the participants in the solicitation of proxies on behalf of the TDS board of director has a substantial interest in the election of directors at the 2015 Annual Meeting as an incumbent director, director nominee, officer and/or employee of TDS engaged in the solicitation of proxies. See the Schedules attached hereto for more information with respect to the interests of such participants.

Your board unanimously recommends that the holders of Common Shares vote FOR the election of Clarence A. Davis, George W. Off, Mitchell H. Saranow and Gary L. Sugarman as directors.

Please cast your vote for the nominees of our board of directors by voting the enclosed **WHITE** proxy card(s). The TDS board of directors urges shareholders **NOT** to vote any proxy cards distributed by GAMCO.

YOUR VOTE IS IMPORTANT, NO MATTER HOW MANY SHARES YOU OWN. PLEASE SIGN AND DATE THE ENCLOSED **WHITE** PROXY CARD(S) AND MAIL SUCH CARD(S) IN THE ENCLOSED BUSINESS REPLY ENVELOPE PROMPTLY, OR VOTE BY PHONE OR ON THE INTERNET IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH ON THE **WHITE** PROXY CARD(S). PROPERLY VOTING THE ENCLOSED **WHITE** PROXY CARD(S) AUTOMATICALLY REVOKES ANY PROXY PREVIOUSLY VOTED BY YOU.

WE URGE YOU TO ONLY VOTE **WHITE** PROXY CARD(S) DISTRIBUTED BY TDS AND DISREGARD ANY OTHER PROXY CARDS THAT YOU MAY RECEIVE. If you vote a proxy card provided by GAMCO, you have the right to change such vote by voting a **WHITE** proxy card provided by TDS.

REMEMBER, ONLY YOUR LATEST DATED PROXY CARD WILL COUNT AT THE MEETING.

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PROPOSAL 1
ELECTION OF DIRECTORS

The terms of all incumbent directors will expire at the 2015 Annual Meeting. The board of directors' nominees for election of directors are identified in the tables below. Each of the nominees has consented to be named in the 2015 Proxy Statement and consented to serve if elected. The age of the following persons is as of the date of this 2015 Proxy Statement.

To be Elected by Holders of Common Shares

Name	*Age*	*Position with TDS and Principal Occupation*	*Served as Director since*
Clarence A. Davis	73	Director of TDS and Business Consultant	2009
George W. Off	68	Director of TDS, Private Investor and retired Director and Chairman of Checkpoint Systems, Inc.	1997
Mitchell H. Saranow	69	Director of TDS and Chairman of The Saranow Group, L.L.C.	2004
Gary L. Sugarman	62	Director of TDS, Managing Member Richfield Capital Partners and Principal of Richfield Associates, Inc.	2009

Your board of directors unanimously recommends a vote "FOR" the election of each of the above nominees for election by the holders of Common Shares on the enclosed WHITE proxy card(s) and urges you not to sign or return any proxy card that you may receive from GAMCO.

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

Name	*Age*	*Position with TDS and Principal Occupation*	*Served as Director since*
LeRoy T. Carlson, Jr.	68	Director and President and Chief Executive Officer of TDS	1968
Letitia G. Carlson, M.D.	54	Director of TDS and Physician and Associate Clinical Professor at George Washington University Medical Center	1996
Prudence E. Carlson	63	Director of TDS and Private Investor	2008
Walter C.D. Carlson	61	Director and non-executive Chairman of the Board of TDS and Partner, Sidley Austin LLP, Chicago, Illinois	1981
Kenneth R. Meyers	61	Director of TDS and President and Chief Executive Officer of U.S. Cellular (a deemed executive officer of TDS)	2007
Christopher D. O'Leary	55	Director of TDS and Executive Vice President, Chief Operating Officer International of General Mills, Inc.	2006
Herbert S. Wander	80	Director of TDS and Of Counsel, Katten Muchin Rosenman LLP, Chicago, Illinois	1968
David A. Wittwer	54	Director of TDS and President and Chief Executive Officer of TDS Telecommunications Corporation (a deemed executive officer of TDS)	August 2014

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Your board of directors unanimously recommends a vote "FOR" the election of each of the above nominees for election by the holders of Series A Common Shares on the enclosed WHITE proxy card(s).

Background of Board of Directors' Nominees

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

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

Nominees for Election by Holders of Common Shares

Clarence A. Davis. Clarence A. Davis is currently a director who was last elected by the holders of Common Shares at the 2014 annual meeting. He initially was nominated to the TDS board of directors pursuant to a Settlement Agreement with GAMCO relating to a proxy contest in 2009 as indicated above. Although TDS initially nominated Mr. Davis to the TDS board of directors in 2009 as part of such settlement, after observing the performance and contributions of Mr. Davis on the TDS board of directors since that time, the TDS board of directors has re-nominated Mr. Davis to the TDS board of directors each year since 2010. The following provides information on the background of Mr. Davis, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. Davis has experience with TDS and its subsidiaries and the industries in which they operate as a director of TDS since 2009. He has also been a member of the TDS Audit Committee since 2010 and has been designated an "audit committee financial expert" on that committee since 2012.

Mr. Davis is currently a business consultant.

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

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From 2006 to 2007, Mr. Davis was an independent consultant, and from 2005 through 2006, he served as a consultant to the National Headquarters, American Red Cross, which provides disaster relief, health and safety courses, humanitarian services and other services around the world.

Prior thereto, Mr. Davis was employed by the American Institute of Certified Public Accountants ("AICPA"), serving as chief financial officer from 1998 through 2000 and chief operating officer from 2000 through 2005.

Prior thereto, Mr. Davis operated Clarence A. Davis Enterprises, Inc., a financial and organizational consulting firm, between 1990 and 1998.

Mr. Davis was an accountant at the public accounting firm of Spicer & Oppenheim and a predecessor public accounting firm between 1967 and 1990, and was a partner at such firm between 1979 and 1990.

Mr. Davis is a Certified Public Accountant (inactive). Mr. Davis has a Bachelor of Science degree in Accounting from Long Island University.

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

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

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

Since 2011, Mr. Davis has been a director and Chairman of Bizequity.com, a private company and website that provides capital, knowledge and talent for emerging growth companies.

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

Mr. Davis is a member of the board of directors of West Broad Street YMCA in Savannah, Georgia, and is named in Who's Who Among African Americans.

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

George W. Off. George W. Off is currently a director who was last elected by the holders of Common Shares at the 2014 annual meeting. Mr. Off was initially nominated as a director based on a search conducted by TDS' executive search firm. The following provides information on the background of Mr. Off, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. Off has significant experience with TDS and its subsidiaries and the industries in which they operate as a director of TDS since 1997. He has also been a member of the TDS Compensation Committee (including its predecessor committee) since 1997 and a member and chairperson of the TDS Audit Committee since 1997.

After many years of high-level business experience, Mr. Off is now a private investor.

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

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

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

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

Between 2011 and 2012, Mr. Off was a director of Infinian Mobile Commerce & Analytic Solutions Inc., a private start-up company that provides promotions and coupons for mobile phones.

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

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

Mitchell H. Saranow. Mitchell H. Saranow is currently a director who was last elected by the holders of Common Shares at the 2014 annual meeting. The following provides information on the background of Mr. Saranow, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. Saranow has significant experience with TDS and its subsidiaries and the industries in which they operate as a director of TDS since 2004. He has also been a member of the TDS Audit Committee and designated an "audit committee financial expert" on that committee since 2004. He has also been a member of the TDS Corporate Governance and Nominating Committee since 2007.

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

Mr. Saranow was chairman of SureTint Technologies, LLC, a privately-held company which he founded that is involved in commercializing a series of Mr. Saranow's inventions in the field of hair color preparation, from 2008 to 2013.

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

Mr. Saranow was chairman of the board and co-chief executive officer of Navigant Consulting, Inc. (NYSE: NCI), which provides consulting services to various industries on an international level, from 1999 to 2000. During this period, Mr. Saranow was also a director of Navigant Consulting, Inc. and a member of its audit committee.

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Earlier in his career, Mr. Saranow was vice president and chief financial officer of CFS Continental, Inc. (formerly OTC: CFS), the nation's second largest food service distribution company, vice president of finance and law of Sunmark Companies, a privately-held snack food manufacturer, a venture capital officer at Warburg, Paribus, Becker, Inc., specializing in financing cable television companies, and an attorney with Mayer, Brown and Platt in Chicago, Illinois.

Mr. Saranow is also a Certified Public Accountant (inactive) and was a senior lecturer in financial reporting and controls at Harvard Business School.

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

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

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

Mr. Saranow brings to the TDS board of directors substantial experience, expertise and qualifications as a director of TDS for many years, and a result of his extensive background. Mr. Saranow is a Certified Public Accountant (inactive) and formerly was a senior lecturer in financial reporting and controls at Harvard Business School. He has been an accountant, lawyer and investment banker and a chief financial officer, chief executive officer and/or chairman at multiple companies. Mr. Saranow has founded or co-founded, developed and sold several ventures. He has significant experience as an officer of two public companies, and a director of five public companies, including TDS. He has been a member of the audit committees of all five of the companies on which he served as a director, and was designated an audit committee financial expert by two of such companies, including TDS. In addition, Mr. Saranow brings to the board of directors experience and qualifications with respect to TDS and the telecommunications industry as a result of his earlier experience in the cable television industry and his service as a director of TDS and as an audit committee financial expert on the TDS Audit Committee for over five years. In addition, he has significant experience as a member of the TDS Corporate Governance and Nominating Committee for many years.

Gary L. Sugarman. Gary L. Sugarman is currently a director who was last elected by the holders of Common Shares at the 2014 annual meeting. He initially was nominated to the TDS board of directors pursuant to a Settlement Agreement with GAMCO relating to a proxy contest in 2009 as indicated above. Although TDS initially nominated Mr. Sugarman to the TDS board of directors in 2009 as part of such settlement, after observing the performance and contributions of Mr. Sugarman on the TDS board of directors since that time, the TDS board of directors has re-nominated Mr. Sugarman to the TDS board of directors each year since 2010. The following provides information on the background of Mr. Sugarman, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. Sugarman has experience with TDS and its subsidiaries and the industries in which they operate as a director of TDS since 2009. In addition, Mr. Sugarman has been a member of the TDS Compensation Committee since 2010.

Mr. Sugarman was appointed as a director of Otelco Inc. (NASDAQ: OTEL), a telecommunications company, and a member and the chairman of its nominating and corporate governance committee, in 2013.

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

In 2010, Richfield Capital Partners invested in FXecosystem, Inc., a private infrastructure provider to foreign exchange markets. In connection with this investment, Mr. Sugarman became a director and executive chairman of FXecosystem, Inc. He served in this capacity between 2010 and 2013.

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

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

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

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

Mr. Sugarman is currently a director of LICT Corporation (OTC: LICT), a telecommunications company that provides broadband and voice services. (Mario J. Gabelli, who is the chairman of and may be deemed to control LICT Corporation, controls GAMCO. As noted above, TDS was previously a party to a Settlement Agreement that resulted in the initial nomination of Mr. Sugarman as a director of TDS in 2009.)

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

Mr. Sugarman brings to the TDS board of directors substantial experience, expertise and qualifications as a director of TDS for several years, and in the telecommunications industry as a result of his current positions at Otelco Inc. and LICT Corporation and his many years of prior experience with other companies in the telecommunications industry. Mr. Sugarman also has management experience as past executive chairman of FXecosystem, Inc. and Veroxity Technology Partners and as chairman and chief executive officer of Mid-Maine Communications, a company that he co-founded, has been a director of business development of a public telecommunications company and has substantial experience in acquisitions and development activities in the telecommunications industry. In addition, he has experience as a member of the TDS Compensation Committee since 2010.

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

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

LeRoy T. Carlson, Jr. LeRoy T. Carlson, Jr. is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2014 annual meeting. The following provides information on the background of Mr. Carlson, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. Carlson has extensive experience with TDS and its subsidiaries and the industries in which they operate as an investor in TDS for many years, a trustee of the TDS Voting Trust for many years, and an officer and/or director of TDS since TDS was founded in 1968. He has also been a member of the TDS Corporate Governance and Nominating Committee since 2004.

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

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LeRoy T. Carlson, Jr. has been a director of United States Cellular Corporation (NYSE: USM), a subsidiary of TDS which operates and invests in wireless telephone companies and properties ("U.S. Cellular"), since 1984, and has been its Chairman (an executive officer) since 1989. He has also been a director of TDS Telecommunications Corporation, a wholly owned subsidiary of TDS which operates TDS' Wireline, HMS and Cable segments ("TDS Telecom"), and its Chairman (an executive officer) since 1990.

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

Mr. Carlson has an MBA from Harvard University.

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

Mr. Carlson brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and its subsidiaries and the industries in which they operate as a result of his many years as an investor in TDS, a trustee of the TDS Voting Trust, a director and President and Chief Executive Officer of TDS, and a director and Chairman of its two principal business units. As the senior executive officer of TDS and each of its business units, the board of directors considers it essential that Mr. Carlson serve on the TDS board to provide the board with his views on strategy and operations of TDS and its business units. In addition, as a shareholder with a significant economic stake in TDS, Mr. Carlson provides to the TDS board of directors the perspective of shareholders in managing and operating TDS in the long-term interests of shareholders. He also has experience as a member of the TDS Corporate Governance and Nominating Committee since 2004.

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

Letitia G. Carlson, M.D. Letitia G. Carlson, M.D. is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2014 annual meeting. The following provides information on the background of Dr. Carlson, including the specific factors that led to the conclusion that she should serve as a director of TDS:

Dr. Carlson has significant experience with TDS and its subsidiaries and the industries in which they operate as an investor in TDS for many years, as a trustee of the TDS Voting Trust for many years, and as a director of TDS since 1996.

Dr. Carlson has been a physician at George Washington University Medical Center since 1990.

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

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

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

Dr. Carlson brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and its subsidiaries and the industries in which they operate as a result of her many years as an investor in TDS, as a trustee of the TDS Voting Trust, and as a director of TDS. Further, her background and attributes bring diversity to the board. In addition, as a shareholder with a significant economic stake in TDS, Dr. Carlson provides to the TDS board of directors the perspective of shareholders in managing and operating TDS in the long-term interests of shareholders.

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

Prudence E. Carlson. Prudence E. Carlson is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2014 annual meeting. She was initially elected as a director based on the recommendation of the trustees of the TDS Voting Trust, which holds

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over 90% of the Series A Common Shares. The following provides information on the background of Ms. Carlson, including the specific factors that led to the conclusion that she should serve as a director of TDS:

Ms. Carlson has significant experience with TDS and its subsidiaries and the industries in which they operate as an investor in TDS for many years, as a trustee of the TDS Voting Trust for many years, and as a director of TDS since 2008.

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

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

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

Ms. Carlson brings to the TDS board of directors experience with respect to TDS and its subsidiaries and the industries in which they operate as a result of her many years as an investor in TDS, as a trustee of the TDS Voting Trust, and as a director of TDS. Further, her background and attributes bring diversity to the board. In addition, as a shareholder with a significant economic stake in TDS, Ms. Carlson provides to the TDS board of directors the perspective of shareholders in managing and operating TDS in the long-term interests of shareholders.

Walter C.D. Carlson. Walter C.D. Carlson is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2014 annual meeting. The following provides information on the background of Mr. Carlson, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. Carlson has significant experience with TDS and its subsidiaries and the industries in which they operate as an investor in TDS for many years, as a trustee of the TDS Voting Trust for many years, and as a director of TDS since 1981. In addition, he has been the non-executive Chairman of the Board of TDS since 2002. He has also been a member and the chairperson of the TDS Corporate Governance and Nominating Committee since 2004.

Mr. Carlson has been a partner of the law firm of Sidley Austin LLP since 1986 and is a member of its executive committee. Mr. Carlson is an experienced litigator, and has represented public and private corporate clients in a variety of types of specialized and general commercial litigation. The law firm of Sidley Austin LLP provides legal services to TDS, U.S. Cellular and their subsidiaries on a regular basis. See "Certain Relationships and Related Transactions" below. Walter C.D. Carlson does not provide legal services to TDS, U.S. Cellular or their subsidiaries.

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

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

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

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

Mr. Carlson brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and its subsidiaries and the industries in which they operate as a result of his many years as an investor in TDS, as a trustee of the TDS Voting Trust, as a director of TDS and U.S. Cellular, as Chairman of the Board of TDS, and as a result of having represented many public and private corporate clients. In addition, as a shareholder with a significant economic stake in TDS, Mr. Carlson

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provides to the TDS board of directors the perspective of shareholders in managing and operating TDS in the long-term interests of shareholders. He also has experience as a member and the chairperson of the TDS Corporate Governance and Nominating Committee since 2004.

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

Kenneth R. Meyers. Kenneth R. Meyers is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2014 annual meeting. The following provides information on the background of Mr. Meyers, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. Meyers has extensive experience with TDS and U.S. Cellular and the industries in which they operate as an employee, officer and/or director of TDS and/or U.S. Cellular for many years, as detailed below.

In 2013, Kenneth R. Meyers was appointed President and Chief Executive Officer (an executive officer) of U.S. Cellular.

Mr. Meyers has been a director of TDS since 2007. Mr. Meyers was Executive Vice President and Chief Financial Officer (an executive officer) of TDS between 2007 and 2013, and also had been Vice President and Assistant Treasurer (an executive officer) of U.S. Cellular between 2011 and 2013. He was Chief Accounting Officer (an executive officer) of U.S. Cellular and Chief Accounting Officer (an executive officer) of TDS Telecom between 2007 and 2011.

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

Mr. Meyers has also been a director of U.S. Cellular since 1999 and a director of TDS Telecom between 2007 and 2014.

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

Mr. Meyers brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and its subsidiaries and the industries in which they operate as a result of his background as a director of TDS and U.S. Cellular for many years, as President and Chief Executive Officer of U.S. Cellular since 2013, as Executive Vice President and Chief Financial Officer of TDS between 2007 and 2013, and as a result of his many years in other offices and positions at U.S. Cellular. He also brings substantial experience, expertise and qualifications in TDS' businesses and in management, finance and accounting as a result of such background. As the President and Chief Executive Officer of U.S. Cellular, TDS' largest business unit, the board of directors considers it appropriate and beneficial for Mr. Meyers to serve on the TDS board to provide the board with his views on strategy and operations of U.S. Cellular.

Christopher D. O'Leary. Christopher D. O'Leary is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2014 annual meeting. He was initially nominated as a director based on a search conducted by TDS' executive search firm. The following provides information on the background of Mr. O'Leary, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. O'Leary has significant experience with TDS and its subsidiaries and the industries in which they operate as a director of TDS since 2006. He has also been a member of the TDS Compensation Committee since 2007.

In 2006, Christopher D. O'Leary was appointed executive vice president, chief operating officer international of General Mills, Inc. (NYSE: GIS), which manufactures and markets branded consumer foods on a worldwide basis. In this capacity, he oversees over 14,000 employees in over 100 countries.

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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 the president of the Betty Crocker division between 1999 and 2001. Mr. O'Leary joined General Mills in 1997.

Prior to his employment with General Mills, Mr. O'Leary was employed with PepsiCo (NYSE: PEP), which manufactures, markets, and sells various snacks, beverages and foods on a worldwide basis, between 1980 and 1997. His assignments included leadership roles for the Walkers-Smiths business in the United Kingdom and the Hostess Frito-Lay business in Canada.

In November 2014, Mr. O'Leary was appointed to the board of directors of Newell Rubbermaid Inc. (NYSE: NWL), a worldwide marketer of consumer and commercial products, and was also appointed as a member of its Nominating/Governance and its Organizational Development & Compensation Committees.

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

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

Herbert S. Wander. Herbert S. Wander is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2014 annual meeting. The following provides information on the background of Mr. Wander, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. Wander has extensive experience with TDS and its subsidiaries and the industries in which they operate as a director of TDS since its founding in 1968. He has also been a member of the TDS Audit Committee since 1986 and a member and chairperson of the TDS Compensation Committee since 2006.

Herbert S. Wander has been of counsel to the law firm of Katten Muchin Rosenman LLP since April 2015, and prior to that was partner of such law firm since 1979. He has been a lawyer since 1960, concentrating on all aspects of business law, including corporate governance and business acquisitions. Katten Muchin Rosenman LLP does not provide legal services to TDS or its subsidiaries.

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

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

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

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

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

Mr. Wander brings to the TDS board of directors substantial experience, expertise and qualifications as a result of his many years as a director of TDS, and as a corporate and acquisitions lawyer and corporate governance expert with a national reputation. In addition, he has significant experience as a member of the TDS Audit Committee and the TDS Compensation Committee for many years.

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David A. Wittwer. David A. Wittwer was appointed as a director to fill the vacancy created by the retirement of Donald C. Nebergall in August 2014, as disclosed below. This directorship is elected by the holders of Series A Common Shares and Preferred Shares. Mr. Wittwer was appointed as a director based on the recommendation of the Corporate Governance and Nominating Committee. The following provides information on the background of Mr. Wittwer, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. Wittwer has primary responsibility for TDS Telecom's Wireline, Cable and HMS operations as the President and Chief Executive Officer of TDS Telecom. He has held such position since 2007.

Prior to that, Mr. Wittwer was Executive Vice President and Chief Operating Officer of TDS Telecom between 2006 and 2007. Prior to that, Mr. Wittwer was President of TDS Telecom's incumbent local exchange carrier operations between 2005 and 2006. Prior to that, he was Executive Vice President Staff Operations, Chief Financial Officer, Treasurer and Assistant Secretary of TDS Telecom for more than five years. Prior to that, Mr. Wittwer had been the controller and an accounting manager of TDS Telecom. He joined TDS Telecom in 1988. Prior to that, Mr. Wittwer had been employed by TDS' corporate division as an internal auditor since 1983.

Mr. Wittwer has been a member of the board of the Greater Madison Chamber of Commerce since 2007 and was previously board chair.

Mr. Wittwer is a Certified Public Accountant (inactive) and holds a BBA in accounting from the University of Wisconsin-Whitewater, and an MS in management and human resources from the University of Wisconsin-Madison.

Mr. Wittwer brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and its subsidiaries and the industries in which they operate as a result of his background as President and Chief Executive Officer of TDS Telecom since 2007, and as a result of his many years in other offices and positions at TDS Telecom. He brings substantial experience, expertise and qualifications in a wide range of critical areas in TDS' businesses, including management, accounting, finance, sales and marketing, regulatory affairs, engineering and network operations. As the President and Chief Executive Officer of TDS Telecom, one of TDS' two primary business units, the board of directors considers it appropriate and beneficial for Mr. Wittwer to serve on the TDS board to provide the board with his views on strategy and operations of TDS Telecom and its businesses.

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

Former Director:

Donald C. Nebergall. Donald C. Nebergall was elected as a director by the holders of Series A Common Shares and Preferred Shares at the 2014 annual meeting. Mr. Nebergall retired as a director in August 2014. In light of Mr. Nebergall's extensive experience with TDS and its subsidiaries and the industries in which they operate as a director of TDS since 1977, and as a member of the TDS Audit Committee for more than two decades, the TDS Board appointed Mr. Nebergall as director emeritus following his retirement in August 2014. As disclosed above, David A. Wittwer was appointed as a director to fill the vacancy created by Mr. Nebergall's retirement.

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CORPORATE GOVERNANCE

Board of Directors

The business and affairs of TDS are managed by or under the direction of the board of directors. The board of directors consists of twelve members. Holders of Common Shares elect 25% of the directors rounded up plus one director, or a total of four directors based on a board size of twelve directors. Holders of Series A Common Shares and Preferred Shares elect the remaining eight directors. As of February 28, 2015, the TDS Voting Trust had approximately 94.7% of the voting power in the election of the eight directors elected by the holders of Series A Common Shares and Preferred Shares, approximately 6.1% of the voting power in the election of the four directors elected by the holders of Common Shares and approximately 56.3% of the voting power in all other matters.

Board Leadership Structure

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

Board Role in Risk Oversight

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

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

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

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

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

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

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

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

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

Furthermore, as discussed below, in March 2015, TDS established a Technology Advisory Group. The functions of the Technology Advisory Group include, inter alia, reviewing matters relating to technology security, threats, risks and internal controls, including safeguards, vulnerabilities, preparedness, disaster recovery plans, cybersecurity-insurance and similar matters. Related to this, the board of directors also established a Technology Advisory Group Committee of the board of directors, that will consist of directors who will participate in the Technology Advisory Group. See below for further information on the Technology Advisory Group Committee and the Technology Advisory Group.

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

Director Independence and New York Stock Exchange Listing Standards

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

Under listing standards of the NYSE, TDS is a "controlled company" as such term is defined by the NYSE. TDS is a controlled company because over 50% of the voting power for the election of directors of TDS is held by the trustees of the TDS Voting Trust (i.e., the TDS Voting Trust has over 90% of the voting power in the election of directors elected by the holders of Series A Common Shares and Preferred Shares and thus has the voting power to elect eight of the twelve directors, or 66.7% of the directors). Accordingly, it is exempt from certain listing standards that require listed companies that are not controlled companies to (i) have a board composed of a majority of directors who qualify as independent under the rules of the NYSE, (ii) have a compensation committee composed entirely of directors who qualify as independent under the rules of the NYSE, and (iii) have a nominating/corporate governance committee composed entirely of directors who qualify as independent under the rules of the NYSE.

As a controlled company, TDS is required to have at least three directors who qualify as independent to serve on the Audit Committee. The TDS Audit Committee has four members: George W. Off (chairperson), Clarence A. Davis, Mitchell H. Saranow and Herbert S. Wander. Such directors must qualify as independent under the NYSE Listed Company Manual, including Section 303A.02(a) and Section 303A.02(b). Such directors must also qualify as independent under Section 303A.06, which incorporates the independence requirements of Rule 10A-3 under Section 10A-3 of the Securities

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Exchange Act of 1934, as amended (collectively, "Section 10A-3"). Except as required by listing standards or SEC rule, TDS does not have any categorical standards of independence that must be satisfied.

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

Such relevant facts and circumstances included the following: None of such persons is an employee or officer of TDS or any other member of the TDS Consolidated Group. None of such persons has any direct or indirect business relationships and/or fee arrangements with the TDS Consolidated Group and none of such persons receives any compensation from the TDS Consolidated Group except compensation for his services as a director and member of board committees of TDS. None of such persons has any relationship or arrangement with the TDS Consolidated Group other than in his capacity as a director of TDS. Each of such persons qualifies as independent under each of the categorical standards in Section 303A.02(b) of the NYSE Listed Company Manual. Each of such persons qualifies as independent under Section 10A-3 because (i) none of such persons receives any compensatory fee from any member of the TDS Consolidated Group (excluding permitted compensation for his services as a director and member of board committees of TDS); and (ii) none of such persons is an "affiliated person" (as defined by the SEC) with respect to any member of the TDS Consolidated Group (because none of such persons is an executive officer, or the beneficial owner of more than 10% of any class of voting equity security, of TDS or any other member of the TDS Consolidated Group). None of such persons is an "immediate family member" (as defined by Section 303A.02(b)) of any person who is not independent under Section 303A.02 of the NYSE Listed Company Manual. The only relationship and/or fee arrangement which such persons have with the TDS Consolidated Group are as directors and members of board committees of TDS.

In addition, incumbent directors Christopher D. O'Leary and Gary L. Sugarman would qualify as independent directors under the listing standards of the NYSE. As a result, six of the twelve incumbent directors, or 50% of the directors, have been determined to qualify or would qualify as independent under the listing standards of the NYSE.

Meetings of Board of Directors

The board of directors held twelve meetings during 2014. Each director attended at least 75% of the total number of meetings of the board of directors held during 2014 (at which time such person was a director) and at least 75% of the total number of meetings held during 2014 by each committee of the board on which such person served (during the period that such person served).

Corporate Governance Guidelines

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

Board Self-Assessment. Pursuant to these Guidelines, under the leadership of the Chairman of the Board, the board of directors performed a self-assessment and evaluated its performance and effectiveness as a board in 2014. This self-assessment covered matters relating to board meetings, board composition, committees, board oversight, and other matters. Similarly, each committee of the board of directors evaluated its performance and effectiveness in 2014.

Corporate Governance and Nominating Committee

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

The Corporate Governance and Nominating Committee held six meetings during 2014.

Audit Committee

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

In addition, the Audit Committee has certain responsibilities relating to risk management as discussed above under "Board Role in Risk Oversight."

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

The board has made a determination that each of Clarence A. Davis and Mitchell H. 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 liabilities 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 liabilities of any member of the audit committee, or the board, not so designated.

The Audit Committee held eight meetings during 2014. Certain of these meetings were joint meetings with the U.S. Cellular audit committee, which regularly meets with the TDS Audit Committee.

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Pre-Approval Procedures

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

Review, Approval or Ratification of Transactions with Related Persons

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

Section 314.00 of the NYSE Listed Company Manual states that "Related party transactions normally include transactions between officers, directors, and principal shareholders and the company." In general, "related party transactions" would include transactions required to be disclosed in TDS' 2015 Proxy Statement pursuant to Item 404 of Regulation S-K of the SEC. Pursuant to Item 404, TDS is required to disclose any transaction, which includes any financial transaction, arrangement, or relationship (including any indebtedness or guarantee of indebtedness) or a series of transactions, that has taken place since the beginning of TDS' last fiscal year or any currently proposed transaction in which: (1) TDS was or is to be a participant, (2) the amount involved exceeds $120,000 and (3) any "related person" had or will have a direct or indirect material interest in the transaction during any part of the fiscal year. For this purpose, in general, the term "related person" includes any director or executive officer of TDS, any nominee for director, any beneficial owner of more than five percent of any class of TDS' voting securities and any "immediate family member" of such persons, within the meaning of Item 404.

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

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

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

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Compensation Committee

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

Under the Dodd-Frank Act, the SEC directed the NYSE to adopt listing standards prohibiting the listing of any equity security of an issuer that does not comply with specified listing requirements, including with respect to the independence of members of the compensation committee of the board of directors of such issuer, except that this provision of the Dodd-Frank Act expressly provides that it does not apply to an issuer that is a controlled company. In 2013, the NYSE adopted listing standards as required pursuant to such SEC direction. Although such listing standards are not applicable to TDS because it is a controlled company, the members of the Compensation Committee would qualify as independent under these listing standards of the NYSE. In particular, each member of the Compensation Committee is independent under the general NYSE listing standards as noted under "Director Independence and New York Stock Exchange Listing Standards" above, none of such members receives any compensation from the TDS Consolidated Group except permitted compensation for services as a TDS director and committee member, and none of such members is affiliated with the TDS Consolidated Group by reason of being an executive officer, or the beneficial owner of more than 10% of any class of voting equity security, of any member of the TDS Consolidated Group.

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

For these purposes, "executive officers" means all officers that are employees who are or will be identified in TDS' annual proxy statement as "executive officers," including the President and Chief Executive Officer of TDS Telecom and the President and Chief Executive Officer of U.S. Cellular, except that the compensation of the President and Chief Executive Officer of U.S. Cellular is established and administered by U.S. Cellular's chairman and long-term incentive compensation committee, as described in U.S. Cellular's 2015 proxy statement.

The Compensation Committee is comprised of at least two non-employee members of TDS' board of directors, each of whom is an "outside director" within the meaning of section 162(m) of the Internal Revenue Code of 1986, as amended, and a "Non-Employee Director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. As noted above, such members also qualify as independent under the rules of the NYSE. The members of the Compensation Committee are Herbert S. Wander (chairperson), George W. Off, Christopher D. O'Leary and Gary L. Sugarman. These persons do not have any compensation committee interlocks and are not related to any other directors.

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

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

The Compensation Committee does not approve director compensation. It is the view of the TDS board of directors that this should be the responsibility of the full board of directors. Only non-employee

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directors receive compensation in their capacity as directors and, as a result, the view of the TDS board of directors is that all directors should participate in such compensation decisions, rather than only some or all of the non-employee directors.

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

The Compensation Committee held five meetings during 2014.

Pricing Committee

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

Technology Advisory Group Committee

In March 2015, the board of directors established the Technology Advisory Group Committee of the board of directors, to consist of directors who will participate in the Technology Advisory Group. The members of the Technology Advisory Group Committee will consist of TDS' President and Chief Executive Officer, together with two non-management members of the board of directors. The purpose of the Technology Advisory Group is to review, monitor and inform the board of directors on technology matters, including spectrum, radio transmission, end user equipment, network technology, information technology, security, data storage, retrieval, and handling, and other matters relating to technology used or proposed to be used by TDS' business units and by their customers and by competitors of TDS' business units and by their customers, as well as developments and trends in the communications industry relating to technology. The Technology Advisory Group does not have authority to take action with respect to any technology matter, but serves solely in an informational and advisory role. The Technology Advisory Group Committee and the Technology Advisory Group will report to the board of directors.

Director Nomination Process

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

The charter of the Corporate Governance and Nominating Committee provides that the functions of such committee include the following: "Develop selection objectives and oversee the search for qualified individuals to serve on the Board, and recommend to the Board prospective nominees and the re-nomination of incumbent directors as it deems appropriate. As part of developing selection objectives, the Committee will consider, among other things, whether the Board has the right mix of experience, skills, backgrounds, diversity and other characteristics, and whether the Committee should recommend that candidates with additional desired experience, skills, backgrounds and characteristics be recruited and nominated for the Board."

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In 2013, the Corporate Governance and Nominating Committee established and since then follows a process relating to board refreshment and committee composition. Related to this:

- The Corporate Governance and Nominating Committee identifies and reviews the desired experience, skills, backgrounds, and characteristics of potential new board members.

- In its annual board assessment, the full board of directors also considers its composition and discusses expertise that may be needed in the future.

- In connection with the nominations of directors for election, the Corporate Governance and Nominating Committee and the full board of directors consider the tenure, qualifications and expertise of all of the incumbent directors.

- The Corporate Governance and Nominating Committee and the full board of directors also considers the appropriate composition of each of the committees of the board of directors on an annual basis.

Taking into account the above matters, as well as TDS' business and structure, the Corporate Governance and Nominating Committee recommended the appointment of, and the full board of directors appointed, David A. Wittwer to the TDS board of directors in August 2014, to fill the vacancy created by the retirement of Donald C. Nebergall, considering Mr. Wittwer's experience, qualifications, attributes and skills as described above under "Election of Directors." Also, taking into account the above matters, as well as TDS' business and structure, the Corporate Governance and Nominating Committee recommended the re-nomination of, and the full board of directors re-nominated, the directors identified above under "Election of Directors" for the reasons described above.

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

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

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

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(ii) such candidate has been convicted, including a plea of guilty or nolo contendere, of any felony, or of any misdemeanor involving moral turpitude.

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

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

Whether or not the Corporate Governance and Nominating Committee will recommend that the TDS board re-nominate, and the TDS board will re-nominate, existing directors for re-election depend on all facts and circumstances, including views on how the director has performed and is performing his or her duties. In the event of a vacancy on the board of a director elected by the holders of 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 holders of Common Shares, TDS may use various sources to identify potential candidates, including an executive search firm. In addition, the Corporate Governance and Nominating Committee may consider recommendations by shareholders that hold a significant number of Common Shares. Potential candidates are initially screened by the Corporate Governance and Nominating Committee and by other persons as the Corporate Governance and Nominating Committee designates. Following this process, the Corporate Governance and Nominating Committee will consider whether one or more candidates should be considered by the full board of directors. When appropriate, information about the candidate is presented to and discussed by the full board of directors.

All of the nominees approved by the TDS board for inclusion on TDS' proxy card for election at the 2015 Annual Meeting are incumbent directors and were recommended for re-nomination by the Corporate Governance and Nominating Committee.

From time to time, TDS may pay a fee to an executive search firm to identify potential candidates for election as directors. TDS did not pay a fee in 2014 or 2015 to any third party or parties to identify or evaluate or assist in identifying or evaluating potential new nominees for election as directors at the 2015 Annual Meeting.

Shareholder Engagement

The TDS board of directors and management value the views of our shareholders and are committed to doing what is in the best interests of all shareholders now and over the long term.

TDS has a long record of shareholder engagement. Quarterly, we conduct earnings conference calls both telephonically and by webcast to discuss financial results with shareholders. Also, senior management attends and all directors are encouraged to attend each Annual Meeting of Shareholders, and shareholders have the opportunity to make comments and ask questions at such meeting. We also

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regularly attend investor conferences and hold one-on-one meetings with shareholders and potential investors throughout the United States as well as overseas. In addition, we have telephonic calls from shareholders and analysts on a regular basis, review correspondence submitted by shareholders to management and/or the board of directors, and have discussions with proxy advisory services.

TDS also has an open door policy. If shareholders are in the Chicago area and would like to meet members of management, the Investor Relations team will try to accommodate them, calendars permitting.

We spend significant time meeting with our shareholders, listening to their concerns and responding to their feedback on company performance, corporate governance, executive compensation and other matters. TDS will continue to review and consider ideas that may create additional value. Members of our management team have also reached out to shareholders to get their suggestions.

In 2014, TDS intensified its efforts to engage our largest shareholders and implemented a more formal shareholder engagement program to proactively reach out to its largest shareholders. On December 17, 2014, TDS filed a presentation with the SEC to be provided to larger shareholders, as part of TDS' shareholder engagement program. TDS invited such shareholders to engage in a dialogue with TDS regarding corporate governance practices and other topics. These topics included TDS' capital allocation strategy, TDS' history of delivering value to shareholders through dividends and share repurchases, actions being taken by the TDS board of directors to improve performance, other actions taken by the board of directors, including engaging with shareholders and refreshing the board, TDS' compensation philosophy, TDS' board structure, the TDS Corporate Governance and Nominating Committee and its functions, shareholders' rights, TDS' capital structure, TDS' audit practices, information on board refreshment and tenure, and information on TDS' independent directors. Reference is made to the TDS presentation that was filed with the SEC under cover of Schedule 14A on December 17, 2014 for further information.

Our shareholder outreach efforts are not intended to occur only during the proxy season and our outreach continues outside of the proxy season. Our engagement team is led by our Vice President of Corporate Relations and Corporate Secretary and, depending on the particular engagement, may include independent directors of TDS, or executive officers of TDS, U.S. Cellular and/or TDS Telecom, including the Chairman, President/CEO and/or CFO of such entities. In addition, such engagement often includes LeRoy T. Carlson, Jr., who is President and CEO of TDS and Chairman of U.S. Cellular and TDS Telecom, as well as a director, a trustee of the Voting Trust that controls TDS and a beneficial owner of a significant equity interest in TDS.

Our shareholder engagement program will at all times be conducted in accordance with applicable law, including Regulation FD, and we do not share material non-public information with any shareholder, investor or analyst. Further, our shareholder engagement program in no way replaces or diminishes other ways in which shareholders can communicate with management or the board of directors.

Shareholders have multiple avenues to provide input. We provide our shareholders with the ability to voice their perspectives to management or the board of directors by mail or email, with an option to direct such communications to any individual director, a specific committee, all independent directors, all non-employee directors or all directors.

We encourage you to share your opinions, interests and concerns and invite you to write to us with your views and suggestions. Our company's Investor Relations department is the key point of contact for shareholder interaction with TDS, and shareholders are encouraged to call, write or email us with comments or questions. Shareholders may access information about TDS and obtain contact information through the Investor Relations section of our website, *www.tdsinc.com*. If you would like to communicate directly to our board of directors, please refer to the next section entitled "Shareholder Communication with Directors."

Shareholder Communication with Directors

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

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

Meetings of Non-Management and Independent Directors

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

TDS Policy on Attendance of Directors at Annual Meeting of Shareholders

All directors are invited and encouraged to attend each Annual Meeting of shareholders, which is normally followed by a meeting of the board of directors. In general, all directors attend each Annual Meeting of shareholders unless they are unable to do so due to unavoidable commitments or intervening events. All of the persons serving as directors at the time attended the 2014 annual meeting.

Stock Ownership Guidelines

The TDS Corporate Governance Guidelines provide that, within three years after the date on which a director first became a director and thereafter for so long as each director remains a director of TDS, each director shall own Series A Common Shares and/or Common Shares having a combined value of at least $165,000. The board of directors reviews this minimum ownership requirement periodically. The stock ownership guidelines are included in TDS' Corporate Governance Guidelines, which have been posted to TDS' website, *www.tdsinc.com*, under Corporate Governance Governance Guidelines.

Although TDS does not have stock ownership guidelines for executive officers, certain executive officers are directors and, therefore, are subject to the foregoing director stock ownership guidelines. In particular, the following executive officers are directors and therefore subject to such stock ownership guidelines: LeRoy T. Carlson, Jr., President and Chief Executive Officer of TDS; Kenneth R. Meyers, President and Chief Executive Officer of U.S. Cellular; and David A. Wittwer, President and Chief Executive Officer of TDS Telecommunications Corporation.

Code of Business Conduct and Ethics Applicable to Directors

As required by Section 303A.10 of the NYSE Listed Company Manual, TDS has adopted a Code of Business Conduct and Ethics for Officers and Directors. This code has been posted to TDS' website, *www.tdsinc.com*, under Corporate Governance Officer & Director Code of Conduct.

EXECUTIVE OFFICERS

The following executive officers of TDS were identified in the above tables regarding the election of directors: LeRoy T. Carlson, Jr., President and Chief Executive Officer of TDS; Kenneth R. Meyers, President and Chief Executive Officer of U.S. Cellular; and David A. Wittwer, President and Chief Executive Officer of TDS Telecommunications Corporation. In addition to the executive officers identified in the tables regarding the election of directors, set forth below is a table identifying current officers of TDS and its subsidiaries who are executive officers of TDS under SEC rules. Unless otherwise indicated, the position held is an office of TDS. The age of the following persons is as of the date of this 2015 Proxy Statement.

Name	*Age*	*Position*
Joseph R. Hanley	48	Senior Vice President Technology, Services and Strategy
Peter L. Sereda	56	Senior Vice President Finance and Treasurer
Douglas D. Shuma	54	Senior Vice President Finance and Chief Accounting Officer
Kurt B. Thaus	56	Senior Vice President and Chief Information Officer
Scott H. Williamson	64	Senior Vice President Acquisitions and Corporate Development
C. Theodore Herbert	79	Vice President Human Resources

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

Peter L. Sereda. Peter L. Sereda was appointed Senior Vice President Finance and Treasurer of TDS in 2011. Prior to that, Mr. Sereda was Vice President and Treasurer of TDS for more than five years. In September 2014, Mr. Sereda was appointed to the board of directors of U.S. Cellular.

Douglas D. Shuma. Douglas D. Shuma was appointed Senior Vice President Finance and Chief Accounting Officer in March 2015. Prior to that, he was the Senior Vice President and Controller since 2007. Pursuant to the TDS Bylaws, Mr. Shuma has been chief accounting officer of TDS since 2007 and has been the chief financial officer of TDS since 2013. Mr. Shuma was appointed Chief Accounting Officer of U.S. Cellular and TDS Telecom in 2011. Mr. Shuma is a Certified Public Accountant (inactive). In September 2014, Mr. Shuma was appointed to the board of directors of U.S. Cellular.

Kurt B. Thaus. Kurt B. Thaus has been the Senior Vice President and Chief Information Officer of TDS for more than five years. In September 2014, Mr. Thaus was appointed to the board of directors of U.S. Cellular.

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

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

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

Codes of Business Conduct and Ethics Applicable to Officers

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

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

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TDS intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to any of the foregoing codes, by posting such information to TDS' Internet website. Any waivers of any of the foregoing codes for directors or executive officers will be approved by TDS' board of directors or an authorized committee thereof, as applicable, and disclosed in a Form 8-K that is filed with the SEC within four business days of such waiver. There were no such waivers during 2014.

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PROPOSAL 2
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In Proposal 2, we are requesting shareholders to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015. This proposal gives our shareholders the opportunity to express their views on TDS' independent registered public accounting firm for the current fiscal year.

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

The board of directors unanimously recommends a vote **FOR** approval of the ratification of the selection of PricewaterhouseCoopers LLP as TDS' independent registered public accounting firm for the fiscal year ending December 31, 2015.

We anticipate continuing the services of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current year. Representatives of PricewaterhouseCoopers LLP, who served as our independent registered public accounting firm for the last fiscal year, are expected to be present at the 2015 Annual Meeting and will have the opportunity to make a statement and to respond to appropriate questions raised by shareholders at the 2015 Annual Meeting or submitted in writing prior thereto.

Is this vote binding on the board of directors?

This vote is an advisory vote only, and therefore it will not bind TDS, our board of directors or the Audit Committee. We are not required to obtain shareholder ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm by our Bylaws or otherwise. However, we have elected to seek such ratification by the affirmative vote of the holders of a majority of the votes which could be cast by shares present or represented by proxy at the 2015 Annual Meeting and entitled to vote with respect to such matter. Should the shareholders fail to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm, the Audit Committee will review whether to retain such firm for the fiscal year ending December 31, 2015.

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

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FEES PAID TO PRINCIPAL ACCOUNTANTS

The following sets forth the aggregate fees (including expenses) billed by TDS' principal accountants PricewaterhouseCoopers LLP for 2014 and 2013:

	2014	2013
Audit Fees(1)	$ 5,249,029	$ 5,963,042
Audit Related Fees(2)	582,461	336,316
Tax Fees(3)	22,500	16,650
All Other Fees(4)	85,737	1,281,513
Total Fees	$ 5,939,727	$ 7,597,521

(1) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for professional services rendered for the audit of the annual financial statements for the years 2014 and 2013 included in TDS' and U.S. Cellular's Forms 10-K for those years and the reviews of the financial statements included in TDS' and U.S. Cellular's Forms 10-Q for those years, including the attestation and report relating to internal control over financial reporting. Also includes fees for services that are normally incurred in connection with statutory and regulatory filings or engagements, such as comfort letters, statutory audits, attest services, consents, and review of documents filed with the SEC.

(2) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for assurance and related services that are reasonably related to the performance of the audit or review of TDS' and U.S. Cellular's financial statements that are not reported under Audit Fees. In 2014 and 2013, this amount represents fees billed for audits of subsidiaries, and also in 2014, for work related to TDS' and U.S. Cellular's preparation for the new revenue recognition pronouncement.

(3) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for 2014 and 2013 for tax compliance, tax advice, and tax planning, if any.

(4) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for services, other than services described in Notes (1), (2) and (3). In 2014 and 2013, the substantial majority of this amount represents Systems Implementation Assessment advisory work relating to U.S. Cellular's billing and operational support system (B/OSS) project. In both 2014 and 2013, this amount includes the fee for access to a virtual accounting research service.

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

AUDIT COMMITTEE REPORT

This report is submitted by the current members of the Audit Committee of the board of directors of TDS. The Audit Committee operates under a written charter adopted by the TDS board of directors, a copy of which is available on TDS' website, *www.tdsinc.com*, under Corporate Governance Board of Directors Board Committees & 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. TDS' independent registered public accounting firm is responsible for performing an independent audit of TDS' consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the "PCAOB") 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 2014. In these meetings, the Audit Committee reviewed and discussed the audited financial statements as of and for the year ended December 31, 2014. Management represented to the Audit Committee that TDS' consolidated financial statements were prepared in accordance with accounting principles generally

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accepted in the United States of America, and the Audit Committee 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 PCAOB Auditing Standard No. 16, Communications with Audit Committees, relating to information regarding the scope and results of the audit. The Audit Committee also received from PricewaterhouseCoopers LLP written disclosures and a letter regarding its independence as required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and this information was discussed with PricewaterhouseCoopers LLP.

Based on and in reliance upon these reviews and discussions, the Audit Committee recommended to the board of directors that the audited financial statements as of and for the year ended December 31, 2014 be included in TDS' Annual Report on Form 10-K for the year ended December 31, 2014.

In addition to the foregoing report required by SEC rules, the following represents supplemental information voluntarily disclosed by the Audit Committee:

The Audit Committee holds regularly scheduled meetings in person on a quarterly basis, and also holds quarterly meetings by teleconference to review and approve the financial results for the immediately preceding period. The Audit Committee reviews TDS' Quarterly and Annual Reports on Form 10-Q and Form 10-K, respectively, prior to filing with the SEC. The Audit Committee's agenda for meetings is established by the Audit Committee's chairperson and the TDS Vice President of Internal Audit.

During 2014, at each of its regularly scheduled meetings, the Audit Committee met with the senior members of TDS' financial management team. Additionally, the Audit Committee had separate private sessions, during its regularly scheduled meetings, with TDS management, TDS' Vice President of Internal Audit, TDS' General Counsel, and representatives of PricewaterhouseCoopers LLP, at which candid discussions regarding financial management, legal, accounting, auditing and internal control issues took place.

The Audit Committee is updated periodically on management's process to assess the adequacy of TDS' system of internal control over financial reporting, the framework used to make the assessment and management's conclusions on the effectiveness of TDS' internal control over financial reporting. The Audit Committee also discussed with PricewaterhouseCoopers LLP TDS' internal control assessment process, management's assessment with respect thereto and its evaluation of TDS' system of internal control over financial reporting.

The Audit Committee reviewed with senior members of management, including the Vice President of Internal Audit and General Counsel, TDS' policies and procedures with respect to risk assessment and risk management. The overall adequacy and effectiveness of TDS' legal, regulatory and ethical compliance programs, including TDS' Code of Business Conduct, were also reviewed.

The Audit Committee evaluates the performance of PricewaterhouseCoopers LLP, including the senior audit engagement team, each year and determines whether to reengage PricewaterhouseCoopers LLP or consider other audit firms. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the auditors, the auditors' capabilities and the auditors' technical expertise and knowledge of TDS' operations and industry. Based on this evaluation, the Audit Committee decided to engage PricewaterhouseCoopers LLP as TDS' independent registered public accountants for the year ending December 31, 2015, and reviewed with senior members of TDS' financial management team, PricewaterhouseCoopers LLP and the Vice President of Internal Audit, the overall audit scope and plans, the results of internal and external audit examinations, evaluations by management and PricewaterhouseCoopers LLP of TDS' internal controls over financial reporting and the quality of TDS' financial reporting. Although the Audit Committee has the sole authority to appoint the independent registered public accounting firm, TDS anticipates that it will continue to request shareholders to ratify the selection of the independent registered public accounting firm at annual meetings of shareholders. Proposal 2 in this 2015 Proxy Statement includes a proposal for consideration at the 2015 Annual Meeting requesting that shareholders ratify the selection of

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PricewaterhouseCoopers LLP as TDS' independent registered public accountants for the year ending December 31, 2015.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management and PricewaterhouseCoopers LLP the audited financial statements of TDS, including the quality, not just the acceptability, of the financial reporting, the reasonableness of significant accounting judgments and estimates, the clarity of disclosures in the financial statements, and the assessment of TDS' internal controls over financial reporting.

The Audit Committee considered and concluded that the provision of non-audit services by PricewaterhouseCoopers LLP to TDS during 2014 was compatible with their independence.

In performing all of these functions, the Audit Committee acts in an oversight capacity. In its oversight role, the Audit Committee relies on the work and assurances of TDS management, which has the primary responsibility for establishing and maintaining adequate internal control over financial reporting and for preparing the financial statements and other reports, and of PricewaterhouseCoopers LLP, who are engaged to audit and report on the consolidated financial statements of TDS and its subsidiaries and the effectiveness of TDS' internal control over financial reporting.

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

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

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PROPOSAL 3
ADVISORY VOTE ON EXECUTIVE COMPENSATION

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

In Proposal 3, we are providing shareholders with a vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this 2015 Proxy Statement pursuant to compensation disclosure rules set forth in Item 402 of Regulation S-K of the SEC (which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure). This vote is required to be submitted to shareholders pursuant to SEC rules adopted under provisions in the Dodd-Frank Act codified in Section 14A of the Securities Exchange Act of 1934, as amended. The advisory vote on executive compensation described in this proposal is commonly referred to as a "Say-on-Pay" vote.

TDS is required to request shareholders to vote, on an advisory basis, on the frequency of holding Say-on-Pay votes, commonly referred to as a "Say-on-Frequency" vote, at least once every six years. TDS held a Say-on-Frequency vote at the 2011 Annual Meeting. At that meeting, shareholders voted by a substantial majority to hold a Say-on-Pay vote every year. Based on the results of the Say-on-Frequency vote in 2011, the TDS board of directors adopted a policy to hold the Say-on-Pay vote every year, as was previously disclosed in TDS' Current Report on Form 8-K dated May 19, 2011. Accordingly, TDS is holding a Say-on-Pay vote every year unless and until this policy is changed. After the Say-on-Pay vote in 2015, the next Say-on-Pay vote will be held in 2016. TDS intends to next submit the Say-on-Frequency proposal to shareholders at the 2017 Annual Meeting.

This proposal gives our shareholders the opportunity to express their views on the overall compensation of our named executive officers and the philosophy, policies and practices described in this 2015 Proxy Statement.

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

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

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

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

Is this vote binding on the board of directors?

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

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

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

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EXECUTIVE AND DIRECTOR COMPENSATION

The following discussion and analysis of our compensation practices and related compensation information should be read in conjunction with the Summary Compensation Table and other tables included below, as well as our financial statements and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Compensation Discussion and Analysis

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

Executive Summary

TDS is a holding company, the primary business units of which are U.S. Cellular, which operates TDS' Wireless segment, and TDS Telecom, which operates TDS' Wireline, Hosted and Managed Services (HMS) and Cable segments. At December 31, 2014, U.S. Cellular served 4.8 million wireless customers and TDS Telecom served 1.2 million wireline and cable connections. U.S. Cellular accounted for approximately 80% of TDS' revenues in 2014, TDS Telecom accounted for approximately 19%, and other non-reportable segments accounted for less than 1%.

Compensation Philosophy and Objectives

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

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

Highlights of the TDS Compensation Programs

- We have a Compensation Committee, comprised solely of independent directors, that reviews and approves the salaries, bonuses and long-term compensation of executive officers (other than the President and Chief Executive Officer of U.S. Cellular, which compensation is approved by the U.S. Cellular's chairman and long-term incentive compensation committee).

- We designed our compensation programs to motivate executive officers to act in the long-term interest of TDS.

- Our executive officer compensation levels are based in part on competitive market compensation data supplied by our Compensation Committee's independent compensation consultant, Compensation Strategies, Inc., and by our compensation consultant, Towers Watson.

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

- We provide few perquisites ("perks") to our officers.

We believe our executive bonus program is appropriately balanced between company and individual performance.

The maximum amount of the bonus paid to officers related to company performance is 200% of the target opportunity allocated to company performance.

We endeavor to conform with generally accepted compensation practices as defined by leading proxy advisory firms. For example, incentive and long-term compensation depends in large part on

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company performance; options may not be repriced without shareholder approval; hedging by officers is prohibited; except in limited circumstances, our plans, awards and agreements do not include tax gross-ups; a change in control does not automatically trigger adjustments to awards under the 2011 Long-Term Incentive Plan; and TDS may seek to adjust or recover awards or payments if performance measures are restated or otherwise adjusted as described under "Clawback" below.

2014 Compensation

Our executive officers' 2014 compensation was comprised of a mix of base salary, annual cash bonuses and equity-based, long-term incentive awards.

When setting 2014 base salaries, our Compensation Committee considered the competitive market compensation data supplied by compensation consultants, the executives' personal accomplishments and their overall contribution to the success of the organization. Please refer to a description of each named executive officer's base salary under "Compensation Discussion and Analysis Annual Cash Compensation Base Salary".

For bonuses for 2014 performance paid in 2015, the performance weighting was based 40% on individual performance and 60% on consolidated company performance (subject to possible adjustment for specified officers by the Compensation Committee). We determined that the company performance portion of the bonus for 2014 performance would be paid at 94.5% of the target. Please refer to a description of TDS' performance under "Compensation Discussion and Analysis Company Performance" and a description of each named executive officer's bonus under "Compensation Discussion and Analysis Annual Cash Compensation Bonus".

Long-term equity compensation awards to executive officers in 2014 were based, in part, on company and individual performance, with the intended goal of increasing long-term company performance and shareholder value. Stock options, restricted stock units and bonus match units generally vest over several years, to reflect the goal of relating long-term executive compensation to increases in shareholder value over the same period. Please refer to the description of each named executive officer's 2014 long-term equity compensation awards under "Compensation Discussion and Analysis Long-Term Equity Compensation".

Corporate Governance

TDS endeavors to follow good corporate governance practices and other best practices. For instance, TDS has established a fully independent Compensation Committee, even though it is not required to do so under law, SEC regulations or NYSE listing requirements because it is a controlled company. Good corporate governance is an important consideration to the Compensation Committee. TDS' commitment to good corporate governance has been recognized by *Forbes*, which has published a list of the *Most Trustworthy* companies since 2007. TDS was one of only 100 companies to be named *Most Trustworthy* in each of 2009, 2010 and 2012, and TDS' controlled subsidiary, U.S. Cellular, was one of only 100 companies named *Most Trustworthy* in 2014. Forbes used *Governance Metrics International (*or its predecessor *Audit Integrity*) to analyze more than 8,000 companies before selecting the top 100. Additional information relating to TDS' good corporate governance practices and other best practices is set forth below under "Corporate Governance and Best Practices."

Unrealized Components of Compensation

The compensation reported under "Stock Awards" and "Option Awards" in the Summary Compensation Table represents grant date values as required by SEC rules, and does not represent currently realized or realizable compensation. The named executive officers will not realize cash from such awards unless and until any stock awards are vested and the shares received upon vesting are sold for cash, or unless and until any stock options become exercisable, are exercised and the shares received upon exercise are sold for cash There is no assurance that this will occur. In general, awards are subject to a risk of forfeiture and the options will expire if not exercised during their term, which may occur if the stock price does not appreciate and/or remain above the exercise price during the option's term. The compensation actually realized by a named executive officer may be more or less than the amount reported in the Summary Compensation Table below depending on the performance of the TDS stock price. With respect to 2014, the amount of compensation realized by each named executive officer can be approximated by (i) deducting from the "Total" in the 2014 Summary Compensation Table the amounts reported in the "Stock Awards" and "Option Awards" columns for such officer, and (ii) adding the values realized in 2014 by such officer from the 2014 Option Exercises and Stock Vested table below. However, other unrealized components of compensation also may be included in the Summary Compensation Table, such as retirement plan contributions that are subject to a vesting schedule.

Say-on-Pay Vote

SEC rules require TDS to disclose whether and, if so, how it considered the results of the most recent Say-on-Pay vote in determining compensation policies and decisions and, if so, how that consideration has affected its executive compensation decisions and policies.

Responsive to the foregoing requirement, the Compensation Committee considered the fact that over 85% of the votes represented at the 2014 annual meeting that could be cast were cast FOR the Say-on-Pay proposal with respect to 2013 named executive officer compensation, as disclosed in TDS' 2014 proxy statement. Because of the substantial support from shareholders in 2014, the Compensation Committee did not make any changes to TDS' executive compensation policies and decisions with respect to 2014 executive compensation as a result of the Say-on-Pay vote in 2014. (However, as described in "Changes to Compensation Policies" hereafter, certain changes were made to the 2014 executive compensation programs unrelated to the Say-on-Pay vote.) The Compensation Committee will continue to consider the results of the annual Say-on-Pay votes in their future compensation policies and decisions.

Changes to Compensation Policies

Our Compensation Committee, with the advice of its independent compensation consultant, worked with management to make changes to the executive compensation program for 2014 to seek to better align cash bonuses with the consolidated performance of TDS. For bonuses for 2014 performance paid in 2015, the performance measures and weightings used to determine 60% of the bonus included the following: consolidated operating revenue growth (40%), consolidated adjusted income before income taxes (30%), and consolidated simple free cash flow (30%). In comparison, the company performance component of bonuses for 2013 performance paid in 2014 was based on the following performance measures and weightings: consolidated operating revenues (40%), consolidated adjusted income before income taxes (35%), and consolidated capital spending (25%).

Overview

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

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

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

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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 and U.S. Cellular. The compensation of the President and CEO of U.S. Cellular is established and administered by U.S. Cellular's chairman and long-term incentive compensation committee, as described in the proxy statement of U.S. Cellular relating to its 2015 annual meeting.

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

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

Corporate Governance and Best Practices

As noted above, TDS' commitment to good corporate governance has been recognized by *Forbes*, which has published a list of the *Most Trustworthy* companies since 2007. TDS was one of only 100 companies to be named *Most Trustworthy* in each of 2009, 2010 and 2012, and TDS' controlled subsidiary, U.S. Cellular, was one of only 100 companies named *Most Trustworthy* in 2014. Forbes used *Governance Metrics International* or its predecessor *Audit Integrity* ("GMI"), to analyze more than 8,000 companies before selecting the top 100. For 2012, TDS had an accounting and governance risk score of 98 out of 100. GMI states that its quantitative and qualitative analysis looks beyond the raw data on companies' income statements and balance sheets to assess the true quality of corporate accounting and management practices. GMI finds that its 100 Most Trustworthy Companies have consistently demonstrated transparent and conservative accounting practices and solid corporate governance and management. GMI indicates that its evaluation identifies companies with good housekeeping practices that do not have unusual or excessive executive compensation, high levels of management turnover, substantial insider trading relative to their corporate peers, or high levels of short-term executive compensation, which it believes encourages management to focus on short-term results.

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

(a) Six, or 50%, of the TDS directors are independent, even though, as a controlled company, TDS is not required to have more than three independent directors.

(b) All directors are elected annually.

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

(d) TDS has established a Corporate Governance and Nominating Committee even though, as a controlled company, TDS is not required to do so.

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

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

(g) The TDS Audit Committee, which is comprised entirely of independent directors, operates under a formal charter and in a manner that is intended to reflect good corporate governance and other best practices.

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(h) TDS has established a Compensation Committee comprised solely of independent directors even though, as a controlled company, TDS is not required to do so.

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

(j) The charter of each of the Corporate Governance and Nominating Committee, Audit Committee and Compensation Committee provides that each such committee has the authority to engage advisors, the fees of which are paid by TDS.

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

(l) The Compensation Committee uses market compensation information supplied by Compensation Strategies as a market check of Towers Watson data in making executive officer compensation decisions.

(m) In 2013, the Corporate Governance and Nominating Committee established and since then follows a process relating to board refreshment and committee composition, as described above under "Director Nomination Process."

(n) In 2014, TDS enhanced and implemented a more formal shareholder engagement program, as described above under "Shareholder Engagement."

(o) TDS holds an annual "Say-on-Pay" vote.

(p) Executive sessions are held with only independent directors present.

(q) TDS has a policy prohibiting pledging and hedging of company shares.

(r) The TDS Charter and Bylaws can be amended by a simple majority vote.

In addition to being comprised solely of independent directors, the members of the Compensation Committee are highly experienced and eminently qualified: George W. Off, former chief executive officer and chairman of Checkpoint Systems, Inc. and of Catalina Marketing Corporation, has substantial experience as the principal executive officer of public companies; Christopher D. O'Leary, currently executive vice president and chief operating officer international of General Mills, Inc., has many years of significant experience in senior management of large businesses with a large number of employees, and is also a member of the Organizational Development & Compensation Committee of Newell Rubbermaid (NYSE: NWL); Gary L. Sugarman, formerly executive chairman of FXecosystem, Inc., managing member of Richfield Capital Partners and principal of Richfield Associates, Inc., has substantial experience in management, acquisitions and business development of telecommunications companies; and Herbert S. Wander (chairperson) is of counsel at Katten Muchin Rosenman LLP (following over 30 years as a partner at that firm) with a national reputation as a corporate and acquisitions lawyer and as a corporate governance expert.

Objectives and Reward Structure of TDS' Compensation Programs

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

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

- support TDS' overall business strategy and objectives;
- attract and retain high quality management;

link individual compensation with attainment of individual performance goals and with attainment of business unit and TDS objectives; and

provide competitive compensation opportunities consistent with the financial performance of TDS.

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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 consolidated operating revenue growth, consolidated adjusted income before income taxes, and consolidated simple free cash flow. Operating units of TDS may have somewhat different primary financial measures. TDS' compensation policies for executive officers are designed to reward the achievement of such corporate performance goals. However, there is no strict relationship between elements of compensation or total compensation and such measures of performance. Instead, compensation decisions are made subjectively by the Compensation Committee, considering certain performance measures, as well as all other appropriate facts and circumstances.

Each element of compensation and the total compensation of the named executive officers are determined on the basis of the Compensation Committee's analysis of multiple factors rather than solely on specific measures of performance. The Compensation Committee does not rely solely 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 named executive 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 degree of attainment of those objectives, and sets the elements of compensation for the President and CEO of TDS based on such performance evaluation and compensation principles, as discussed below.

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

Elements of Compensation

This section discusses, with respect to the officers identified in the Summary Compensation Table, (i) each element of compensation paid to such officers, (ii) why TDS chooses to pay each element of compensation, (iii) how TDS determines the amount or formula for each element of compensation, 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 the named executive officers is as follows:

- Annual Cash Compensation
  - o Salary
  - o Bonus
- Equity Compensation pursuant to Long-Term Incentive Plans
  - o Stock Awards
    - Bonus Match Unit Awards
    - Restricted Stock Unit Awards
  - o

Stock Options

- Other Benefits and Plans Available to Named Executive Officers
  - Deferred Compensation

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- Supplemental Executive Retirement Plan ("SERP")
- Perquisites

• Other Generally Applicable Benefits and Plans

- Tax-Deferred Savings Plan
- Pension Plan
- Post-Retirement Welfare Benefits
- Welfare Benefits during Employment

TDS has chosen to pay or provide these elements of compensation after considering common compensation practices of peers and other companies with similar characteristics, in order to support TDS' overall business strategy and objectives. TDS recognizes that it must compensate its executive officers in a competitive manner. Executive compensation is intended to provide, in the judgment of the Compensation Committee, an appropriate balance between the long-term and short-term performance of TDS, and also a balance between TDS' financial performance and shareholder return.

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

As noted above, the elements of executive compensation include 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 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 primarily provided through the grant of stock options and restricted stock units.

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

In addition, the Compensation Committee determines annually each executive officer's bonus, taking into consideration: (1) the executive officer's performance during the preceding year, including contributions to TDS and its business units, and achievement of individual objectives, (2) TDS' and its business units' performance during the year compared to plan and compared with that of similar companies, (3) the achievement of important corporate and business unit objectives for the year, (4) the recommendation of the President and CEO (with respect to executive officers other than the President and CEO) and (5) such other facts and circumstances as the Compensation 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: TDS' status as a public company and a controlled company; the publicly-available market cash compensation information of TDS' publicly-held

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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; and TDS' primary financial focus of increasing long-term shareholder value through growth. Additional facts and circumstances considered with respect to the named executive officers are discussed below in the discussion relating to each such officer.

The Compensation Committee also determines long-term equity compensation awards to the named executive officers (other than the President and CEO of U.S. Cellular) under the TDS long-term incentive plans, which include options, restricted stock units and bonus match units, as discussed below. Grants of options, restricted stock units and bonus match units by TDS to the President and CEO and the other executive officers are generally made to all such officers at the same time in a particular year. In 2014, options and restricted stock units were granted on May 16, 2014. Bonus match units were granted on March 14, 2014 (the date that the related bonus was determined). TDS may also make grants of equity awards during other times of the year as it deems appropriate. All option, restricted stock unit and bonus match unit awards are expensed over the applicable vesting periods.

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

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

Risks Relating to Compensation to Executive Officers

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

Compensation Consultant

Towers Watson is TDS management's primary compensation consultant. Towers Watson is engaged by TDS management who provides from time to time to the Compensation Committee various materials provided to TDS by Towers Watson as described below. Towers Watson also provides compensation consulting and other services to TDS' subsidiary, U.S. Cellular, which are described in the U.S. Cellular 2015 proxy statement. The TDS Compensation Committee has no involvement in such consulting or other services provided to U.S. Cellular.

As required by SEC rules, the following discloses the role of Towers Watson in determining or recommending the amount or form of executive officer compensation, the nature and scope of the assignment, and the material elements of the instructions or directions given to Towers Watson with respect to the performance of its duties under its engagement: Towers Watson provides external market compensation data to TDS from its executive compensation survey database. See "Benchmarking/Market Compensation Data" below. Towers Watson also performs other services for TDS, which may include consulting on TDS compensation plans.

The Compensation Committee's charter provides that the Compensation 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 Compensation Committee, as well as ordinary administrative expenses of the Compensation Committee that are necessary or appropriate in carrying out its duties. Pursuant to such

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authority, since 2008, the Compensation Committee has retained and obtained the advice of Compensation Strategies, Inc., a provider of executive compensation consulting services. TDS management has no role in the engagement of Compensation Strategies and Compensation Strategies does not provide any services to TDS or its affiliates other than its services to the Compensation Committee.

As required by SEC rules, the following discloses the role of Compensation Strategies in determining or recommending the amount or form of executive officer compensation, the nature and scope of the assignment, and the material elements of the instructions or directions given to Compensation Strategies with respect to the performance of its duties under its engagement: Compensation Strategies reviews TDS' various compensation elements and programs and provides independent analysis and advice to the Compensation Committee for the purpose of evaluating such elements and programs. As discussed below under "Benchmarking/Market Compensation Data", Compensation Strategies conducted a competitive review of compensation levels of TDS executive officers in 2014 as a cross-check to the information provided by Towers Watson. In 2014, Compensation Strategies also provided advice to the Compensation Committee relating to changes to the bonus program discussed above and advice on other elements of compensation.

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Compensation Consultant Conflicts of Interest

With regard to each of Towers Watson and Compensation Strategies, the Compensation Committee considered if their work raised any conflict of interest.

The following identifies considerations by the Compensation Committee in evaluating whether the work of Towers Watson or Compensation Strategies in 2014 raised any conflict of interest, based on factors identified in Rule 10C-1 under the Securities Exchange Act of 1934, as amended. The following was prepared in consultation with and based on representations of Towers Watson and Compensation Strategies.

FACTOR	***TOWERS WATSON***	***COMPENSATION STRATEGIES***
1. The provision of other services to the issuer by the person that employs the compensation consultant.	1. The Compensation Committee does not believe the market compensation data provided by Towers Watson to TDS management who furnishes this information to the Compensation Committee, or the other services of Towers Watson to TDS management, raise a potential conflict of interest, but if they did, it has been addressed by the Compensation Committee by retaining and obtaining the advice of an independent compensation consultant, Compensation Strategies.	1. Neither Compensation Strategies nor its affiliates provided any services to TDS or its affiliates or to the Compensation Committee in 2014 other than the services to the Compensation Committee described above under "Compensation Consultant".
2. The amount of fees received from the issuer by the person that employs the compensation consultant as a percentage of the total revenue of the person that employs the compensation consultant.	2. In its most recent 10-K Annual Report filed on August 14, 2014, Towers Watson disclosed that no single client accounted for more than 1% of its consolidated revenues for any of its most recent three fiscal years.	2. Although the amount of fees received from TDS by Compensation Strategies is a more significant component of its revenue than the fees received from TDS by Towers Watson, this is not considered to be a significant concern because Compensation Strategies is not dependent on fees from TDS. Also, Compensation Strategies is engaged by the Compensation Committee for independent advice with respect to compensation to TDS management, and is not engaged by and has no dependence on engagements from TDS management.
3. The policies and procedures of the person that employs the compensation consultant that are designed to prevent conflicts of interest.	3. The policies and procedures of Towers Watson, including the policies and procedures relating to the six factors set forth in this table, are designed to prevent conflicts of interest.	3. The policies and procedures of Compensation Strategies, including the policies and procedures relating to the six factors set forth in this table, are designed to prevent conflicts of interest.

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FACTOR	*TOWERS WATSON*	*COMPENSATION STRATEGIES*
4. Any business or personal relationships of the compensation consultant with a member of the compensation committee.	4. Towers Watson is not aware of any business or personal relationships of Towers Watson or its representatives providing compensation consulting services to TDS (or their immediate family members) with any member of the Compensation Committee, except the business relationship arising from the compensation consulting and other services provided to TDS by Towers Watson, as disclosed in this 2015 Proxy Statement (and the compensation consulting and other services provided to U.S. Cellular by Towers Watson, as disclosed in the U.S. Cellular 2015 proxy statement).	4. There are no business or personal relationships of Compensation Strategies or its representatives providing compensation consulting services to TDS (or their immediate family members) with any member of the Compensation Committee, except the business relationship arising from the compensation consulting services provided to TDS by Compensation Strategies, as disclosed in this 2015 Proxy Statement.
5. Any stock of the issuer owned by the compensation consultant.	5. No regular member of the Towers Watson executive compensation team serving TDS (or U.S. Cellular) owns any stock of TDS or U.S. Cellular, other than perhaps investments in mutual funds or other funds that may contain TDS or U.S. Cellular stock as a component investment and which are managed without the member's input.	5. Stock of TDS (or U.S. Cellular) is not owned by Compensation Strategies or its representatives providing compensation consulting services to TDS (or their immediate family members).
6. Any business or personal relationships between the executive officers of the issuer and the compensation adviser or the person employing the adviser.	6. Towers Watson is not aware of any business or personal relationships between any executive officers of TDS, and Towers Watson or its representatives providing compensation consulting services to TDS (or their immediate family members), except the business relationship arising from the compensation consulting and other services provided to TDS by Towers Watson, as disclosed in this 2015 Proxy Statement (and the compensation consulting and other services provided to U.S. Cellular by Towers Watson, as disclosed in the U.S. Cellular 2015 proxy statement).	6. There are no business or personal relationships between any executive officers of TDS, and Compensation Strategies or its representatives providing compensation consulting services to TDS (or their immediate family members), except the business relationship arising from the compensation consulting services provided to TDS by Compensation Strategies, as disclosed in this 2015 Proxy Statement.

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Although the independence rules of Section 303.05 of the NYSE Listed Company Manual are not applicable to TDS because it is a controlled company, the Compensation Committee believes that Compensation Strategies would nonetheless satisfy the independence requirements of such rules if they were applicable, based on the above criteria.

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

Benchmarking/Market Compensation Data

TDS does not engage in "benchmarking" as defined by the SEC, which would entail using compensation data about other companies as a reference point either wholly or in part to base, justify or provide a framework for a compensation decision. Although TDS does obtain, review and consider a broad-based third-party survey of market compensation data from Towers Watson, this is used more generally as described below.

In addition, the Compensation Committee obtains peer group information from its independent compensation consultant, Compensation Strategies. In particular, with respect to 2014, Compensation Strategies provided market data for a peer group for purposes of a competitive review of compensation levels of TDS' executive officers. This was done as a cross-check against the information provided by Towers Watson in connection with the approval of 2014 compensation, as described below.

Market compensation data is obtained from the Towers Watson Executive Compensation Database. For compensation decisions in 2014, data was obtained from the 2013 database, which contained data for over 750 companies that represented a diverse range of companies across all industries, including companies from the telecommunications, retail, financial, electronics, pharmaceutical, manufacturing and consumer products sectors. This database was used to identify the ranges of annual cash compensation considered to be appropriate for the named executive officers, as discussed below. This database also was used in evaluating the equity compensation awards of the named executive officers, as discussed below. TDS believes this approach provides a reasonably accurate reflection of the competitive market for such elements of compensation necessary to retain current executives and attract future executives to positions at TDS. In addition, TDS believes this methodology is more statistically valid than solely benchmarking these elements of compensation to the limited number of companies in the peer group used for the "Stock Performance Graph" that is included in the TDS Annual Report to shareholders, as discussed below.

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

As a cross-check of 2014 compensation, Compensation Strategies created an industry peer group that consisted of the following 19 publicly-traded companies: Cablevision Systems Corporation, CenturyLink, Charter Communications, Cincinnati Bell, Crown Castle International, DISH Network Corporation, Earthlink, Equinix, Fairpoint Communications, Frontier Communications, Harris Corp., IDT Corp., Level 3 Communications, NII Holdings, Rackspace Hosting, SBA Communications, tw telecom, Vonage Holdings and Windstream. These companies were included in this analysis because they are companies somewhat similar in size to TDS in similar industries. Compared to the group used for the cross-check of 2013 compensation, this peer group was revised to remove Leap Wireless International due to its acquisition in early 2014.

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

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TDS selected the Dow Jones U.S. Telecommunications Index, a published industry index, as its peer group for the Stock Performance Graph in the 2014 Annual Report. As of December 31, 2013, the Dow Jones U.S. Telecommunications Index had been composed of the following companies: AboveNet, American Tower (Class A), AT&T, CenturyLink, Cincinnati Bell, Crown Castle International, Frontier Communications, Leap Wireless International, Leucadia National, Level 3 Communications, MetroPCS Communications, NII Holdings, SBA Communications Corp., Sprint Corp., Telephone and Data Systems, tw telecom (Class A), U.S. Cellular, Verizon Communications, Virgin Media and Windstream. As of December 31, 2014, Dow Jones deleted AboveNet, American Tower (Class A), Cincinnati Bell, Crown Castle International, Leap Wireless International, Leucadia National, MetroPCS Communications, NII Holdings, tw telecom (Class A), U.S. Cellular and Virgin Media from this index and added T-Mobile USA to this index.

Company Performance

On a weighted basis, U.S. Cellular achieved 94.1% of its targets which produced a payout of 89.4% of target for the company performance portion of its 2014 executive bonus plan, as disclosed in the U.S. Cellular 2015 proxy statement. The TDS Telecom company performance for purposes of its 2014 bonus plan was determined to be 125.3% of target, as disclosed in TDS' Current Report on Form 8-K dated March 13, 2015. As discussed above, for bonuses relating to 2014 performance paid in 2015, TDS company performance was based on consolidated results of TDS. The TDS consolidated company performance for purposes of its 2014 bonus paid in 2015 was determined to be 94.5% of target.

For 2014, the TDS consolidated company performance was based on the following three metrics with the following weights: consolidated operating revenue growth (40%), consolidated adjusted income before income taxes (30%), and consolidated simple free cash flow (30%).

The forgoing reflects changes from the prior year as described and for the reasons discussed under "Changes to Compensation Policies" above.

The following shows TDS' calculation of consolidated company performance with respect to 2014. The below amounts are based on the performance metrics established specifically for bonus purposes and may not agree with TDS' financial statements, which are based on accounting principles generally accepted in the United States of America ("GAAP"), or with other publicly disclosed measures. As compared to GAAP, the below bonus results and targets are adjusted for amounts relating to items such as acquisitions and divestitures and other non-operating or non-core amounts (the "Bonus Metric Amounts"). The below bonus results and targets are intended to reflect the regular operating results over which TDS officers have significant influence.

Performance Measures	*Final Bonus Results for 2014*	*Final Target for 2014*	*Bonus Results as a % of Target*	*Minimum Threshold Performance (as a % of Target)*	*Maximum Performance (as a % of Target)*	*Interpolated % of Target Bonus Earned (if within Minimum and Maximum Range)*	*Weight*	*Weighted Avg % of Target Bonus*
Consolidated Operating Revenue Growth(1)	2.1%	6.4%	33.1%	16%	184%	60.3%	40%	24.1%
Consolidated Adjusted Income before Income Taxes(2)	$746 million	$794 million	94.0%	85%	115%	80.1%	30%	24.1%
Consolidated Simple Free Cash Flow(3)	$(10) million	$(64) million	15.1%	256%	(56)%	154.4%	30%	46.3%
Overall Company Performance							100%	94.5%

(1) Consolidated Operating Revenue Growth is based on consolidated "Operating revenues" excluding U.S. Cellular "Equipment sales revenues," and including only core markets for U.S. Cellular, as adjusted for the Bonus Metric Amounts.

(2) Consolidated Adjusted Income before Income Taxes represents consolidated "Adjusted income before income taxes" as set forth in Note 19 Business Segment Information, in the notes to the consolidated financial statements included in the accompanying Annual Report to Shareholders for the year ended December 31, 2014, which is also included as Exhibit 13 to the TDS Annual Report on Form 10-K for the year ended December 31, 2014, as adjusted for the Bonus Metric Amounts.

(3) Consolidated Simple Free Cash Flow represents consolidated "Adjusted Income before Income Taxes," less capital expenditures excluding capitalized interest, as adjusted for the Bonus Metric Amounts.

If a metric does not meet the minimum threshold performance level, no bonus will be paid with respect to such metric. If maximum performance or greater is achieved, 200% of the bonus opportunity

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for that metric will be funded. As shown above, the minimum threshold was achieved with respect to all of the three metrics, but performance was less than maximum performance in each case. As a result, the payout level was interpolated as indicated above based on the formula included in the TDS bonus plan.

In accordance with this methodology, the overall percentage deemed to have been achieved by TDS for company performance with respect to 2014 was 94.5%.

Personal Objectives and Performance

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

The following summarizes the TDS corporate objectives and accomplishments applicable to the TDS President and CEO and all other TDS corporate executive officers in 2014. In addition to achieving overall TDS performance for 2014 of 94.5% of target as discussed above, TDS took actions in furtherance of the following objectives: (i) supporting the development of strategies to achieve performance in line with TDS' portfolio strategy or evaluating alternatives; (ii) working with the business units to formulate effective business strategies; (iii) assessing the integrated service/solution provider approach; (iv) finding and evaluating attractive additional growth opportunities; (v) helping the business units identify and realize additional cost savings and cost efficiencies; (vi) developing and, as appropriate, executing financing strategies for growth initiatives of HMS and cable/broadband while minimizing financing and other risk; (vii) working with U.S. Cellular to maximize the value of its non-strategic spectrum and tower assets; (viii) working with U.S. Cellular and the FCC to obtain favorable rules spectrum auctions; (ix) working with TDS Telecom to select and implement an IP video platform; (x) evaluating U.S. Cellular's VoLTE trial results and developing plans to roll out VoLTE; (xi) assisting TDS Telecom in sourcing, evaluating and acquiring attractive cable/broadband companies; and (xii) developing and communicating a strategy related to shareholder friendly transactions, taking into account the funding needs and corporate strategy of the enterprise and the impact on medium and long term share value.

The following shows certain considerations relating to compensation paid by TDS in or with respect to 2014:

	LeRoy T. Carlson, Jr.	***Kenneth R. Meyers***	***Douglas D. Shuma***	***Scott H. Williamson***	***David A. Wittwer***
Position at TDS	Director and President and CEO	Director and Executive Officer	Senior Vice President Finance and Chief Accounting Officer (chief financial officer and chief accounting officer)	Senior Vice President Acquisitions and Corporate Development	Director and Executive Officer
Position at U.S. Cellular	Director and Chairman	Director and President and CEO	Director and Chief Accounting Officer	N/A	N/A
Position at TDS Telecom	Director and Chairman	N/A	Director and Chief Accounting Officer	N/A	Director and President and CEO
Year Appointed to Current Officer Title	1981 (President) and 1986 (CEO)	2013	2015	1998	2006
Year First Involved with TDS or its Subsidiaries as	1968	1987	2007	1995	1983

Director or Employee					
Primary Responsibilities for 2014	Primary responsibility for operations and performance of TDS and subsidiaries as TDS CEO	Primary responsibility for operations and performance of U.S. Cellular as its CEO	Primary responsibility for accounting policies and for financial affairs of TDS	Primary responsibility for acquisitions and corporate development of TDS and subsidiaries	Primary responsibility for operations and performance of TDS Telecom as its CEO

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Meyers Letter Agreement

U.S. Cellular and Kenneth R. Meyers are parties to a letter agreement dated July 25, 2013 relating to his appointment as President and CEO effective June 22, 2013 (the "Meyers Letter Agreement"). The Meyers Letter Agreement provided for Mr. Meyers' cash compensation and equity awards for 2013, and includes provisions relating to annual equity awards in subsequent years, cash reimbursements or payments with respect to retiree medical/life insurance benefits and a related tax gross-up, and severance (pursuant to which Mr. Meyers would be entitled to his then current annual base salary in the event that U.S. Cellular terminates Mr. Meyers' employment involuntarily without cause prior to June 22, 2019). See Footnote (2) to the Summary Compensation Table below for further details.

Annual Cash Compensation

Annual cash compensation decisions, consisting of base salary for the current year and bonus based on performance, are generally made concurrently by the Compensation Committee each year for each of the named executive officers (other than the President and CEO of U.S. Cellular, whose compensation is not determined by the Compensation Committee).

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 principal business units, if available, chief financial officers and other officers with responsibilities comparable to the TDS named executive officers, as reported in the survey data discussed above and the proxy statements of other companies. The Compensation Committee also considers recommendations from the President and CEO of TDS regarding compensation for the named executive officers other than himself, each of which reports directly to him. The TDS Vice President Human Resources prepares for the Compensation Committee an analysis of compensation paid to similar executive officers of other comparable companies. See "Benchmarking/Market Compensation Data" above.

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

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

The Compensation Committee uses these sources and makes the determination of appropriate elements of compensation and ranges for such elements for such named executive officers based on its informed judgment, using the information provided to it by the Vice President Human Resources, including information from Towers Watson, and information from its independent compensation consultant, Compensation Strategies. The Compensation Committee also has access to numerous performance measures and financial statistics prepared by TDS. This financial information includes the audited financial statements of TDS, as well as internal financial reports such as budgets and actual results, operating statistics and other analyses. The Compensation Committee may also consider such other factors as it deems appropriate in making its compensation decisions.

The elements of compensation and ranges for such elements are not based on any formal analysis. No specific measures of performance or factors are considered determinative in the compensation of executive officers. Instead, various facts and circumstances are taken into consideration by the Compensation Committee. Ultimately, it is the informed judgment of the Compensation Committee, after reviewing all the facts and circumstances, that determines the elements of compensation and total compensation for the executive officers.

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Base Salary

The base salary 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," in the Summary Compensation Table includes the dollar value of base salary (cash and non-cash) earned by the named executive officers during 2014, 2013 and 2012, whether or not paid in such year.

The following shows certain information relating to the rate of base salary in 2014 compared to 2013 for the named executive officers.

	LeRoy T. Carlson, Jr.	Douglas D. Shuma	Scott H. Williamson	David A. Wittwer
2013 Base Salary	$ 1,352,700	$ 353,900	$ 627,500	$ 568,000
2014 Base Salary effective 1/1/14	$ 1,352,700	$ 353,900	$ 627,500	$ 587,000
2014 Base Salary as revised effective 7/1/14	N/A	$ 402,000	N/A	N/A
$ Change in 2014	$	$ 48,100	$	$ 19,000
% Change in 2014	%	13.6%	%	3.3%

The increase to Mr. Shuma's base salary was to reflect his performance and his increased responsibilities.

The TDS Compensation Committee reviews the base salary and bonus of the executive officers on an aggregate basis as described below under "Total Cash Compensation."

Bonus

TDS established the 2014 Officer Bonus Program for awarding bonuses to certain officers. This bonus program covered all TDS officers other than the President and CEO of TDS and the Chairman Emeritus of TDS. This program was filed by TDS as Exhibit 10.14 to TDS' Form 10-K for the year ended December 31, 2014. For bonuses relating to 2014 performance that were paid in 2015, in general, 40% of an officer's target bonus was based on the officer's individual performance and the remaining 60% was based on company performance (utilizing the weightings and metrics described above under "Company Performance"). The maximum amount of the bonus based on either company or individual performance could not exceed 200% of the target bonus related to such performance.

The program provided that the TDS Telecom President and CEO would have the same company and individual performance weightings as the other TDS executive officers, provided that in such case the company performance was to be based on TDS Telecom's performance rather than TDS' consolidated performance. However, the amount of the bonus payable to the TDS Telecom President and CEO was not formulaic and was based on TDS Telecom's bonus plan, TDS Telecom metrics and various other performance measures in the discretion of the TDS President and CEO and the TDS Compensation Committee.

In addition, TDS has established performance guidelines and procedures for awarding bonuses to the President and CEO of TDS. These guidelines and procedures were filed by TDS as Exhibit 10.2 to TDS' Form 8-K dated November 19, 2008, and an amendment to such guidelines and procedures was filed by TDS as Exhibit 10.1 to TDS' Form 8-K dated November 18, 2009. These guidelines and procedures provide that the Compensation Committee in its sole discretion determines whether an annual bonus will be payable to the President and CEO of TDS for a performance year and, if so, the amount of such bonus, and describe factors that may be considered by the Compensation Committee in making such determination, including any factors that the Compensation Committee in the exercise of its judgment and discretion determines relevant. The guidelines and procedures provide that no single factor will be determinative and no factor will be applied mechanically to calculate any portion of the bonus of the President and CEO. The entire amount of the bonus is discretionary. The guidelines and procedures provide that the President and CEO will have no right or expectation with respect to any bonus until the Compensation Committee has determined whether a bonus will be paid for a performance year.

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The TDS 2014 Officer Bonus Program does not cover the President and CEO of U.S. Cellular, who participates in the U.S. Cellular executive bonus program as described in U.S. Cellular's 2015 proxy statement.

Summary of Bonus Payments

The following shows information with respect to each named executive officer that received a bonus for 2014 performance (paid in 2015) from TDS, showing the amount of bonus awarded. The bonus for Mr. Meyers for 2014 performance was paid by U.S. Cellular as described in the U.S. Cellular 2015 proxy statement.

As noted above under "Company Performance," the overall percentage achieved by TDS with respect to company performance for 2014 was determined to be 94.5%. Certain amounts below are rounded.

		Formula	*LeRoy T. Carlson, Jr.*	*Douglas D. Shuma*	*Scott H. Williamson*	*David A. Wittwer*
a	2014 base salary		$ 1,352,700	$ 402,000	$ 627,500	$ 587,000
b	Target bonus percentage (informal for Mr. Carlson and Mr. Wittwer)		90%	45%	50%	65%
c	Target bonus for 2014	a × b	$ 1,217,430	$ 180,900	$ 313,750	$ 381,550
d	Percentage of 2014 target bonus based on company performance (informal for Mr. Carlson and Mr. Wittwer)		60%	60%	60%	60%
e	Target bonus for company performance	c × d	$ 730,458	$ 108,540	$ 188,250	$ 228,930
f	Calculation of amount reported under "Non-Equity Incentive Plan Compensation" column based on company performance in 2014 (1)	e × 94.5%	N/A	$ 102,570	$ 177,896	N/A
	Calculation of amount reported under "Bonus" column:					
g	Amount of discretionary bonus based on individual performance		N/A	$ 92,230	$ 162,004	N/A
h	Discretionary bonus(1)		$ 900,000	N/A	N/A	$ 490,000
i	Subtotal of amount reported under "Bonus" column	g + h	$ 900,000	$ 92,230	$ 162,004	$ 490,000