

TELEPHONE & DATA SYSTEMS INC /DE/
Form DEFC14A
April 18, 2014

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[TABLE OF CONTENTS](#)

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Telephone and Data Systems, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

TELEPHONE AND DATA SYSTEMS, INC.

30 North LaSalle Street
Suite 4000
Chicago, Illinois 60602
Phone: (312) 630-1900
Fax: (312) 630-9299

April 18, 2014

Dear Shareholders:

You are cordially invited to attend the 2014 annual meeting of shareholders ("2014 Annual Meeting") of Telephone and Data Systems, Inc. ("TDS") on Thursday, May 22, 2014, at 10:00 a.m., Chicago time, at The Standard Club, 320 S. Plymouth Court, Chicago, Illinois.

The formal Notice of 2014 Annual Meeting of Shareholders and 2014 Proxy Statement ("2014 Proxy Statement") of our board of directors is attached. Also enclosed is our 2013 Annual Report to shareholders ("2013 Annual Report"). At our 2014 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;
3. approve (i) an amendment to TDS' 2011 Long-Term Incentive Plan to authorize 5 million additional Common Shares for issuance under such plan and (ii) the material terms of the performance goals under such plan; and
4. approve, on an advisory basis, the compensation of our named executive officers as disclosed in the attached 2014 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, "**FOR**" approval of the amendment of TDS' 2011 Long-Term Incentive Plan and "**FOR**" approval of the Say-on-Pay proposal.

Considerations relating to the Say-on-Pay Proposal

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

Highlights of the TDS compensation programs:

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

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

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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 we believe are both attractive and fiscally responsible.

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

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

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.

2013 Compensation

Our executive officers' 2013 compensation was comprised of a mix of base salary, annual cash bonuses and equity-based, long-term incentive awards.

When setting 2013 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 in the attached 2014 Proxy Statement under "Compensation Discussion and Analysis Annual Cash Compensation Base Salary".

For bonuses for 2013 performance paid in 2014, the performance weighting was based 40% on individual performance and 60% on consolidated company performance (unless adjusted for specified officers by the Compensation Committee). We determined that the company performance portion of the bonus for 2013 performance would be paid at 68.2% of target. Please refer to a description of TDS' 2013 performance in the attached 2014 Proxy Statement under "Compensation Discussion and Analysis Company Performance" and a description of each named executive officer's bonus under "Compensation Discussion and Analysis Annual Cash Compensation Bonus".

Long-term equity compensation awards to executive officers in 2013 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 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 2013 long-term equity compensation awards in the attached 2014 Proxy Statement under "Compensation Discussion and Analysis Long-Term Equity Compensation".

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 2013 that were designed to enhance and simplify the program and to better align cash bonuses with the consolidated performance of TDS. For bonuses for 2013 performance paid in 2014, in general, 60% of the bonus was based on a quantitative calculation of company performance and 40% was based on individual performance, and there was not a discretionary qualitative component to company performance. For bonuses for 2012 performance paid in 2013, 50% of the bonus had been based on both quantitative and discretionary qualitative assessments of company performance and 50% on individual performance. In addition, for bonuses for 2013 performance paid in 2014, company performance was based on consolidated results of TDS (rather than a weighted average of U.S. Cellular and TDS Telecom company performance), and based on different metrics than those utilized for bonuses for 2012 performance paid in 2013. In addition, effective with the long-term incentive awards granted to TDS and TDS Telecom officers and other employees in 2013, 50% of the target value was delivered in the form of stock options and 50% in the form of restricted stock units. Prior to this change, 60% of the target value had been delivered in the form of stock options and 40% in the form of restricted stock units. Furthermore, stock option and restricted stock unit awards granted in 2013 will vest in their entirety on the third anniversary of the grant date. Prior to this change, restricted stock units vested in December in the second year following the grant date, and options became exercisable with respect to one-third of the number of shares subject to the option on each of the first, second and third anniversaries of the grant date. Please refer to the description of these changes in the attached 2014 Proxy Statement under "Compensation Discussion and Analysis Changes to Compensation Policies."

Corporate Governance

TDS endeavors to follow good corporate governance practices and other best practices. For instance, TDS has established a fully independent Compensation Committee, even though it is not required to do so under law, SEC regulations or New York Stock Exchange listing requirements because it is a controlled company. Good corporate governance is an important consideration to the Compensation Committee. TDS' commitment to good corporate governance has been recognized by *Forbes*, 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 2012, 2010 and 2009. *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 in the Compensation Discussion and Analysis in the attached 2014 Proxy Statement.

We encourage you to read the Compensation Discussion and Analysis in the attached 2014 Proxy Statement for a detailed discussion and analysis of our executive compensation program, including information about the fiscal 2013 compensation of our named executive officers. We also encourage you to read the rest of the 2014 Proxy Statement and the 2013 Annual Report.

We would like to have as many shareholders as possible represented at the meeting. Therefore, whether or not you plan to attend the meeting, please sign, 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).

TDS HAS RECEIVED A NOTICE FROM GAMCO ASSET MANAGEMENT, INC., WHICH WE REFER TO, TOGETHER WITH ITS AFFILIATES, AS "GAMCO," FOR THE NOMINATION OF TWO CANDIDATES TO THE TDS BOARD OF DIRECTORS AT THE 2014 ANNUAL MEETING FOR ELECTION BY THE HOLDERS OF COMMON SHARES. YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES ON THE ENCLOSED WHITE PROXY CARD(S) AND URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD(S) THAT YOU MAY RECEIVE FROM GAMCO. THE COLOR OF GAMCO'S PROXY CARD WILL BE OTHER THAN WHITE. TO VOTE FOR ALL OF THE TDS BOARD OF DIRECTORS' NOMINEES, YOU MUST VOTE A WHITE PROXY CARD BY RETURN MAIL, BY PHONE OR ON THE INTERNET. IF YOU HAVE PREVIOUSLY VOTED ANY PROXY CARD(S) SENT TO YOU BY GAMCO, YOU CAN REVOKE THEM BY VOTING THE ENCLOSED WHITE PROXY CARD(S).

We look forward to visiting with you at the 2014 Annual Meeting.

Very truly yours,

Walter C.D. Carlson
Chairman of the Board

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

Please sign, date and return the enclosed WHITE proxy card(s) promptly or vote by phone or on the Internet using the instructions on the WHITE proxy card(s)

Table of Contents

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, 3 and 4. 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

Table of Contents

NOTICE OF 2014 ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT

TO THE SHAREHOLDERS OF

TELEPHONE AND DATA SYSTEMS, INC.

The 2014 annual meeting of shareholders ("2014 Annual Meeting") of Telephone and Data Systems, Inc., a Delaware corporation, will be held at The Standard Club, 320 S. Plymouth Court, Chicago, Illinois, on Thursday, May 22, 2014, at 10:00 a.m., Chicago 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, 2014. Your board of directors unanimously recommends that you vote **FOR** this proposal.
3. To consider and approve (i) an amendment of TDS' 2011 Long-Term Incentive Plan to authorize 5 million additional Common Shares for issuance under the plan and (ii) the material terms of the performance goals under such plan. Your board of directors unanimously recommends that you vote **FOR** this proposal.
4. 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.
5. 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 28, 2014, as the record date for the determination of shareholders entitled to notice of, and to vote at, the 2014 Annual Meeting or any adjournments thereof.

We are first sending this Notice of 2014 Annual Meeting of Shareholders and 2014 Proxy Statement ("2014 Proxy Statement"), together with our 2013 Annual Report to shareholders ("2013 Annual Report"), on or about April 18, 2014.

Table of Contents

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 22, 2014**

The following information about the Internet availability of proxy materials is being provided under SEC rule 14a-16:

Effective as of April 18, 2014, the following documents are available at www.teldta.com under Investor Relations Proxy Vote, or at investors.teldta.com/proxyvote:

1. 2014 Proxy Statement
2. 2013 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 2014 Annual Meeting will be held is The Standard Club in Chicago, Illinois. This is located in the Chicago loop area between Jackson Boulevard and Van Buren Street at 320 South Plymouth Court, which is between State Street and Dearborn Street.

Table of Contents

**TELEPHONE AND DATA SYSTEMS, INC.
2014 PROXY STATEMENT
TABLE OF CONTENTS**

| | |
|---|------------|
| <u>SUMMARY</u> | <u>2</u> |
| <u>VOTING INFORMATION</u> | <u>3</u> |
| <u>BACKGROUND OF RECENT EVENTS</u> | <u>10</u> |
| <u>PROPOSAL 1 ELECTION OF DIRECTORS</u> | <u>15</u> |
| <u>CORPORATE GOVERNANCE</u> | <u>25</u> |
| <u>EXECUTIVE OFFICERS</u> | <u>34</u> |
| <u>PROPOSAL 2 INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u> | <u>36</u> |
| <u>FEES PAID TO PRINCIPAL ACCOUNTANTS</u> | <u>37</u> |
| <u>AUDIT COMMITTEE REPORT</u> | <u>37</u> |
| <u>PROPOSAL 3 AMENDMENT OF TELEPHONE AND DATA SYSTEMS, INC.</u> | <u>40</u> |
| <u>2011 LONG-TERM INCENTIVE PLAN AND APPROVAL OF PERFORMANCE GOALS</u> | <u>40</u> |
| <u>PROPOSAL 4 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u> | <u>53</u> |
| <u>EXECUTIVE AND DIRECTOR COMPENSATION</u> | <u>54</u> |
| <u>Compensation Discussion and Analysis</u> | <u>54</u> |
| <u>Compensation Committee Report</u> | <u>83</u> |
| <u>Risks from Compensation Policies and Practices</u> | <u>83</u> |
| <u>Compensation Tables</u> | <u>85</u> |
| <u>2013 Summary Compensation Table</u> | <u>86</u> |
| <u>2013 Grants of Plan-Based Awards</u> | <u>92</u> |
| <u>2013 Outstanding Equity Awards at Fiscal Year-End</u> | <u>95</u> |
| <u>2013 Option Exercises and Stock Vested</u> | <u>98</u> |
| <u>2013 Nonqualified Deferred Compensation</u> | <u>101</u> |
| <u>2013 Table of Potential Payments upon Termination or Change in Control</u> | <u>108</u> |
| <u>2013 Director Compensation</u> | <u>110</u> |
| <u>Compensation Committee Interlocks and Insider Participation</u> | <u>112</u> |
| <u>SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS</u> | <u>115</u> |
| <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u> | <u>115</u> |

| | |
|---|------------|
| <u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u> | <u>116</u> |
| <u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u> | <u>120</u> |
| <u>SHAREHOLDER PROPOSALS FOR 2015 ANNUAL MEETING</u> | <u>121</u> |
| <u>SOLICITATION OF PROXIES</u> | <u>121</u> |
| <u>FINANCIAL AND OTHER INFORMATION</u> | <u>121</u> |
| <u>FORWARD LOOKING STATEMENTS</u> | <u>122</u> |
| <u>OTHER BUSINESS</u> | <u>122</u> |
| <u>EXHIBIT A AMENDMENT NUMBER ONE TO THE TELEPHONE AND DATA SYSTEMS, INC. 2011 LONG-TERM INCENTIVE PLAN</u> | <u>A-1</u> |
| <u>EXHIBIT B TELEPHONE AND DATA SYSTEMS, INC. 2011 LONG-TERM INCENTIVE PLAN</u> | <u>B-1</u> |
| <u>SCHEDULES TO 2014 PROXY STATEMENT</u> | <u>S-1</u> |

Table of Contents

SUMMARY

The following is a summary of the actions being taken at the 2014 Annual Meeting and does not include all of the information that may be important to you. You should carefully read this entire 2014 Proxy Statement and not rely solely on the following summary.

Proposal 1 Election of Directors

Under TDS' Restated Certificate of Incorporation, as amended, the terms of all incumbent directors will expire at the 2014 Annual Meeting.

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

Holders of Common Shares will be entitled to elect four directors. Your board of directors has nominated the following incumbent directors for election by the holders of Common Shares: Clarence A. Davis, 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 2014 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 2014

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, 2014.

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

Proposal 3 Amendment of 2011 Long-Term Incentive Plan and Approval of Performance Goals

Shareholders are being asked to approve (i) an amendment of TDS' 2011 Long-Term Incentive Plan to authorize 5 million additional Common Shares for issuance under such plan and (ii) the material terms of the performance goals under such plan, as described in this 2014 Proxy Statement.

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

Proposal 4 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 2014 Annual Meeting shareholders are being asked to approve, on an advisory basis, the compensation of our named executive officers for 2013 as disclosed in this 2014 Proxy Statement .

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

Table of Contents**VOTING INFORMATION****What is the record date for the meeting?**

The close of business on March 28, 2014 is the record date for the determination of shareholders entitled to notice of, and to vote at, the 2014 Annual Meeting or any postponement, adjournment or recess thereof.

A complete list of shareholders entitled to vote at the 2014 Annual Meeting, arranged in alphabetical order and by voting group, showing the address of and number of shares held by each shareholder, will be made available at the offices of TDS, 30 North LaSalle Street, 40th Floor, Chicago, Illinois 60602, for examination by any shareholder during normal business hours, for a period of at least ten days prior to the 2014 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, 2014:

| <i>Class of Stock</i> | <i>Outstanding Shares</i> | <i>Votes per Share</i> | <i>Voting Power</i> | <i>Total Number of Directors Elected by Voting Group and Standing for Election</i> |
|------------------------|-------------------------------|--------------------------------|-------------------------|--|
| Series A Common Shares | 7,166,078 | 10 | 71,660,780 | |
| Preferred Shares | 8,240 | 1 | 8,240 | |
| Subtotal | | | 71,669,020 | 8 |

| | | | | |
|-----------------|-------------|---|-------------|----|
| Common Shares | 101,595,907 | 1 | 101,595,907 | 4 |
| Total Directors | | | | 12 |

Table of Contents**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, 2014:

| <i>Class of Stock</i> | <i>Outstanding Shares</i> | <i>Votes per Share</i> | <i>Total Voting Power</i> | <i>Percent</i> |
|------------------------|---------------------------|------------------------|---------------------------|----------------|
| Series A Common Shares | 7,166,078 | 10 | 71,660,780 | 56.7% |
| Common Shares | 101,595,907 | 0.538309 | 54,690,010 | 43.3% |
| Preferred Shares | 8,240 | 1 | 8,240 | * |
| | | | 126,359,030 | 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, 2014, the per share voting power of the Common Shares for the 2014 Annual Meeting is 0.538309 votes per share, calculated pursuant to Section B.9 of Article IV of the Restated Charter. Please refer to the Restated Charter which explains how the relative voting percentages are calculated.

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.

How may shareholders vote with respect to the amendment of TDS' 2011 Long-Term Incentive Plan to authorize additional Common Shares 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.

Table of Contents

How may shareholders vote with respect to Say-on-Pay in Proposal 4?

Shareholders may, with respect to Proposal 4:

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 6,790,328 Series A Common Shares on February 28, 2014, representing approximately 94.8% 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 6,112,018 Common Shares on February 28, 2014, representing approximately 6.0% of the Common Shares. By reason of such holding, the TDS Voting Trust has approximately 6.0% of the voting power with respect to the election of directors elected by the holders of Common Shares and an additional 2.6% of the voting power in matters other than the election of directors. Accordingly, the TDS Voting Trust has an aggregate of 56.3% of the voting power in matters other than the election of directors. The TDS Voting Trust does not currently own Preferred Shares.

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

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

FOR the proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2014,

FOR the proposal to approve (i) an amendment to TDS' 2011 Long-Term Incentive Plan to authorize 5 million additional Common Shares under such plan and (ii) the material terms of the performance goals under such plan, 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, 3 and 4.

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

Whether or not you intend to be present at the meeting, please sign, date and mail your WHITE proxy card(s) in the enclosed business reply envelope to Corporate Election Services, Inc., PO Box 125, Pittsburgh, PA 15230-0125, or vote by phone or the Internet.

How will proxies be voted?

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All properly voted and unrevoked proxies received in the enclosed form in time for our 2014 Annual Meeting will be voted in the manner directed.

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

Table of Contents

If a proxy indicates that all or a portion of the votes represented by such proxy are not being voted with respect to a particular matter, 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.

Proxies given pursuant to this solicitation may be revoked at any time prior to the voting of the shares at the 2014 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 2014 Annual Meeting.

The board of directors has no knowledge of any other proposals that may be properly presented at the 2014 Annual Meeting and no other proposals were received by TDS by the date specified by the advance notice provision in TDS' Bylaws. Accordingly, as permitted by SEC rules, the proxy solicited by the board of directors for the 2014 Annual Meeting confers discretionary authority to the proxies named therein to vote on any matter 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 applicable law and regulation.

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

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

If GAMCO contests the meeting, 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 contest the meeting by soliciting proxies for the election of two candidates for election as directors. See Background of Recent Events below.

In the event that GAMCO does not contest the meeting for any reason, 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 will not be voted on such matters.

Accordingly, we urge you to provide instructions to your broker so that your votes may be counted on all matters. If your shares are held in street name, your broker will include a voting instruction card with this 2014 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 2014 Annual Meeting to proceed. Withheld votes and abstentions of shares entitled to vote and 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 2014 Annual Meeting, such shares will constitute a quorum at the 2014 Annual Meeting to permit

Table of Contents

the meeting to proceed. In addition, where a separate vote by a class or group is required with respect to a proposal, a quorum is also required with respect to such proposal for the vote to proceed with respect to such proposal.

In the election of directors, 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, present in person or represented by proxy, will constitute a quorum with respect to such election. Withheld votes by shares entitled to vote with respect to a director and non-votes with respect to such director will be treated as present in person or represented by proxy for purposes of establishing a quorum for the election of such director. If Series A Common Shares beneficially owned by the TDS Voting Trust are present in person or represented by proxy at the 2014 Annual Meeting, such shares will constitute a quorum at the 2014 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 2014 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 2014 Annual Meeting with respect to all proposals or only with respect to the election of directors by the holders of Common Shares.

With respect to Proposals 2, 3 and 4, the holders of a majority of the votes of the stock issued and outstanding and entitled to vote with respect to such proposals, present in person or represented by proxy, will constitute a quorum at the 2014 Annual Meeting in connection with such proposals. Abstentions from voting on such proposals by shares entitled to vote on such proposals and 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 2014 Annual Meeting, such shares will constitute a quorum at the 2014 Annual Meeting in connection with such proposals.

Even if a quorum is present, holders of a majority of the voting stock represented in person or by proxy may adjourn the 2014 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 2014 Annual Meeting would be adjourned for any reason. However, if there is a proposal to adjourn the 2014 Annual Meeting by a vote of the shareholders, the persons named in the enclosed proxy will have discretionary authority to vote with respect to such adjournment.

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 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.

Table of Contents

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

The holders of Common Shares, Preferred Shares and Series A Common Shares will vote together as a single group with respect to Proposals 2, 3 and 4. Based on shares outstanding on February 28, 2014, each holder of outstanding Common Shares was entitled to 0.538309 vote for each Common Share held in such holder's name. 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. 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 2014 Annual Meeting, the approval of Proposals 2, 3 and 4 will require the affirmative vote of the holders of stock having a majority of the votes which could be cast by the holders of all stock entitled to vote on such question which are present in person or represented by proxy at the meeting. Abstentions by shares entitled to vote on such proposals will be treated as votes which could be cast that are present for such purposes and, accordingly, will effectively count as a vote cast against such proposal. 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. This vote will also satisfy the vote requirements of Section 312.07 of the NYSE Listed Company manual with respect to Proposal 3 relating to the approval of additional shares for the TDS 2011 Long-Term Incentive Plan, which requires that the votes cast in favor must exceed the aggregate of votes cast against and abstentions.

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 2014 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 2014 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 2014 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 2014 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 the 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 2014 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

Table of Contents

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 2014. It is anticipated that MacKenzie Partners, Inc. will employ approximately 60 persons to solicit proxies for the 2014 Annual Meeting.

Our 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 \$750,000, of which approximately \$115,000 has been spent to date.

Certain information about the directors and certain officers and employees of TDS who may solicit proxies is set forth in the attached Schedule I, which is incorporated by reference herein. Schedule II, attached hereto, sets forth certain additional information with respect to such persons and is also incorporated by reference herein.

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.

Table of Contents

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.

On December 6, 2013, representatives of TDS, LeRoy T. Carlson, Jr., President and CEO of TDS, Jane W. McCahon, Vice President Investor 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 the day prior to such meeting, December 5, 2013, GAMCO sent a letter to TDS and filed an amendment to its Schedule 13D with respect to Common Shares. In that letter, GAMCO indicated that it may submit recommendations of one or more individuals as nominee for director to the TDS Corporate Governance and Nominating Committee for election at the 2014 Annual Meeting. At the meeting on December 6, 2013, Mr. Gabelli indicated that GAMCO had not made a decision on whether or not to submit recommendations and that this letter was intended as a placeholder for this possibility.

On February 20, 2014, GAMCO sent a notice to TDS and filed an amendment to its Schedule 13D with respect to Common Shares disclosing its intention to nominate Philip T. Blazek and Walter M. Schenker, who we refer to as the "GAMCO Candidates," for election as a director at the 2014 Annual Meeting by the holders of Common Shares.

Shortly after this notice, Jane 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 25, 2014, 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,

Mr. Blazek initially agreed to an interview, but TDS did not receive a similar response from Mr. Schenker.

Table of Contents

On February 28, 2014, George Maldonado, Director of Proxy Voting Services of GAMCO, advised Ms. McCahon by email that GAMCO did not believe that GAMCO was required to make its candidates available for interviews at that time. The email indicated that GAMCO would make its nominees available for interviews in connection with TDS' standard practices for evaluation of all director candidates, but would do so only after GAMCO and TDS had reached a definitive settlement agreement on the composition of the board of directors. (Notwithstanding this statement in the email, GAMCO and TDS have not had any discussions with GAMCO relating to a settlement agreement with respect to the 2014 Annual Meeting.)

On February 28, 2014, Ms. McCahon sent an email to Mr. Maldonado, and copied the GAMCO Candidates, requesting again that the GAMCO Candidates make themselves available for an interview. Her email indicated that the TDS Corporate Governance and Nominating Committee desired to arrange an interview with Messrs. Blazek and Schenker as part of the Committee's process to thoroughly evaluate and recommend to the TDS board of directors candidates for election to the TDS board of directors in 2014. The email noted that the Committee had interviewed GAMCO's nominee in 2013 for the same purpose. The email indicated that the Committee takes its role in evaluating all nominations very seriously and, to that end, an interview would be considered very valuable, along with the responses to the questionnaires, background checks and other information available to the Committee, in making its recommendation to the full board of directors. The email also indicated that if either or both of GAMCO's proposed candidates did not wish to be interviewed, the Committee and the TDS Board would make their decisions based on the other information that was available to them.

On March 3, 2014, Mr. Maldonado sent an email advising Ms. McCahon that GAMCO believed that the TDS Corporate Governance and Nominating Committee and the TDS board of directors should be able to make their decisions based upon the information that TDS requires in its Bylaws regarding the nomination of directors, which had been provided by GAMCO and its nominees or would be provided in the case of the director candidate questionnaires. The email again indicated that GAMCO would make its nominees available for interviews in connection with TDS' standard practices for evaluation of all director candidates, but would do so only after GAMCO and TDS had reached a definitive settlement agreement on the composition of the board of directors. (Notwithstanding this statement in the email, GAMCO and TDS have not had any discussions with GAMCO relating to a settlement agreement with respect to the 2014 Annual Meeting.) On the same date, Mr. Blazek sent Ms. McCahon an email cancelling his interview.

As a result, the TDS Corporate Governance and Nominating Committee and your board of directors proceeded to consider the background, experience and qualifications of the GAMCO Candidates based upon the information provided and available to them. The TDS Corporate Governance and Nominating Committee and your board of directors also considered the background, experience and qualifications of the persons currently serving as directors.

On March 5, 2014, 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 2013 Annual Meeting), be nominated for election as directors by the holders of Common Shares at the 2014 Annual Meeting.

Based on the foregoing considerations, on March 7, 2014, 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 7, 2014, the TDS board of directors nominated Messrs. Davis, Off, Saranow and Sugarman for election as directors by the holders of Common Shares at the 2014 Annual Meeting (the "TDS Board Nominees").

Accordingly, TDS proceeded to prepare its preliminary proxy statement based on the decision of the TDS board of directors. However, before making the initial filing of the preliminary proxy statement on March 18, 2014, Walter Carlson had a telephone call with Mario Gabelli on March 17, 2014 to request that GAMCO withdraw its candidates to avoid the cost and distraction of a proxy contest. Mr. Gabelli

Table of Contents

declined to do so. Accordingly, TDS proceeded to make the initial filing of its preliminary proxy statement.

The following describes what the TDS Corporate Governance and Nominating Committee and the board of directors believe are the relative strengths of the TDS Board Nominees versus the GAMCO Nominees.

The background and experience of the TDS Board Nominees is believed to be more significant and more relevant to TDS, and broader, than any of the GAMCO Candidates. The following summarizes certain of the background and experience of the TDS Board Nominees, which is 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 (NASDAQ: SNSTA) and Pennichuck Corp. (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 chairman 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 CPA 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. (NASDAQ: NASM), Telular Corp. (NASDAQ: WRLS), and CFS Continental, Inc. (OTC: CFS). Mr. Saranow also has founded or co-founded, developed and sold several ventures. He worked as an investment banker specializing in financing a cable television company. 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 M&A. 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 20, 2014

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."

Table of Contents

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. 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 served as a director of Sevcon, Inc. (NasdaqCM: SEV), a corporation engaged in the electronic controls business, since December 2013."

Each of the TDS Board Nominees has experience as a director of TDS, which is a Fortune 500 company, ranging from about 5 to 17 years. 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. Philip 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 Schenker does not appear to have any experience as an officer or director of any public company, except that recently in December 2013 he was appointed as a director of a small public company (approximately \$50 million in market cap) as a result of a nomination by GAMCO.

Each of the 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 about 5 to 17 years. In addition, Gary 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.

Accordingly, the TDS Corporate Governance and Nominating Committee and the board of directors believes 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 was concerned about the following background information with respect to Mr. Schenker. The GAMCO notice delivered to TDS on February 20, 2014 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."

Please note that 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 2014 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 participant.

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

Table of Contents

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.

Table of Contents

**PROPOSAL 1
ELECTION OF DIRECTORS**

The terms of all incumbent directors will expire at the 2014 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 2014 Proxy Statement and consented to serve if elected. The age of the following persons is as of the date of this 2014 Proxy Statement.

To be Elected by Holders of Common Shares

| <i>Name</i> | <i>Age</i> | <i>Position with TDS and Principal Occupation</i> | <i>Served as Director since</i> |
|---------------------|------------|---|---------------------------------|
| Clarence A. Davis | 72 | Director of TDS and Business Consultant | 2009 |
| George W. Off | 67 | Director of TDS, Private Investor and retired Director and Chairman of Checkpoint Systems, Inc. | 1997 |
| Mitchell H. Saranow | 68 | Director of TDS and Chairman of The Saranow Group, L.L.C. | 2004 |
| Gary L. Sugarman | 61 | 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

| <i>Name</i> | <i>Age</i> | <i>Position with TDS and Principal Occupation</i> | <i>Served as Director since</i> |
|--------------------------|------------|--|---------------------------------|
| LeRoy T. Carlson, Jr. | 67 | Director and President and Chief Executive Officer of TDS | 1968 |
| Letitia G. Carlson, M.D. | 53 | Director of TDS and Physician and Associate Clinical Professor at George Washington University Medical Center | 1996 |
| Prudence E. Carlson | 62 | Director of TDS and Private Investor | 2008 |
| Walter C.D. Carlson | 60 | Director and non-executive Chairman of the Board of TDS and Partner, Sidley Austin LLP, Chicago, Illinois | 1981 |
| Kenneth R. Meyers | 60 | Director of TDS and President and Chief Executive Officer of U.S. Cellular (a deemed executive officer of TDS) | 2007 |
| Donald C. Nebergall | 85 | Director of TDS and Consultant | 1977 |
| Christopher D. O'Leary | 54 | Director of TDS and Executive Vice President, Chief Operating Officer International of General Mills, Inc. | 2006 |
| Herbert S. Wander | 79 | Director of TDS and Partner, Katten Muchin Rosenman LLP, Chicago, Illinois | 1968 |

Table of Contents

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 2013 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 August 2007 until January 2009. Within the last ten years, Nestor successfully petitioned the Rhode Island Superior Court for a court-appointed receiver who assumed all aspects of the company's operations in June 2009. The receiver sold the assets of Nestor to American Traffic Solutions in September 2009. Mr. Davis ceased to be a director of Nestor at that time.

From May 2006 to August 2007, Mr. Davis was an independent consultant, and from September 2005 through May 2006, he served as 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.

Table of Contents

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 and board of trustees of The Gabelli SRI Green Fund and The GDL Fund, respectively, 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 as indicated above that resulted in the initial nomination of Mr. Davis as a director of TDS in 2009.)

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

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

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

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

Mr. Davis 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 2013 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 and a member and chairperson of the TDS Audit Committee for many years.

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

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

Table of Contents

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

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

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

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 2013 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 2004.

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 inventions in the field of automated hair color preparation, from 2008 to 2013.

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

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.

Earlier in his career, Mr. Saranow was vice president and chief financial officer of CFS Continental, Inc. (OTC: CFS), a 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,

Table of Contents

Paribus, Becker, Inc., specializing in financing a cable television company, 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. (NASDAQ: NASM), which designs, develops, manufactures, and sells radioisotopic products for the treatment of cancer, and Telular Corp. (NASDAQ: WRLS), which designs, develops, manufactures and markets fixed cellular products. At Lawson Products, Mr. Saranow was a member and chairman of the nominating and corporate governance committee and the financial strategies committee and was a member of the audit committee and the compensation committee. Mr. Saranow also was a member 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 2013 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 May 2013.

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

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

Table of Contents

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

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

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

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

Mr. Sugarman is currently a director of LICT Corporation (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 Verosity 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 2013 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.

LeRoy T. Carlson, Jr. has been a director of United States Cellular Corporation (NYSE: USM), a subsidiary of TDS which operates and invests in wireless telephone companies and properties ("U.S. Cellular"), since 1984, and has been its Chairman (an executive officer) since 1989. He has also been a director of TDS Telecommunications Corporation, a wholly owned subsidiary of TDS which operates local telephone companies ("TDS Telecom"), and its Chairman (an executive officer) for over 25 years.

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

Table of Contents

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 2013 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 for over twenty years.

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

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

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

Dr. Carlson brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and 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 2013 annual meeting. She was initially elected as a director based on the recommendation of the trustees of the TDS Voting Trust, which holds over 90% of the Series A Common Shares. The following provides information on the background of Ms. Carlson, including the specific factors that led to the conclusion that she should serve as a director of TDS:

Ms. Carlson has 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.

Table of Contents

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 2013 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 for more than 20 years 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. Mr. Carlson is the head of the Financial and Securities Litigation group in the Chicago office of Sidley Austin LLP. The law firm of Sidley Austin LLP provides legal services to TDS, U.S. Cellular and their subsidiaries on a regular basis. See "Certain Relationships and Related Transactions" below. Walter C.D. Carlson does not provide legal services to TDS, U.S. Cellular or their subsidiaries.

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

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

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

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

Mr. Carlson brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and 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 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 2013 annual meeting. The following provides

Table of Contents

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.

Effective June 22, 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 July 19, 2013, and also had been Vice President and Assistant Treasurer (an executive officer) of U.S. Cellular between 2011 and June 22, 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 since 2007.

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

Mr. Meyers brings to the TDS board of directors substantial experience, expertise and qualifications with respect to TDS and 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 June 2013, as Executive Vice President and Chief Financial Officer of TDS between 2007 and July 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.

Donald C. Nebergall. Donald C. Nebergall is currently a director who was last elected by the holders of Series A Common Shares and Preferred Shares at the 2013 annual meeting. The following provides information on the background of Mr. Nebergall, including the specific factors that led to the conclusion that he should serve as a director of TDS:

Mr. Nebergall has extensive experience with TDS and its subsidiaries and the industries in which they operate as a director of TDS since 1977. He has also been a member of the TDS Audit Committee for many years.

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

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

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

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

Mr. Nebergall also manages several family farms.

Table of Contents

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

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

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 2013 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 for many years.

In June 2006, Christopher D. O'Leary was appointed executive vice president, chief operating officer international of General Mills, Inc. (NYSE: GIS), which manufactures and markets branded consumer foods on a worldwide basis. In this capacity, he oversees over 14,000 employees in over 100 countries. Before that, he was a senior vice president of General Mills since 1999. In addition, he was the president of the General Mills Meals division between 2001 and 2006 and was 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 for 17 years with PepsiCo (NYSE: PEP), which manufactures, markets, and sells various snacks, beverages and foods on a worldwide basis. His assignments included leadership roles for the Walkers-Smiths business in the United Kingdom and the Hostess Frito-Lay business in Canada.

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

Mr. O'Leary brings to the TDS board of directors substantial experience, expertise and qualifications 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, he 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 2013 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 and a member and chairperson of the TDS Compensation Committee for many years.

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

In 2004, Mr. Wander was appointed by the chairman of the 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.

Table of Contents

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.

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

Mr. Wander 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.

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

CORPORATE GOVERNANCE

Board of Directors

The business and affairs of TDS are managed by or under the direction of the board of directors. The board of directors consists of twelve members. Holders of Common Shares elect 25% of the directors rounded up plus one director, or a total of four directors based on a board size of twelve directors. Holders of Series A Common Shares and Preferred Shares elect the remaining eight directors. As of February 28, 2014, the TDS Voting Trust has approximately 94.8% of the voting power in the election of the eight directors elected by the holders of Series A Common Shares and Preferred Shares, approximately 6.0% 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

Table of Contents

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."

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.

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

Table of Contents

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

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

Such relevant facts and circumstances included the following: None of such persons is an employee or officer of TDS or any other member of the TDS Consolidated Group. None of such persons has any direct or indirect business relationships and/or fee arrangements with the TDS Consolidated Group and none of such persons receives any compensation from the TDS Consolidated Group except 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. See also "Security Ownership of Certain Beneficial Owners and Management" below for information relating to beneficial share ownership and certain relationships of Donald C. Nebergall.

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

Table of Contents

Meetings of Board of Directors

The board of directors held eleven meetings during 2013. Each director attended at least 75% of the total number of meetings of the board of directors held during 2013 (at which time such person was a director) and at least 75% of the total number of meetings held during 2013 by each committee of the board on which such person served (during the period that such person served).

Corporate Governance Guidelines

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

Corporate Governance and Nominating Committee

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

The Corporate Governance and Nominating Committee held four meetings during 2013.

Audit Committee

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

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

Table of Contents

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 nine meetings during 2013.

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. In addition to pre-approval of specific services, specified services have been pre-approved in detail up to specified dollar limits pursuant to the policy. All services are required to be reported to the full Audit Committee at each of its regularly scheduled meetings

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' 2014 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

Table of Contents

(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.

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 new listing standards are not applicable to TDS because it is a controlled company, the members of the Compensation Committee would qualify as independent under the new 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 director's responsibilities relating to the compensation of the executive officers of TDS, other than executive officers of U.S. Cellular or any of its subsidiaries. The responsibilities of the Compensation Committee include the review of salary, bonus, long-term compensation and all other elements of compensation of such executive officers.

For these purposes, "executive officers" means all officers that are employees who are or will be identified in TDS' annual proxy statement as "executive officers," including the President and Chief Executive Officer of TDS Telecom, except that the compensation of the President and Chief Executive Officer of U.S. Cellular is established and administered by U.S. Cellular's chairman and long-term incentive compensation committee, as described in U.S. Cellular's 2014 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.

Table of Contents

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

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

The Compensation Committee held six meetings during 2013.

Pricing Committee

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

Director Nomination Process

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

TDS does not have a formal policy with regard to the consideration of any director candidates recommended by shareholders. However, because the TDS Voting Trust has over 90% of the voting power in the election of directors elected by 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 in submitting recommendations of candidates for director, shareholders that desire to nominate directors must follow the procedures set forth in TDS' Bylaws.

Except to the extent provided in the next paragraph, TDS does not have any specific, minimum qualifications that the board believes must be met by a nominee for a position on the TDS board of directors, or any specific qualities or skills that the board believes are necessary for one or more of the TDS directors to possess. The TDS board believes that substantial judgment, diligence and care are required to identify and select qualified persons as directors and does not believe that it would be

Table of Contents

appropriate to place limitations on its own discretion, except to the extent provided in the next paragraph. The TDS board has consistently sought to nominate to the board of directors eminently qualified individuals whom the board believes would provide substantial benefit and guidance to TDS.

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

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.

Table of Contents

All of the nominees approved by the TDS board for inclusion on TDS' proxy card for election at the 2014 Annual Meeting are directors who are standing for re-election and were recommended for re-nomination by the Corporate Governance and Nominating Committee.

From time to time, TDS may pay a fee to an executive search firm to identify potential candidates for election as directors. TDS did not pay a fee in 2013 or 2014 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 2014 Annual Meeting.

Non-Management Directors and Shareholder Communication with Directors

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

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

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

TDS Policy on Attendance of Directors at Annual Meeting of Shareholders

All directors are invited and encouraged to attend 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 except one of the persons serving as directors at the time attended the 2013 annual meeting.

Stock Ownership Guidelines

The TDS Corporate Governance Guidelines provide that, within three years after (a) March 31, 2007 or (b) the date on which a director first became a director, whichever is later, and thereafter for so long as each director remains a director of TDS, each director shall own Series A Common Shares 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.teldta.com, under Corporate Governance Corporate Governance Guidelines.

Code of Business Conduct and Ethics Applicable to Directors

As required by Section 303A.10 of the NYSE Listed Company Manual, TDS has adopted a Code of Business Conduct and Ethics for Officers and Directors, as amended effective December 13, 2012. This code has been posted to TDS' website, www.teldta.com, under Corporate Governance Code of Business Conduct and Ethics for Officers and Directors.

Table of Contents**EXECUTIVE OFFICERS**

The following executive officers of TDS were identified in the above tables regarding the election of directors: LeRoy T. Carlson, Jr., President and Chief Executive Officer of TDS; and Kenneth R. Meyers, President and Chief Executive Officer of U.S. Cellular. 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 2014 Proxy Statement.

| <i>Name</i> | <i>Age</i> | <i>Position</i> |
|---------------------|------------|---|
| LeRoy T. Carlson | 97 | Chairman Emeritus |
| David A. Wittwer | 53 | President and Chief Executive Officer of TDS Telecommunications Corporation |
| Joseph R. Hanley | 47 | Senior Vice President Technology, Services and Strategy |
| Peter L. Sereda | 55 | Senior Vice President Finance and Treasurer |
| Douglas D. Shuma | 53 | Senior Vice President and Controller |
| Kurt B. Thaus | 55 | Senior Vice President and Chief Information Officer |
| Scott H. Williamson | 63 | Senior Vice President Acquisitions and Corporate Development |
| C. Theodore Herbert | 78 | Vice President Human Resources |

LeRoy T. Carlson. LeRoy T. Carlson has been Chairman Emeritus of TDS (an executive officer of TDS) for more than five years. He is director emeritus of TDS and U.S. Cellular. Mr. Carlson is the father of LeRoy T. Carlson, Jr., Walter C.D. Carlson, Letitia G. Carlson, M.D. and Prudence E. Carlson.

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

Joseph R. Hanley. Joseph R. Hanley was appointed Senior Vice President Technology, Services and Strategy of TDS in 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.

Douglas D. Shuma. Douglas D. Shuma has been the Senior Vice President and Controller (chief accounting officer) of TDS for more than five years. Mr. Shuma also became the chief financial officer of TDS on July 19, 2013, when the TDS Bylaws were amended to provide that the Controller will be the chief financial officer of TDS. Mr. Shuma was appointed Chief Accounting Officer of U.S. Cellular and TDS Telecom in 2011. Mr. Shuma is a Certified Public Accountant (inactive).

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

Scott H. Williamson. Scott H. Williamson has been 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.

Former Executive Officer

Mary N. Dillon. Mary N. Dillon resigned as director and the President and Chief Executive Officer of U.S. Cellular effective June 21, 2013, positions she had held since June 1, 2010.

Table of Contents

Codes of Business Conduct and Ethics Applicable to Officers

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

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

TDS intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to any of the foregoing codes, by posting such information to TDS' Internet website. Any waivers of any of the foregoing codes for directors or executive officers will be approved by TDS' board of directors or an authorized committee thereof, as applicable, and disclosed in a Form 8-K that is filed with the SEC within four business days of such waiver. There were no such waivers during 2013.

Table of Contents

**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, 2014. 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, 2014.

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 2014 Annual Meeting and will have the opportunity to make a statement and to respond to appropriate questions raised by shareholders at the 2014 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 entitled to vote with respect to such matter at the 2014 Annual Meeting. Should the shareholders fail to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm, the Audit Committee will review whether to retain such firm for the fiscal year ending December 31, 2014.

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

Table of Contents**FEES PAID TO PRINCIPAL ACCOUNTANTS**

The following sets forth the aggregate fees (including expenses) billed by TDS' principal accountants PricewaterhouseCoopers LLP for 2013 and 2012:

| | 2013 | 2012 |
|-----------------------|---------------------|---------------------|
| Audit Fees(1) | \$ 5,963,042 | \$ 4,613,425 |
| Audit Related Fees(2) | 336,316 | 629,403 |
| Tax Fees(3) | 16,650 | |
| All Other Fees(4) | 1,281,513 | 1,462,745 |
| Total Fees | \$ 7,597,521 | \$ 6,705,573 |

-
- (1) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for professional services rendered for the audit of the annual financial statements for the years 2013 and 2012 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 2013 and 2012, this amount represents fees billed for audits of subsidiaries and also for due diligence work in 2012.
- (3) Represents the aggregate fees billed by PricewaterhouseCoopers LLP for 2013 and 2012 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 2013 and 2012, 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 2013 and 2012, this amount includes the fee for access to a virtual accounting research service.

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

AUDIT COMMITTEE REPORT

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

Management is responsible for TDS' internal controls and the financial reporting process. TDS has an internal audit staff, which performs testing of internal controls and the financial reporting process. 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

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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 2013. In these meetings, the Audit Committee reviewed and discussed the audited financial statements as of and for the year ended December 31, 2013. Management represented to the Audit Committee that TDS' consolidated financial statements were prepared in accordance with accounting principles generally

Table of Contents

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; Related Amendments to PCAOB Standards; and Transitional Amendments to PCAOB AU Section 380, relating to information regarding the scope and results of the audit. The Audit Committee also received from PricewaterhouseCoopers LLP written disclosures and a letter regarding its independence as required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and this information was discussed with PricewaterhouseCoopers LLP.

Based on and in reliance upon these reviews and discussions, the Audit Committee recommended to the board of directors that the audited financial statements as of and for the year ended December 31, 2013 be included in TDS' Annual Report on Form 10-K for the year ended December 31, 2013.

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 Chairman and the TDS Vice President of Internal Audit.

During 2013, 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, 2014, 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 2014 Proxy Statement includes a proposal for consideration at the 2014 Annual Meeting requesting that shareholders ratify the selection of

Table of Contents

PricewaterhouseCoopers LLP as TDS' independent registered public accountants for the year ending December 31, 2014.

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 2013 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

Donald C. Nebergall

Mitchell H. Saranow

Herbert S. Wander

39

Table of Contents

PROPOSAL 3
AMENDMENT OF TELEPHONE AND DATA SYSTEMS, INC.
2011 LONG-TERM INCENTIVE PLAN AND APPROVAL OF PERFORMANCE GOALS

The TDS 2011 Long-Term Incentive Plan (the "2011 Incentive Plan") was approved by TDS shareholders at a special meeting on January 13, 2012 and became effective on January 24, 2012. A total of 6 million Common Shares were authorized for issuance under the 2011 Incentive Plan.

On March 7, 2014, the TDS board of directors (the "TDS Board") approved an amendment (the "Amendment") to the 2011 Incentive Plan (as so amended, the "Amended 2011 Incentive Plan"), subject to shareholder approval. The Amendment would increase the number of Common Shares reserved for issuance under the 2011 Incentive Plan by 5 million Common Shares to 11 million Common Shares. The Amendment would not modify the 2011 Incentive Plan except to increase the Common Shares reserved for issuance.

TDS adopted the 2011 Incentive Plan to replace the TDS 2004 Long-Term Incentive Plan (the "2004 Incentive Plan") for awards granted on or after January 24, 2012 (except as they relate to deferred bonus for calendar years commencing prior to January 1, 2013 for which elections were made prior to such date). No additional awards will be granted under the TDS 2004 Long-Term Incentive Plan. Only restricted stock units, options and phantom stock units related to deferred compensation accounts are outstanding under the TDS 2004 Long-Term Incentive Plan. As of December 31, 2013, awards with respect to approximately 6.3 million Common Shares were outstanding under the 2004 Incentive Plan.

The following shows certain information about the 2011 Incentive Plan between its January 24, 2012 effective date and December 31, 2013:

| | <i>In Millions</i> |
|---|------------------------|
| Shares authorized January 24, 2012 | 6.0 |
| Shares underlying awards granted and outstanding as of December 31, 2012 | (2.0) |
| Shares available to be awarded as of December 31, 2012 | 4.0 |
| Shares issued in 2013 under awards | (0.1) |
| Net change in shares underlying awards outstanding as of December 31, 2012* | (1.4) |
| Shares available to be awarded as of December 31, 2013 | 2.5 |

*

Represents net change in shares underlying awards due to awards granted and forfeited during 2013.

TDS granted awards with a range, in the aggregate, of approximately 1.6 million to 2.0 million underlying Common Shares in each of 2013 and 2012. Only restricted stock units, non-qualified stock options and phantom stock units related to deferred compensation accounts have been granted under the 2011 Incentive Plan. Based on current facts and circumstances, including the recent trading price of the Common Shares, TDS currently expects that it will require approximately 1.8 million to about 2.2 million Common Shares for awards to be made in each of 2014, 2015 and 2016. TDS is requesting shareholders to authorize 5 million additional Common Shares for awards under the 2011 Incentive Plan, so that sufficient shares will be available for anticipated awards. Given the limited number of Common Shares that currently remain available under the 2011 Incentive Plan, the TDS Board, Compensation Committee and management believe it is important that the Amendment be approved in order to maintain TDS' ability to attract and retain key personnel and continue to provide them with strong incentives to contribute to TDS' future success.

Approval of Proposal 3 will also constitute approval, for purposes of Section 162(m) of the Internal Revenue Code, of the material terms of the performance goals contained in the 2011 Incentive Plan (described below) that are to be used in connection with awards under the 2011 Incentive Plan that are intended to qualify as "performance-based" compensation for purposes of Section 162(m). One of the conditions for compensation to be considered "performance-based" under Section 162(m) requires that

Table of Contents

the material terms under which such compensation will be paid (the class of eligible employees, performance criteria and the per-person maximums) be disclosed to and approved by shareholders every five years.

If TDS shareholders approve such 5 million Common Shares to be added to the previously authorized 6 million Common Shares, a total of 11 million Common Shares will be authorized under the Amended 2011 Incentive Plan. On a pro forma basis if TDS issued all 11 million Common Shares that would be reserved under the Amended 2011 Incentive Plan, as well as all of the approximately 6.3 million Common Shares underlying outstanding awards under the 2004 Incentive Plan, TDS would issue a total of approximately 17.3 million Common Shares, of which 5 million would represent the additional authorization being requested herein.

As of December 31, 2013, approximately 108.7 million shares of TDS common stock, including TDS Series A Common Shares, were outstanding. If all such 17.3 million Common Shares under the Amended 2011 Incentive Plan and 2004 Incentive Plan were issued, the pro forma number of shares of TDS common stock that would be outstanding without regard to other factors, including share repurchases, would be approximately 126 million.

On March 25, 2014, the closing sales price per Common Share as reported on the NYSE was \$24.91.

The Amendment is attached hereto as *Exhibit A*. The 2011 Incentive Plan was previously filed with the SEC as Exhibit 10.1 to TDS' Current Report on Form 8-K dated January 13, 2012, and a copy thereof is attached hereto as *Exhibit B*.

The following is a description of the Amended 2011 Incentive Plan (which is identical to the 2011 Incentive Plan, except with respect to the shares reserved for issuance).

Description of Amended 2011 Incentive Plan

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

Incentive Plan Stock. Prior to the Amendment, a total of 6 million Common Shares were reserved for issuance under the 2011 Incentive Plan. After the Amendment, a total of 11 million Common Shares would be reserved for issuance under the Amended 2011 Incentive Plan, of which (i) no more than 6 million Common Shares in the aggregate can be issued under the Amended 2011 Incentive Plan in connection with ISOs and (ii) no more than 300,000 Common Shares in the aggregate can be issued under the Amended 2011 Incentive Plan in connection with bonus stock awards. Such numbers are subject to adjustment in the event of a stock split, stock dividend, merger or other event described in "Adjustment" below. To the extent that Common Shares subject to an outstanding award under the Amended 2011 Incentive Plan are not issued or delivered by reason of (i) the expiration, termination, cancellation or forfeiture of such award or (ii) the settlement of the award in cash, then those Common Shares again will be available under the Amended 2011 Incentive Plan, except that Common Shares subject to an award under the Amended 2011 Incentive Plan will not again be available under the Amended 2011 Incentive Plan if such shares are (y) shares delivered to or withheld by TDS to pay the exercise price or the withholding taxes related to an outstanding award or (z) shares that were subject to a stock-settled SAR and were not issued or delivered upon the net settlement of such SAR.

Effective Date and Termination The 2011 Incentive Plan became effective on January 24, 2012, and will terminate on January 13, 2022, ten years after the date of shareholder approval of the 2011 Incentive Plan, unless terminated earlier by the TDS Board. The increase in the Common Shares reserved for issuance under the 2011 Incentive Plan from 6 million to 11 million would be effective upon approval of the Amendment by shareholders at the 2014 Annual Meeting.

Table of Contents

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

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

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

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

Eligibility. Certain employees of TDS, and of affiliates of TDS approved by the TDS Board, who are selected by the Committee (as defined below under "Administration"), are eligible to participate in the Amended 2011 Incentive Plan. As of December 31, 2013, approximately 3,800 employees were eligible to be selected by the Committee to receive awards under the 2011 Incentive Plan. However, as of December 31, 2013, the Committee had selected only approximately 200 of such employees to receive awards.

Maximum Per Person Award. In the case of an award intended to be "qualified performance-based compensation" under Section 162(m) of the Internal Revenue Code, to the extent necessary to so qualify, (i) the maximum number of Common Shares with respect to which stock options or SARs or a combination thereof may be granted during any fiscal year of TDS to any person is 800,000, (ii) the maximum number of Common Shares with respect to which bonus stock awards, restricted stock awards and RSU awards (collectively, "Stock Awards") subject to performance measures may be granted during any fiscal year of TDS to any person is 400,000, and (iii) the maximum number of Common Shares with respect to which performance share awards may be granted during any fiscal year of TDS to any person is 400,000, in each case subject to adjustment in the event of a stock split, stock dividend, merger or other event described in "Adjustment" below.

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

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

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

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

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

Subject to the terms of the Amended 2011 Incentive Plan, the Committee is authorized to select employees for participation in the Amended 2011 Incentive Plan and to determine the form, amount and timing of each award and, if applicable, the number of Common Shares subject to each award, the purchase price or base price associated with the award, the exercise price of any option award, the time and conditions of exercise or settlement of the award, and all other terms and conditions of the award, including without limitation, the form of the agreement evidencing the award. The Committee also has the authority to interpret the Amended 2011 Incentive Plan and establish any rules and procedures necessary or desirable for the administration of the Amended 2011 Incentive Plan. In addition, the Committee may impose, incidental to the grant of an award, conditions with respect to the award, such

Table of Contents

as limiting competitive employment or other activities, and may accelerate the exercisability or vesting of outstanding awards. The determinations of the Committee are binding on all parties.

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

Stock Options. The Amended 2011 Incentive Plan provides for the grant of ISOs and nonqualified stock options and specifies that the Committee will determine the number of Common Shares subject to a stock option and the purchase price per Common Share subject to a stock option, provided that such purchase price per share may not be less than 100% of the fair market value of a Common Share on the date of grant of the stock option. The exercise of a stock option entitles the holder thereof to receive (subject to withholding tax, if applicable) whole Common Shares. To the extent that the aggregate fair market value (determined as of the date the stock option is granted) of the Common Shares with respect to which stock options designated as ISOs are exercisable for the first time by the option holder during any calendar year (under the Amended 2011 Incentive Plan or any other plan of TDS or any related corporation, including its subsidiaries) exceeds the amount (currently \$100,000) established by the Internal Revenue Code, such stock options shall be nonqualified stock options. The Committee will determine the period during which a stock option may be exercised, provided that a stock option granted under the Amended 2011 Incentive Plan may not be exercised later than ten years from the date of grant. In the case of an eligible employee who owns or is deemed to own stock possessing more than 10% of the total combined voting power of all classes of stock of TDS or any related corporation, including its subsidiaries, the purchase price per share of an ISO granted under the Amended 2011 Incentive Plan to such employee may not be less than 110% of the fair market value of a Common Share on the date of grant, and the exercise period may not exceed five years from the date of grant.

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

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

Unless otherwise set forth in an award agreement and subject to the terms and conditions of a restricted stock award, the holder of a restricted stock award shall have all the rights as a shareholder of TDS, including but not limited to, voting rights, the right to receive dividends or other distributions and the right to participate in any capital adjustment applicable to all holders of Common Shares. However, (i) a distribution with respect to Common Shares, other than a regular cash dividend, and (ii) a regular

Table of Contents

cash dividend with respect to Common Shares that are subject to performance-based vesting conditions, in each case, will be deposited with TDS and will be subject to the same restrictions as the Common Shares with respect to which such distribution was made.

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

Performance Share Awards. The Amended 2011 Incentive Plan provides for the grant of performance share awards. Each performance share is a right, contingent upon the attainment of specified performance measures within a specified performance period, to receive a Common Share, which may be restricted stock, or the fair market value of such share in cash, as specified by the agreement evidencing the award. The number of performance shares subject to a performance share award, the applicable performance measures and performance period, and the other terms of a performance share award will be determined by the Committee. Unless otherwise determined by the Committee, if the specified performance measures are not attained during the applicable performance period, then the award recipient will forfeit the performance share award.

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

Deferred Bonus and Employer Match Awards. The Amended 2011 Incentive Plan permits an employee selected by the Committee to irrevocably elect to defer all or a portion of his or her annual bonus to a deferred compensation account. If a selected employee elects to defer all or a portion of his or her annual bonus, an employer match award may be allocated to the employee's deferred compensation account in an amount equal to a percentage specified by the Committee of the employee's deferred annual bonus amount, provided that such percentage may not exceed 33 $\frac{1}{3}$ %. An employee will be fully vested in the deferred bonus amounts credited to his or her deferred compensation account. One-third of the employer match award credited to the employee's deferred compensation account will become vested on each of the first three annual anniversaries of the last day of the year for which the applicable bonus is payable, provided that the employee remains continuously employed by TDS or an affiliate until such date and the related bonus amount credited to his or her deferred compensation account has not been distributed before such date. Any employer match award that is not vested as of the date that the related bonus amount is distributed will be forfeited as of the date of the distribution. An employer match award previously not forfeited will become fully vested in the event the employee separates from service by reason of death, retirement (as defined in the Amended 2011 Incentive Plan) or disability (as defined in the Amended 2011 Incentive Plan). An employee's deferred compensation account will be deemed to be invested in whole and fractional Common Shares.

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

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

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

Table of Contents

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

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

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

Adjustment

In the event of any conversion, stock split, stock dividend, recapitalization, reclassification, reorganization, merger, consolidation, spin-off, combination, exchange of shares, liquidation or other similar change in capitalization or event, or any distribution to holders of Common Shares other than a regular cash dividend, the number and class of securities available under the Amended 2011 Incentive Plan, the maximum number of securities with respect to which stock options or SARs, or a combination thereof, may be granted during