

GARDNER EUGENE H  
 Form 4  
 May 11, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 GARDNER EUGENE H

2. Issuer Name and Ticker or Trading Symbol  
 FULTON FINANCIAL CORP  
 [FULT]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 05/02/2006

\_\_\_\_ Director  
 \_\_\_\_ Officer (give title below)  Other (specify below)  
 Retired Director - 5/2/06

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

PA

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying	8. Price of Derivative Security	9. Nu Deriv Secur
---------------------------------	---------------------------	--------------------------------------	-----------------------------------	---------------------	--------------	--	-----------------------------------	---------------------------------	-------------------

Edgar Filing: GARDNER EUGENE H - Form 4

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Securities (Instr. 3 and 4)	(Instr. 5)	Bene Own Follo Repo Trans (Instr			
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

GARDNER EUGENE H

Retired Director - 5/2/06

PA

## Signatures

George R. Barr, Jr.,  
Attorney-in-Fact

05/10/2006

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. [family:times;">RBC Capital Markets BNY Mellon Capital Markets, LLC Comerica Securities TD Securities US Bancorp](#)

The date of this prospectus supplement is November , 2012

Table of Contents

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or any related free writing prospectus we file with the Securities and Exchange Commission (the "SEC"). We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

## TABLE OF CONTENTS

	Page
<b><u>Prospectus Supplement</u></b>	
<u>About This Prospectus Supplement</u>	ii
<u>Alternative Settlement Date</u>	ii
<u>Summary</u>	S-1
<u>The Offering</u>	S-3
<u>Selected Financial Data</u>	S-5
<u>Risk Factors</u>	S-6
<u>Use of Proceeds</u>	S-8
<u>Capitalization</u>	S-9
<u>Description of the Notes</u>	S-10
<u>Description of Other Indebtedness</u>	S-18
<u>Material Federal Income Tax Considerations</u>	S-20
<u>Underwriting</u>	S-25
<u>Legal Matters</u>	S-27
<b><u>Prospectus</u></b>	
<u>Forward Looking Statements</u>	ii
<u>About This Prospectus</u>	vi
<u>Summary</u>	1
<u>Risk Factors</u>	2
<u>TDS</u>	2
<u>Use of Proceeds</u>	2
<u>Ratio of Earnings to Fixed Charges</u>	2
<u>Description of Debt Securities</u>	3
<u>Plan of Distribution</u>	11
<u>Legal Matters</u>	13
<u>Experts</u>	13
<u>Where You Can Find More Information</u>	13

Table of Contents

**ABOUT THIS PROSPECTUS SUPPLEMENT**

All references to "TDS," the "Company," "we," "us" and "our" in this prospectus supplement or the accompanying prospectus refer to Telephone and Data Systems, Inc.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters. The second part, the accompanying prospectus, gives more general information about us and the Notes offered hereby. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. To the extent the description of the Notes in this prospectus supplement differs from the description of the Notes in the accompanying prospectus, you should rely on the information in this prospectus supplement.

**ALTERNATIVE SETTLEMENT DATE**

It is expected that delivery of the Notes will be made on or about the date specified on the cover page of this prospectus supplement, which will be the \_\_\_\_\_ business day following the date of this prospectus supplement. Under Rule 15c6-1 of the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act") trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, the purchasers who wish to trade Notes on the date of this prospectus supplement or the next succeeding business day will be required to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of Notes who wish to trade Notes on the date of this prospectus supplement or the next succeeding business day should consult their own advisors.

Table of Contents

**SUMMARY**

*The following summary is qualified in its entirety by reference to the more detailed information and consolidated financial information appearing elsewhere in or incorporated by reference into this prospectus supplement.*

**TDS**

TDS is a diversified telecommunications service company with wireless telephone and wireline telephone operations. Our business development strategy is to expand our existing operations through internal growth and acquisitions and to explore and develop other telecommunications and related businesses that we believe will utilize our expertise in customer-focused telecommunications services. United States Cellular Corporation, an 84%-owned subsidiary of TDS, which we refer to as "U.S. Cellular," operates and invests in wireless telephone companies and properties. TDS Telecommunications Corporation, a wholly-owned subsidiary of TDS, which we refer to as "TDS Telecom," operates wireline telephone companies and also provides Hosted and Managed Services, which we refer to as "HMS." TDS is a Delaware corporation that is the successor to Telephone and Data Systems, Inc., an Iowa corporation, which was originally incorporated in 1968. In 1998, the Iowa corporation was merged with and into TDS, with TDS surviving the merger as a Delaware corporation. TDS' corporate headquarters are located at 30 N. LaSalle, Suite 4000, Chicago, Illinois 60602, and its telephone number is (312) 630-1900.

For the nine months ended September 30, 2012, TDS had total revenues, operating income and net income of \$3,999.1 million, \$240.2 million and \$163.7 million, respectively.

**U.S. Cellular Operations**

U.S. Cellular positions itself as a regional operator, focusing its efforts on providing wireless service to customers in the geographic areas where it has licenses to provide such service. U.S. Cellular differentiates itself from its competitors through a customer satisfaction strategy, striving to meet or exceed customer needs by providing a comprehensive range of wireless products and services, excellent customer support, and a high-quality network. U.S. Cellular's business development strategy is to acquire and operate controlling interests in wireless licenses in areas adjacent to or in proximity to its other wireless licenses, thereby building contiguous operating market areas. U.S. Cellular believes that operating in contiguous market areas will continue to provide it with certain economies in its capital and operating costs.

U.S. Cellular's customer base was 5,808,000 at September 30, 2012. U.S. Cellular's average penetration in its consolidated operating markets was 12.4% at September 30, 2012.

For the nine months ended September 30, 2012, U.S. Cellular had total revenues and operating income of \$3,336.9 million and \$217.4 million, respectively.

At September 30, 2012, U.S. Cellular operated in five geographic market areas in 26 states, which represents a total population of 46,966,000. U.S. Cellular has interests in consolidated markets which cover a population of 92,996,000 as of September 30, 2012.

*Recent Developments Sprint Transaction*

On November 6, 2012, U.S. Cellular entered into a Purchase and Sale Agreement with subsidiaries of Sprint Nextel Corporation ("Sprint"). The Purchase and Sale Agreement provides that U.S. Cellular will transfer customers and certain PCS license spectrum to Sprint in U.S. Cellular's Chicago, central Illinois, St. Louis and certain Indiana/Michigan/Ohio markets in consideration for \$480 million in cash at closing, subject to pro-rations of certain assets and liabilities.

Table of Contents

The transactions involve approximately 585,000 customers, or about 10% of U.S. Cellular's total customer base. For the nine months ended September 30, 2012, these markets generated service revenues of approximately \$340 million, representing approximately 11% of consolidated service revenues and, after all direct and indirect costs, incurred an operating loss.

U.S. Cellular will retain other assets and liabilities related to the transferred markets, including network assets, retail stores and related equipment, other buildings and facilities. The transaction does not affect spectrum licenses held by variable interest entities that are not currently used in the operations of the transferred markets. The Purchase and Sale Agreement also contemplates certain other agreements, including customer and network transition services agreements. The customer and network transition services agreements will require that U.S. Cellular provide customer, billing and network services to Sprint for a period of up to 24 months after the closing date, and Sprint will reimburse U.S. Cellular for providing such services at an amount equal to U.S. Cellular's cost, including applicable overhead allocations. In addition, these agreements will require Sprint to reimburse U.S. Cellular for certain network decommissioning costs, network site lease rent and termination costs, network access termination costs, and employee severance expenses, in an amount not to exceed \$200 million in the aggregate.

The transaction is subject to FCC approval, compliance with the Hart-Scott-Rodino Act and other conditions. Subject to the satisfaction or (if permitted) waiver of all conditions, the transaction is expected to close by mid-2013.

**TDS Telecom Operations**

TDS Telecom seeks to be the preferred telecommunications solutions provider in its chosen markets serving both residential and commercial customers by developing and delivering high-quality products and services that meet or exceed our customers' needs and to outperform the competition by maintaining superior customer service. TDS Telecom provides voice, high-speed data and video services to residential customers through value-added bundling of products. The commercial focus is to provide advanced IP-based voice and data services to small to medium sized businesses. In addition, TDS Telecom seeks to grow through strategic acquisitions, as demonstrated by recent HMS acquisitions which provide colocation, dedicated hosting, hosted application management, cloud computing services and installation, and management of Information Technology ("IT") infrastructure hardware solutions.

At September 30, 2012, TDS Telecom's incumbent local exchange carrier ("ILEC") and competitive local exchange carrier ("CLEC") operations served 985,800 wireline customer connections. TDS Telecom also provides business communication services and IT infrastructure solutions including colocation, dedicated hosting, hosted application management, cloud computing and installation, and management of IT infrastructure hardware solutions through its HMS operations.

For the nine months ended September 30, 2012, TDS Telecom had total revenues and operating income of \$633.0 million and \$34.7 million, respectively.

Table of Contents**THE OFFERING**

Issuer	Telephone and Data Systems, Inc.
Notes Offered	\$ (or \$ if the underwriters exercise their overallotment option in full) of % Senior Notes due 2061 (the "Notes") issued in minimum denominations of \$25 and integral multiples in excess thereof.
Maturity Date	The Notes will mature on , 2061.
Interest	The Notes will bear interest from , 2012 at the rate of % per year, payable quarterly in arrears.
Interest Payment Dates	, , and of each year, beginning , 2013.
Optional Redemption	We may redeem the Notes, in whole or in part, at any time on and after , 2017 at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date.
Ranking	The Notes are senior unsecured obligations and will rank on a parity with all of our existing and future senior unsecured obligations. However, in certain circumstances the Notes may become effectively subordinated to the claims of the holders of the Company's 6.625% Senior Notes due 2045, of which approximately \$116.3 million is currently outstanding. See "Description of the Notes Ranking" and "Description of Other Indebtedness." In addition, because TDS is a holding company which conducts substantially all of its operations through subsidiaries, the right of TDS, and therefore the right of creditors of TDS, including the holders of the Notes, to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is subject to the prior claims of creditors of the subsidiary, except to the extent that claims of TDS itself as a creditor of the subsidiary may be recognized.
Use of Proceeds	We expect to use the net proceeds for general corporate purposes, which may include acquisitions. See "Use of Proceeds" in this prospectus supplement.
Certain Covenants	The Notes contain certain restrictions, including a limitation on our ability to incur secured debt and a limitation on our ability to enter into sale and leaseback transactions. See "Description of the Notes Certain Covenants of TDS."
Listing of the Notes	We intend to apply to list the Notes on the New York Stock Exchange under the symbol " ." If the application is approved, we expect trading in the Notes on the New York Stock Exchange to begin within 30 days after the original issue date.
Governing Law	Illinois.

Edgar Filing: GARDNER EUGENE H - Form 4

Table of Contents

Trustee	The Bank of New York Mellon Trust Company, N.A.
Risk Factors	Investing in the Notes involves risks. You should carefully consider the information set forth in the section of this prospectus supplement entitled "Risk Factors" beginning on page S-6, as well as the other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus before deciding whether to invest in the Notes.



Table of Contents**SELECTED FINANCIAL DATA**

The balance sheet data as of December 31, 2009 are derived from our audited financial statements and related notes, which are incorporated by reference herein from TDS' Current Report on Form 8-K dated November 16, 2011. The balance sheet data as of December 31, 2010 and 2011 and statement of operations data for each of the years ended December 31, 2009, 2010 and 2011 are derived from our audited financial statements and related notes, which are incorporated by reference herein. The balance sheet data as of September 30, 2011 and 2012 and the statement of operations data for the nine months then ended are derived from our unaudited financial statements and related notes, which are incorporated by reference herein, and which, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim periods. The results of operations for the nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the full year.

	Year Ended December 31,			Nine Months Ended September 30,	
	2009	2010	2011	2011	2012
(Dollars in thousands)					
<b>Statement of Operations Data:</b>					
Operating revenues	\$ 5,019,943	\$ 4,986,829	\$ 5,180,471	\$ 3,863,744	\$ 3,999,068
Operating income (a)	407,844	296,091	362,502	343,152	240,224
Interest (expense)	(126,209)	(116,810)	(118,201)	(94,184)	(68,100)
Income before income taxes	385,488	285,774	363,745	347,519	249,282
Net income attributable to TDS common shareholders	191,347	144,849	200,566	206,752	123,708
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	674,469	341,683	563,275	580,666	589,284
Short-term investments	113,275	402,882	246,273	249,816	180,578
Investments:					
Licenses	1,443,025	1,460,126	1,494,014	1,493,796	1,555,118
Goodwill	707,840	728,455	797,077	797,084	816,668
Unconsolidated entities	203,799	197,922	173,710	195,872	199,480
Other (b)	36,374	141,983	98,944	145,156	72,930
Total investments	2,391,038	2,528,486	2,563,745	2,631,908	2,644,196
Total assets	7,575,312	7,696,117	8,201,005	8,143,681	8,390,816
Total long-term debt (including current maturities)	1,495,417	1,501,573	1,531,366	1,531,904	1,529,798
<b>Other Data:</b>					
Depreciation, amortization and accretion expense	744,247	755,649	765,776	573,897	592,162
Capital expenditures	671,165	755,032	987,218	643,396	697,037
Wireless customers	6,141,000	6,072,000	5,891,000	5,932,000	5,808,000
Wireline customer connections (c)	1,046,042	1,016,762	992,600	1,002,500	985,800
Ratio of earnings to fixed charges (d)	3.02x	2.52x	2.83x	3.16x	2.50x

- (a) Includes loss on impairment of intangible assets of \$14.0 million in 2009.
- (b) Includes \$10.2 million of U.S. treasuries and corporate notes at September 30, 2012. As a result, at September 30, 2012, TDS had \$589.3 million in cash and cash equivalents, \$180.6 million in short-term investments and \$10.2 million in long-term liquid investments, resulting in cash and investments of \$780.0 million.
- (c) A wireline customer connection is defined as a Physical access line, Broadband connection, IPTV customer, or *managedIP* connection.
- (d) For purposes of calculating this ratio, earnings consist of income from continuing operations before income taxes, fixed charges, distributions from unconsolidated investments and amortization of capitalized interest, less equity in undistributed earnings of unconsolidated investments, and noncontrolling interest in pretax income of subsidiaries that have not incurred fixed charges. Fixed

Edgar Filing: GARDNER EUGENE H - Form 4

charges consist of interest expense, capitalized interest, amortization of deferred debt expenses and estimated interest portion of rentals. Interest expense on income tax contingencies is not included in fixed charges.

S-5

---

Table of Contents

**RISK FACTORS**

*Our business is subject to risks and uncertainties. Before deciding whether to invest in our Notes, you should carefully consider and evaluate all of the information included and incorporated by reference in this prospectus supplement and the accompanying prospectus, including the risks described below and the risks described in our Annual Report on Form 10-K for the year ended December 31, 2011, as updated by our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012. It is possible that our business, financial condition, liquidity or results of operations could be materially adversely affected by any of such risks. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations.*

**We have a significant amount of indebtedness, which could adversely affect our financial performance and impact our ability to make payments on the Notes.**

Our level of indebtedness could have important consequences to the holders of the Notes. See "Capitalization." For example, it:

may limit our ability to obtain additional financing for working capital, capital expenditures or general corporate purposes, particularly if the ratings assigned to our debt securities by rating organizations are revised downward;

will require us to dedicate a substantial portion of our cash flow from operations to the payment of interest and principal on our debt, reducing the funds available to us for other purposes including expansion through acquisitions, capital expenditures, marketing spending and expansion of our business; and

may limit our flexibility to adjust to changing business and market conditions and make us more vulnerable to a downturn in general economic conditions as compared to our competitors.

**Our financial performance and other factors could adversely impact our ability to make payments on the Notes.**

Our ability to make scheduled payments or to refinance our obligations with respect to our indebtedness will depend on our financial and operating performance, which, in turn, is subject to prevailing economic and competitive conditions and other factors beyond our control. In addition, our leverage may put us at a competitive disadvantage to some of our competitors that are not as leveraged.

**Ratings of the Notes may not reflect all risks of an investment in the Notes.**

We expect that the Notes will be rated by at least one nationally recognized statistical rating organization. A debt rating is not a recommendation to purchase, sell or hold the Notes. These ratings do not correspond to market price or suitability for a particular investor. Additionally, ratings may be lowered or withdrawn in their entirety at any time. Any real or anticipated downgrade or withdrawal of a rating by a rating agency that rates the Notes could have an adverse effect on the trading prices or liquidity of the Notes.

**Changes in our credit rating could adversely affect the market price of the Notes.**

Following the offering, the market price for the Notes will be based on a number of factors, including our ratings with major credit rating agencies. Credit rating agencies revise their ratings for the companies that they follow from time to time, including us. We cannot be sure that credit rating agencies will maintain their current ratings. A negative change in our ratings could have an adverse effect on the market price of the Notes.

Table of Contents

**Changes in the credit markets could adversely affect the market price of the Notes.**

Following the offering, the market price for the Notes will be based on a number of factors, including:

the prevailing interest rates being paid by other companies similar to us; and

the overall condition of the financial markets.

The condition of the credit markets and prevailing interest rates have fluctuated in the past and can be expected to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the price and liquidity of the Notes.

**An increase in market interest rates could result in a decrease in the relative value of the Notes.**

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value. Consequently, if you purchase these Notes and market interest rates increase, the market values of your Notes may decline. We cannot predict the future level of market interest rates.

**We may not be able to comply with certain debt covenants, which could cause some of our other debt to become accelerated.**

The credit facilities of TDS and its subsidiaries, the indentures and other documents defining the rights of holders of existing indebtedness of TDS and its subsidiaries and the Notes offered hereby contain various covenants. See "Description of Other Indebtedness." Although we are currently in compliance and intend to continue to comply with these covenants, we cannot assure you that we will be able to do so. Restrictions contained in these and other debt instruments may limit our operating and financial flexibility. An event of default, including a failure to comply with any of such covenants and/or restrictions, could make some or all of such debt immediately due and payable. The acceleration of a material portion of our indebtedness could have a material adverse effect on our financial position.

**An active trading market may not develop for the Notes, which could adversely affect the price of the Notes in the secondary market and your ability to resell the Notes should you desire to do so.**

The Notes are a new issue of securities and there is no established trading market for the Notes. We intend to apply for listing of the Notes on the New York Stock Exchange; however, we cannot make any assurance as to:

the development of an active trading market;

the liquidity of any trading market that may develop;

the ability of holders to sell their Notes; or

the price at which the holders would be able to sell their Notes.

If a trading market were to develop, the future trading prices of the Notes will depend on many factors, including prevailing interest rates, our credit ratings published by major credit rating agencies, the market for similar securities and our operating performance and financial condition. If a trading market develops, there is no assurance that it will continue.

**We could enter into various transactions that could increase the amount of our outstanding debt, or adversely affect our capital structure or credit rating, or otherwise adversely affect holders of the Notes.**

Subject to certain exceptions relating to incurring certain liens or entering into certain sale and leaseback transactions, the terms of the Notes do not prevent us from entering into a variety of



Table of Contents

acquisition, divestiture, refinancing, recapitalization or other highly leveraged transactions. As a result, we could enter into any such transaction even though the transaction could increase the total amount of our outstanding indebtedness, adversely affect our capital structure or credit rating or otherwise adversely affect the holders of the Notes.

**Our holding company structure results in structural subordination and may affect our ability to make payments on the Notes.**

As a holding company, substantially all of our income and operating cash flow is dependent upon the earnings of our subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those subsidiaries to, us. As a result, we rely upon our subsidiaries to generate the funds necessary to meet our obligations, including the payment of amounts owed under the Notes. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due pursuant to the Notes or, subject to limited exceptions under certain intercompany agreements, to make any funds available to us to pay our obligations, whether by dividends, loans or other payments. Certain of our subsidiaries' loan agreements contain various restrictions on the transfer of funds to us, including certain provisions that restrict the amount of dividends that may be paid to us. Moreover, our rights to receive assets of any subsidiary upon its liquidation or reorganization (and the ability of holders of Notes to benefit indirectly therefrom) will be effectively subordinated to the claims of creditors of that subsidiary, including trade creditors.

**Redemption may adversely affect your return on the Notes.**

We have the right to redeem some or all of the Notes prior to maturity, as described under "Description of the Notes Redemption and Repayment." We may redeem the Notes at times when prevailing interest rates may be relatively low compared to rates at the time of issuance of the Notes. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

**USE OF PROCEEDS**

The net proceeds to be received by us from the offering, after deducting underwriting discounts and commissions and other offering expenses payable by us, are estimated to be approximately \$            million (or \$            million if the underwriters exercise their overallotment option in full). We expect to use the net proceeds for general corporate purposes, which may include acquisitions. Until the proceeds are used for these purposes, we may deposit them in interest-bearing accounts or invest them in short-term investment securities.

Table of Contents**CAPITALIZATION**

The following table sets forth our cash and cash equivalents and short-term investments, short-term debt and capitalization at September 30, 2012 (i) on an actual basis and (ii) as adjusted to give effect to the sale of the Notes offered hereby in the aggregate principal amount of \$ million, and the deposit of the net proceeds of \$ million in cash and cash equivalents. The table should be read in conjunction with our financial statements, the notes to our financial statements and the other financial data included in or incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of September 30, 2012 (unaudited)	
	Actual (Dollars in thousands, except per share amounts)	As Adjusted
<b>Cash and cash equivalents and short-term investments:</b>		
Cash and cash equivalents	\$ 589,284	\$
Short-term investments	180,578	
<b>Total cash and cash equivalents and short-term investments</b>	<b>\$ 769,862</b>	
<b>Short-term debt:</b>		
Revolving Credit Facilities	\$	\$
Current portion of long-term debt	1,283	
<b>Total short-term debt</b>	<b>\$ 1,283</b>	<b>\$</b>
<b>Long-term debt:</b>		
TDS 7.0% Senior Notes due 2060	\$ 300,000	\$
TDS 6.875% Senior Notes due 2059	225,000	
TDS 6.625% Senior Notes due 2045	116,250	
U.S. Cellular debt	880,613	
TDS Telecom debt	933	
Notes offered hereby (1)		
Other	7,002	
Less: current portion of long-term debt	(1,283)	
<b>Total long-term debt</b>	<b>1,528,515</b>	
<b>TDS Shareholders' equity:</b>		
Common Shares, par value \$.01 per share, authorized 265,000,000 shares, issued 125,512,000 shares; and Series A Common Shares, par value \$.01 per share, authorized 25,000,000 shares, issued 7,147,000 shares	1,326	
Capital in Excess of Par Value	2,293,008	
Treasury Shares, at cost, 23,957,000 Common Shares	(739,560)	
Accumulated Other Comprehensive Income (Loss)	(8,343)	
Retained Earnings	2,528,209	
<b>Total TDS shareholders' equity</b>	<b>4,074,640</b>	
Preferred Shares	826	
Non-controlling interests	687,624	
<b>Total Equity</b>	<b>4,763,090</b>	
<b>Total capitalization</b>	<b>\$ 6,291,605</b>	<b>\$</b>

(1)

Explanation of Responses:

Edgar Filing: GARDNER EUGENE H - Form 4

Excludes up to an additional \$ aggregate principal amount of Notes issuable upon the exercise of the underwriters' overallotment option.

S-9

---



Table of Contents

**DESCRIPTION OF THE NOTES**

**General**

We provide information to you about the Notes in two separate documents:

the accompanying prospectus; and

this prospectus supplement.

The following statements about the Notes are summaries and are subject to, and qualified in their entirety by reference to, the accompanying prospectus and the Indenture referred to in the prospectus. See "Description of Debt Securities" in the accompanying prospectus for additional information concerning the Notes and the Indenture. The following statements, therefore, do not contain all the information that may be important to you. Not all the defined terms used in this prospectus supplement are defined in this prospectus supplement. You should refer to the accompanying prospectus or Indenture for the definitions of certain terms.

Subject to the discussion in this prospectus supplement, the Notes:

will be issued under the Indenture, dated as of November 1, 2001, as amended or supplemented from time to time, between TDS and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A., as successor in interest to BNY Midwest Trust Company), as Trustee,

will mature on \_\_\_\_\_, 2061,

will be issued in minimum denominations of \$25 and integral multiples in excess thereof,

will be redeemable at our option, in whole or in part, at any time on and after \_\_\_\_\_, 2017, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date as described under "Redemption and Repayment" below, and

are expected to be listed on the New York Stock Exchange.

Because the Company is a holding company which conducts substantially all of its operations through subsidiaries, the right of the Company, and hence the right of creditors of the Company (including the holders of the Notes), to participate in any distribution of the assets of any subsidiary upon its liquidation or reorganization or otherwise is necessarily subject to the prior claims of creditors of the subsidiary, except to the extent that claims of the Company itself as a creditor of the subsidiary may be recognized.

**Further Issuances**

We may, without the consent of the holders of the Notes, issue additional notes having the same ranking and the same stated maturity date and other terms as these Notes. Any additional notes, together with the Notes offered by this prospectus supplement, will constitute a single series of senior debt securities under the indenture. No additional notes may be issued if an event of default under the indenture has occurred and is continuing with respect to the Notes.

**Ranking**

The Notes will be our senior unsecured obligations, and will rank on a parity with all of our other existing and future senior unsecured obligations.

## Edgar Filing: GARDNER EUGENE H - Form 4

As of the date of this prospectus supplement, the Company has outstanding approximately \$116.3 million of 6.625% Senior Notes due 2045, which we refer to as the 6.625% notes, which have the benefit of covenants limiting secured debt and sale and leaseback transactions similar to, but more restrictive than, the limitations on secured debt and sale and leaseback transactions described below. In

S-10

---

Table of Contents

the event the Company incurs secured debt or enters into a sale and leaseback transaction that is excepted from the covenant protection provided to the holders of the Notes but not the holders of the 6.625% notes, the Notes may become effectively subordinated to the claims of the holders of the 6.625% notes up to the value of the assets subject to the lien or sale and leaseback transaction. See "Description of Other Indebtedness."

Substantially all of our operations are conducted through our subsidiaries. Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and, therefore, the right of the holders of the Notes to participate in those assets will be structurally subordinated to all indebtedness and other liabilities of our subsidiaries, including liabilities to trade creditors. As of September 30, 2012, our subsidiaries had approximately \$887.5 million of outstanding indebtedness.

**Trading Characteristics**

We expect the Notes to trade at a price that takes into account the value, if any, of accrued and unpaid interest. This means that purchasers will not pay, and sellers will not receive, accrued and unpaid interest on the Notes that is not included in their trading price. Any portion of the trading price of a note that is attributable to accrued and unpaid interest will be treated as a payment of interest for U.S. federal income tax purposes and will not be treated as part of the amount realized for purposes of determining gain or loss on the disposition of the Notes. See "Material Federal Income Tax Considerations" below.

**Quarterly Payments**

Interest on the Notes will accrue from \_\_\_\_\_, 2012 at a rate of \_\_\_\_\_ % per year and will be payable initially on \_\_\_\_\_, 2013 and thereafter quarterly on \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ of each year (each an "Interest Payment Date"). On an Interest Payment Date, interest will be paid to the persons in whose names the Notes were registered as of the record date. With respect to any Interest Payment Date, while the Notes remain in book-entry form the record date will be one business day prior to the relevant Interest Payment Date.

The amount of interest payable for any period will be computed on the basis of twelve 30-day months and a 360-day year. The amount of interest payable for any period shorter than a full quarterly interest period will be computed on the basis of the number of days elapsed in a 90-day quarter of three 30-day months. If any Interest Payment Date falls on a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York are authorized by law to close, then payment of interest will be made on the next succeeding business day and no additional interest will accrue because of the delayed payment, except that, if such business day is in the next succeeding calendar year, such payment will be made on the immediately preceding business day, with the same force and effect as if made on such date.

**Redemption and Repayment**

The Notes will be redeemable at our option, in whole or in part, at any time on and after \_\_\_\_\_, 2017 upon not less than 30 nor more than 60 days notice, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date. Additionally, we may at any time repurchase Notes at any price in the open market and may hold, resell or surrender such Notes to the Trustee for cancellation. You will not have the right to require us to repay Notes prior to maturity. We are not required to establish a sinking fund to retire the Notes prior to maturity.

Table of Contents

**Additional Event of Default**

In addition to the Events of Default described in the accompanying prospectus, the terms of the Notes provide the following circumstance will be an Event of Default:

an event of default occurs under any instrument under which there is outstanding, or by which there may be secured or evidenced, any indebtedness of TDS for money borrowed, other than non-recourse indebtedness, which results in acceleration of, or non-payment at maturity, after giving effect to any applicable grace period, of such indebtedness in an aggregate amount exceeding 2% of TDS' Consolidated Assets, and

TDS shall have failed to cure such default or to discharge such indebtedness within ten calendar days after notice thereof to TDS by the Trustee or to TDS and the Trustee by the Holders of at least 33% in aggregate principal amount of the Notes then outstanding.

Notwithstanding the foregoing, no such Event of Default will exist as long as TDS is contesting any such default or acceleration in good faith and by appropriate proceedings.

**Certain Covenants of TDS**

Under the Supplemental Indenture establishing the Notes, TDS has agreed that it will not engage in certain transactions, as described below. Certain capitalized terms used below and in such Supplemental Indenture, not including terms defined in the Indenture, are defined at the end of this section.

*Limitation on Secured Debt.* TDS will not create or incur any Secured Debt without in either case effectively providing that the Notes, together with, if TDS will so determine, any other Debt of or guaranteed by TDS ranking equally with the Notes, will be secured equally and ratably with or prior to such Secured Debt, with certain stated exceptions.

These exceptions permit:

1. Secured Debt on acquired property, including Secured Debt:
  - a. in respect of Liens on property existing at the time such property is acquired by TDS,
  - b. in respect of Liens created upon or within 270 days following the acquisition or construction of property, including any improvements to existing property, to secure the payment of all or part of the purchase price thereof, or
  - c. incurred by TDS prior to, at the time of or within 270 days following the acquisition of property which is subject to a related Lien, which Secured Debt is incurred for the purpose of financing all or part of the purchase price thereof.

In general, this exception applies only to Liens on acquired property, and does not apply to Liens on any other property then owned by TDS.

2. Secured Debt in respect of Liens on acquired property of a Person:
  - a. existing at the time such Person is merged into or consolidated with TDS or at the time of a sale, lease or other disposition of the properties of a Person as an entirety or substantially as an entirety to TDS,
  - b.

## Edgar Filing: GARDNER EUGENE H - Form 4

resulting from such merger, consolidation, sale, lease or disposition by virtue of any Lien on property granted by TDS prior to and unrelated to such merger, consolidation, sale, lease or disposition which applies to after-acquired property of TDS, or

c.

resulting from such merger, consolidation, sale, lease or disposition pursuant to a Lien or contractual provision granted or entered into by such Person prior to such merger, consolidation, sale, lease or disposition, and not at the request of TDS.

S-12

---

## Edgar Filing: GARDNER EUGENE H - Form 4

### Table of Contents

Any such Lien referred to in clause a does not apply to any property of TDS other than the property subject thereto at the time such Person or properties were acquired and any such Lien referred to in clause b or c does not apply to any property of TDS other than the property so acquired.

3. Liens existing at the date of the Supplemental Indenture relating to the Notes.
4. Liens in favor of a government or governmental entity to secure partial progress, advance or other payments, or other obligations, or to secure any Debt incurred for the purpose of financing all or any part of the cost of acquiring, constructing or improving the property subject to such Lien.
5. Liens arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation, which Lien is required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege, franchise, license or permit.
6. Liens for taxes, assessments or governmental charges or levies not yet delinquent or governmental charges or levies already delinquent, the validity of which charge or levy is being contested in good faith and for which any reserves required in accordance with generally accepted accounting principles have been established.
7. Liens, including judgment liens, arising in connection with legal proceedings so long as such proceedings are being contested in good faith and, in the case of judgment liens, execution thereon is stayed and for which any reserves required in accordance with generally accepted accounting principles have been established.
8. Liens on equity interests of TDS or any subsidiary of TDS in any person or persons that are not directly, or indirectly through one or more intermediaries, Controlled by TDS or by any of its subsidiaries.
9. Liens upon or in any property or assets now owned or from time to time hereafter acquired by U.S. Cellular or any of its subsidiaries related in any way to the ownership by U.S. Cellular or by any of its subsidiaries of wireless telecommunications towers, including, but not limited to, tower structures, land on which towers are located, other real estate associated with such towers, leases for towers or for tower sites, subleases, licenses, colocation arrangements, easements and all other real property and other tangible or intangible assets related thereto.
10. Liens on any property used primarily for or any of the following: data centers, colocation, managed services, hosted services or cloud services.
11. Liens securing indebtedness of TDS or of any of its Subsidiaries to the Rural Electrification Administration, Rural Utility Service, Rural Telephone Bank or the Rural Telephone Finance Cooperative or successors thereto.
12. Liens incurred and deposits made in the ordinary course of business to secure surety and appeal bonds, leases, return-on-money bonds and other similar obligations, exclusive of obligations for the payment of borrowed money.
13. Secured Debt secured by any extension, renewals or replacement of any Liens referred to in the foregoing clauses 1 to 12, inclusive, provided that
  - a. the principal amount of Secured Debt secured thereby does not exceed the principal amount of such Debt secured at the time of such extension, renewal or replacement, and
  - b.

Edgar Filing: GARDNER EUGENE H - Form 4

any Lien created in connection therewith is limited to all or part of the property, plus improvements to such property, which secured the Secured Debt so extended, renewed or replaced.

S-13

---

## Edgar Filing: GARDNER EUGENE H - Form 4

### Table of Contents

The restrictions in the first paragraph under " Limitation on Secured Debt" do not apply if, immediately after the incurrence of such Secured Debt, giving effect to the application of the proceeds therefrom,

- a. the aggregate principal amount of Secured Debt, other than Secured Debt described in clauses 1 to 13, above, plus
- b. the aggregate amount of Capitalized Rent in respect of Sale and Leaseback Transactions, other than Sale and Leaseback Transactions the proceeds of which are or will be applied as described in clauses 1 to 7 inclusive, under "Limitation on Sale and Leaseback Transactions" below, would not exceed 20% of Consolidated Assets.

*Limitation on Sale and Leaseback Transactions.* TDS will not enter into any Sale and Leaseback Transaction unless immediately after the completion of such Sale and Leaseback Transaction, giving effect to the application of the proceeds therefrom,

- a. the aggregate amount of Capitalized Rent in respect of Sale and Leaseback Transactions, other than Sale and Leaseback Transactions described in clauses 1 to 7, inclusive, of the immediately succeeding paragraph, plus
- b. the aggregate principal amount of Secured Debt, other than Secured Debt described in clauses 1 to 13, inclusive, under "Limitation on Secured Debt" above, would not exceed 20% of Consolidated Assets.

The foregoing restrictions do not apply to, and there will be excluded in computing the aggregate amount of Capitalized Rent for the purpose of such restrictions, the following Sales and Leaseback Transactions:

1. Sale and Leaseback Transactions entered into to finance the payment of all or any part of the purchase price of property acquired or constructed by TDS, including any improvements to existing property, or entered into prior to, at the time of or within 270 days after the acquisition or construction of such property, which Sale and Leaseback Transaction is entered into for the purpose of financing all or part of the purchase or construction price thereof. In general, the foregoing exception only applies to the property acquired by TDS and does not apply to any property transferred by TDS to a subsidiary of TDS in contemplation of or in connection with such Sale and Leaseback Transaction.
2. Sale and Leaseback Transactions involving property of a Person existing at the time such Person is merged into or consolidated with TDS or at the time of a sale, lease or other disposition of the properties of a Person as an entirety or substantially as an entirety to TDS.
3. Sale and Leaseback Transactions in which the lessor is a government or governmental entity and which Sale and Leaseback Transaction is entered into to secure partial progress, advance or other payments, or other obligations, pursuant to any contract or statute or to secure any Debt incurred for the purpose of financing all or any part of the cost of constructing or improving the property subject to such Sale and Leaseback Transaction.
4. Sale and Leaseback Transaction involving any property or assets now owned or from time to time hereafter acquired by U.S. Cellular or any of its subsidiaries related in any way to the ownership by U.S. Cellular or by any of its subsidiaries of wireless telecommunications towers, including, but not limited to, tower structures, land on which towers are located, other real estate associated with such towers, leases for towers or for tower sites, subleases, licenses, colocation arrangements, easements and all other real property and other tangible or intangible assets related thereto.
5. Sale and Leaseback Transaction involving property used primarily as or for any of the following: data centers, colocation, managed services, hosted services or cloud services.



Table of Contents

6.

Sale and Leaseback Transactions the net proceeds of which are at least equal to the fair value, as determined by the Board of Directors of TDS, of the property leased pursuant to such Sale and Leaseback Transaction, so long as within 270 days of the effective date of such Sale and Leaseback Transaction, TDS applies, or irrevocably commits to an escrow account, an amount equal to the net proceeds of such Sale and Leaseback Transaction to either:

a.

the purchase of other property having a fair value at least equal to the fair value of the property leased in such Sale and Leaseback Transaction and having a similar utility and function, or

b.

the retirement or repayment, other than any mandatory retirement or repayment at maturity, of

i.

the Notes,

ii.

other Funded Debt of TDS which ranks prior to or on a parity with the Notes, or

iii.

indebtedness of any subsidiary of TDS maturing by its terms more than one year from its date of issuance, notwithstanding that any portion of such indebtedness is included in current liabilities, or preferred stock of any subsidiary of TDS, other than any such indebtedness owed to or preferred stock owned by TDS or any subsidiary of TDS.

In lieu of applying an amount equivalent to all or any part of such net proceeds to such retirement or repayment or committing such an amount to an escrow account for such purpose, TDS may deliver to the Trustee outstanding Notes and thereby reduce the amount to be applied pursuant to b of this clause 5 by an amount equivalent to the aggregate principal amount of the Notes so delivered.

7.

Sale and Leaseback Transactions involving extensions, renewals or replacements in whole or in part of a lease pursuant to a Sale and Leaseback Transaction referred to in the foregoing clauses 1 to 6, inclusive. Any such lease extension, renewal or replacement will be limited to all or any part of the same property leased under the lease so extended, renewed or replaced, plus improvements to such property.

*Certain Definitions.*

"Capital Stock" means and includes any and all shares, interests, participations or other equivalents, however designated, of ownership in a corporation or other Person.

"Capitalized Rent" means the present value, discounted semi-annually at a discount rate equal to the weighted average rate of interest borne by the Notes then outstanding, of the total net amount of rent payable for the remaining term of any lease of property by TDS, including any period for which such lease has been extended; except that no such rental obligation will be deemed to be Capitalized Rent unless the lease resulted from a Sale and Leaseback Transaction. The total net amount of rent payable under any lease for any period will be the total amount of the rent payable by the lessee with respect to such period but will not include amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates, sewer rates and similar charges.

"Consolidated Assets" means the gross assets, as defined by generally accepted accounting principles, less accumulated depreciation and amortization, of TDS and its Subsidiaries determined on a consolidated basis at the end of TDS' then most recently reported fiscal year or quarter, as the case may be, including minority interests of Subsidiaries.

"Control" means ownership of voting power sufficient to elect a majority of the directors or other members of the governing body of any Person.

## Edgar Filing: GARDNER EUGENE H - Form 4

### Table of Contents

"Debt" means with respect to a Person all obligations of such Person for borrowed money and all such obligations of any other Person for borrowed money guaranteed by such Person.

"Funded Debt" means any Debt maturing by its terms more than one year from its date of issuance, notwithstanding that any portion of such Debt is included in current liabilities.

"Lien" means any mortgage, pledge, security interest, lien, charge or other encumbrance.

"property" means any directly-held interest of a Person in any kind of property or asset whether real, personal or mixed and whether tangible or intangible, and includes Capital Stock or indebtedness of a subsidiary or other Person.

"Sale and Leaseback Transaction" means any arrangement with any Person other than a Tax Consolidated Subsidiary providing for the leasing, as lessee, by TDS of any property, except for temporary leases for a term, including any renewal thereof, of not more than three years, provided that any such temporary lease may be for a term of up to five years if

- a. the Board of Directors of TDS reasonably finds such term to be in the best interest of TDS and
- b. the primary purpose of the transaction of which such lease is a part is not to provide funds to or financing for TDS, which property has been or is to be sold or transferred by TDS
  - i. to any subsidiary of TDS in contemplation of or in connection with such arrangement or
  - ii. to such other Person.

"Secured Debt" means Debt of TDS secured by any Lien on property, including Capital Stock or indebtedness of subsidiaries of TDS, owned by TDS.

"Subsidiary" or "subsidiary" means a Person which is consolidated with TDS in accordance with generally accepted accounting principles.

"Tax Consolidated Subsidiary" means a subsidiary of TDS with which, at the time a Sale and Leaseback Transaction is entered into by TDS, TDS would be entitled to file a consolidated federal income tax return.

### **Book-Entry Only**

The Notes will be issued only in book-entry form through the facilities of The Depository Trust Company (the "Depository") and will be in denominations of \$25 and integral multiples in excess thereof. The Notes will be represented by one or more Global Securities ("Global Securities") and will be registered in the name of a nominee of the Depository.

The Depository has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Exchange Act. The Depository holds securities that its participants deposit with the Depository. The Depository also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in its participants' accounts, thereby eliminating the need for physical movement of securities. The Depository's participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations, and certain other organizations. The Depository is owned by The Depository Trust & Clearing Corporation, which is owned by the users of its regulated subsidiaries. Access to the Depository's system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Persons who are not participants may beneficially own

Table of Contents

securities held by the Depositary only through participants. The rules applicable to the Depositary and its participants are on file with the SEC.

Upon the issuance of the Global Security, the Depositary will credit its participants' accounts on its book-entry registration and transfer system with their respective principal amounts of the Notes represented by such Global Security. The underwriters designate which participants' accounts will be credited. The only persons who may own beneficial interests in the Global Security will be the Depositary's participants or persons that hold interests through such participants. Ownership of beneficial interests in such Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the Depositary or its nominee (with respect to interests of its participants), and on the records of its participants (with respect to interests of persons other than such participants). The laws of some jurisdictions may require that some purchasers of securities take physical delivery of those securities in definitive form. These limits and laws may impair your ability to transfer your interest in the Notes.

So long as the Depositary or its nominee is the registered owner of the Global Security, the Depositary or its nominee will be considered the sole owner or holder of the Notes represented by such Global Security for all purposes under the Notes and the Indenture. Except as provided below or as we may otherwise agree in our sole discretion, owners of beneficial interests in a Global Security will not be entitled to have Notes represented by the Global Security registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owners or holders thereof under the Indenture. Accordingly, each person owning a beneficial interest in the Global Security must rely on the procedures of the Depositary and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under the Indenture.

Principal and interest payments on Notes registered in the name of the Depositary or its nominee will be made to the Depositary or its nominee, as the case may be, as the registered owner of the Global Security representing such Notes. None of TDS, the Trustee, any paying agent or the registrar for the Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in such Global Security for such Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that the Depositary for the Notes or its nominee, upon receipt of any payment of principal or interest, will credit immediately its participants accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Security for such Notes as shown on the records of the Depositary or its nominee. We also expect that payments by such participants to owners of beneficial interests in such Global Security held through such participants will be governed by standing instructions and customary practices. These payments will be the responsibility of the participants. The Global Security may not be transferred except as a whole to another nominee of the Depositary or to a successor Depositary selected or approved by us or to a nominee of that successor Depositary. A Global Security is exchangeable for definitive notes in registered form in authorized denominations only if:

the Depositary notifies us that it is unwilling or unable to continue as Depositary and a successor Depositary is not appointed by us within 90 days;

the Depositary ceases to be a clearing agency registered or in good standing under the Exchange Act, or other applicable statute or regulation and a successor corporation is not appointed by us within 90 days; or

we, in our sole discretion, determine not to require that all of the Notes be represented by a Global Security.

Table of Contents

**DESCRIPTION OF OTHER INDEBTEDNESS**

**Revolving Credit Facilities**

TDS has a \$400 million revolving credit facility and U.S. Cellular has a \$300 million revolving credit facility, each of which is available for general corporate purposes. At September 30, 2012, there were no outstanding borrowings and \$0.2 million of outstanding letters of credit, leaving \$399.8 million available for use under the TDS revolving credit facility, and there were no outstanding borrowings and \$0.2 million of outstanding letters of credit, leaving \$299.8 million available for use under the U.S. Cellular revolving credit facility.

Borrowings under the revolving credit facilities bear interest at the London InterBank Offered Rate, or LIBOR, (or, at TDS' or U.S. Cellular's option, an alternate "Base Rate" as defined in the revolving credit agreements) plus a contractual spread based on TDS' and U.S. Cellular's credit rating. TDS or U.S. Cellular may select borrowing periods of either one, two, three or six months (or other period of twelve months or less requested by TDS or U.S. Cellular if approved by the lenders). At September 30, 2012, the contractual spread was 125 basis points. If TDS or U.S. Cellular provides less than three business days notice of intent to borrow, interest on borrowings is at the Base Rate (as defined in the revolving credit agreements) plus the contractual spread. The revolving credit facilities require TDS to pay fees at an aggregate rate of 0.175% of the total \$400 million facility in 2012 and U.S. Cellular to pay fees at an aggregate rate of 0.175% of the total \$300 million facility in 2012. The maturity date of the revolving credit facilities is December 15, 2015. TDS and U.S. Cellular may seek to extend the maturity date from time to time.

In connection with U.S. Cellular's revolving credit facility, TDS and U.S. Cellular entered into a subordination agreement dated December 17, 2010 together with the administrative agent for the lenders under U.S. Cellular's revolving credit facility. At September 30, 2012, no U.S. Cellular debt was subordinated pursuant to this subordination agreement.

TDS' and U.S. Cellular's interest cost on their revolving credit facilities is subject to increase if their current credit ratings from nationally recognized credit rating agencies are lowered, and is subject to decrease if the ratings are raised. The credit facilities would not cease to be available nor would the maturity date accelerate solely as a result of a downgrade in TDS' or U.S. Cellular's credit rating. However, a downgrade in TDS' or U.S. Cellular's credit rating could adversely affect their ability to renew the credit facilities or obtain access to other credit facilities in the future.

The continued availability of the revolving credit facilities requires TDS and U.S. Cellular to comply with certain negative and affirmative covenants, maintain certain financial ratios and make representations regarding certain matters at the time of each borrowing. TDS and U.S. Cellular believe they were in compliance as of September 30, 2012 with all of the covenants and requirements set forth in their revolving credit facilities.

Table of Contents**Long-Term Financing**

The following table identifies long-term debt of TDS and its subsidiaries as of September 30, 2012:

	<b>September 30, 2012</b>	
	<b>(Dollars in thousands)</b>	
<b>TDS</b>		
7.0% Senior Notes due 2060	\$	300,000
6.875% Senior Notes due 2059		225,000
6.625% Senior Notes due 2045		116,250
Other		1,097
<b>Total TDS</b>		<b>642,347</b>
<b>U.S. Cellular</b>		
6.7% Senior Notes due 2033, less unamortized discount		534,439
6.95% Senior Notes due 2060		342,000
Other		4,174
<b>TDS Telecom</b>		
Government debt and other notes		933
<b>Other Subsidiaries</b>		
		5,905
<b>Total subsidiaries</b>		<b>887,451</b>
<b>Total long-term debt</b>		<b>1,529,798</b>
Less: current portion of long-term debt		(1,283)
<b>Total long-term debt, excluding current portion</b>	<b>\$</b>	<b>1,528,515</b>

**TDS Debt**

The unsecured 7.0% Senior Notes, issued in March 2011, are due March 15, 2060. Interest is payable quarterly. TDS may redeem the notes, in whole or in part, at any time on and after March 15, 2016, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest.

The unsecured 6.875% Senior Notes, issued in November 2010, are due November 15, 2059. Interest on the notes is payable quarterly. TDS may redeem the notes, in whole or in part, at any time on and after November 15, 2015, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest.

The unsecured 6.625% Senior Notes, issued in 2005, are due March 31, 2045. Interest on the notes is payable quarterly. TDS may redeem the notes at any time, in whole or in part, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest.

**U.S. Cellular**

The unsecured 6.7% Senior Notes are due December 15, 2033. Interest is paid semi-annually. U.S. Cellular may redeem the notes, in whole or in part, at any time prior to maturity at a redemption price equal to the greater of (a) 100% of the principal amount of such notes, plus accrued but unpaid interest, or (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date on a semi-annual basis at the Treasury Rate plus 30 basis points.

The unsecured 6.95% Senior Notes are due May 15, 2060. Interest on the notes is payable quarterly. U.S. Cellular may redeem the notes, in whole or in part, at any time on and after May 15, 2016 at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest.



Table of Contents

**Covenants**

TDS and its subsidiaries' long-term debt and indentures do not contain any provisions resulting in acceleration of the maturities of outstanding debt in the event of a change in TDS' credit rating. However, a downgrade in TDS' credit rating could adversely affect its ability to obtain long-term debt financing in the future. TDS believes it and its subsidiaries were in compliance as of September 30, 2012 with all covenants and other requirements set forth in long-term debt indentures. TDS and U.S. Cellular have not failed to make nor do they expect to fail to make any scheduled payment of principal or interest under such indentures.

**MATERIAL FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of the material United States federal income tax considerations to U.S. holders and non-U.S. holders (each as defined below) relating to the purchase, ownership and disposition of the Notes. This discussion is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury regulations promulgated thereunder, rulings, pronouncements, judicial decisions and administrative interpretations of the Internal Revenue Service (the "IRS"), all of which are subject to change, possibly on a retroactive basis, at any time by legislative, judicial or administrative action. We cannot assure you that the IRS will not challenge the conclusions stated below, and no ruling from the IRS has been (or will be) sought on any of the matters discussed below.

The following discussion does not purport to be a complete analysis of all the potential U.S. federal income tax effects relating to the purchase, ownership and disposition of the Notes. Without limiting the generality of the foregoing, the discussion does not address the effect of any special rules applicable to certain types of holders, including, without limitation, dealers in securities or currencies, insurance companies, financial institutions, thrifts, regulated investment companies, tax-exempt entities, U.S. persons whose functional currency is not the U.S. dollar, U.S. expatriates, persons who hold notes as part of a straddle, hedge, conversion transaction, or other risk reduction or integrated investment transaction, investors in securities that elect to use a mark-to-market method of accounting for their securities holdings, individual retirement accounts or qualified pension plans or investors in pass-through entities, including partnerships and Subchapter S corporations that invest in our Notes. In addition, this discussion is limited to holders who are the initial purchasers of the Notes at their original issue price and hold the Notes as capital assets within the meaning of Section 1221 of the Code. This discussion does not address the effect of any U.S. state or local income or other tax laws, any U.S. federal estate and gift tax laws, any foreign tax laws or any tax treaties.

**U.S. Holders**

The term "U.S. holder" means a beneficial owner of a Note that is:

an individual who is a citizen of the United States or who is a resident alien of the United States for U.S. federal income tax purposes;

a corporation or other entity taxable for U.S. federal income tax purposes as a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in effect under applicable Treasury regulations to be treated as a U.S. person.

Table of Contents

If a partnership or other entity or arrangement classified as a partnership for U.S. tax purposes holds the Notes, the tax treatment of the partnership and each partner will depend on the activities of the partnership and the activities of the partner. Partnerships acquiring Notes, and partners in such partnerships, should consult their own tax advisors.

*Taxation of Interest*

All of the Notes are expected to be issued at face value or a de minimis discount to face value and will bear interest at a fixed rate. Accordingly, interest on a Note will generally be includable in income of a U.S. holder as ordinary income at the time the interest is received or accrued, in accordance with the holder's regular method of accounting for U.S. federal income tax purposes.

*Sale, Exchange or Disposition*

A U.S. holder will generally recognize capital gain or loss on a sale, exchange, redemption, retirement or other taxable disposition of a Note measured by the difference, if any, between (i) the amount of cash and the fair market value of any property received, except to the extent that the cash or other property received in respect of a Note is attributable to accrued interest on the Note, which amount will be treated as a payment of interest, and (ii) the U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note will generally equal the cost of the Note to such U.S. holder.

Such capital gain or loss will be treated as a long-term capital gain or loss if, at the time of the sale or exchange, the Note has been held by the U.S. holder for more than one year; otherwise, the capital gain or loss will be short-term. Non-corporate taxpayers may be subject to a lower federal income tax rate on their net long-term capital gains than that applicable to ordinary income. All taxpayers are subject to certain limitations on the deductibility of their capital losses.

*Information Reporting and Backup Withholding*

U.S. holders of Notes, except for certain exempt recipients, will generally be subject to information reporting and backup withholding (currently at a rate of 28%) on payments of interest, principal, gross proceeds from a disposition of Notes and redemption premium, if any. However, backup withholding generally applies only if the U.S. holder:

fails to furnish or furnishes an incorrect social security or other taxpayer identification number within a reasonable time after a request for such information;

fails to report interest properly; or

fails, under certain circumstances, to provide a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the U.S. holder is not subject to backup withholding.

Backup withholding is not an additional tax. Any amount withheld from a payment to a U.S. holder under the backup withholding rules is allowable as a credit against such U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided such holder furnishes the required information to the IRS. U.S. holders of Notes should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining such exemption. We cannot refund amounts once withheld.

We will furnish annually to the IRS, and to record holders of the Notes to whom we are required to furnish such information, information relating to the amount of interest paid and the amount of backup withholding, if any, with respect to payments on the Notes.



Table of Contents

*Medicare Tax*

Beginning in 2013, certain U.S. Holders that are individuals, estates or trusts will be subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest income and net gains from the disposition of a Note. If you are a U.S. Holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare Tax to your income.

**Non-U.S. Holders**

The following summary is limited to the U.S. federal income tax consequences relevant to a beneficial owner of a Note (other than a partnership or other entity or arrangement classified as a partnership for U.S. tax purposes) who is not a U.S. holder (a "non-U.S. holder").

*Taxation of Interest*

Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Recent Legislation," payments of interest on a Note to any non-U.S. holder generally will not be subject to U.S. federal income tax or withholding provided we or the person otherwise responsible for withholding of U.S. federal income tax from payments on the Notes receives a required certification from the non-U.S. holder and the non-U.S. holder is not:

an actual or constructive owner of 10% or more of the total combined voting power of all classes of our stock entitled to vote;

a controlled foreign corporation related, directly or indirectly, to us through stock ownership; or

receiving such interest payments as income effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States.

In order to satisfy the certification requirement, the non-U.S. holder must provide a properly completed IRS Form W-8BEN (or substitute Form W-8BEN or the appropriate successor form) under penalties of perjury that provides the non-U.S. holder's name and address and certifies that the non-U.S. holder is not a U.S. person. Alternatively, in a case where a security clearing organization, bank, or other financial institution holds the Notes in the ordinary course of its trade or business on behalf of the non-U.S. holder, certification requires that we or the person who otherwise would be required to withhold U.S. federal income tax receive from the financial institution a certification under penalties of perjury that a properly completed Form W-8BEN (or substitute Form W-8BEN or the appropriate successor form) has been received by it, or by another such financial institution, from the non-U.S. holder, and a copy of such a form is furnished to us or other appropriate payor.

A non-U.S. holder that does not qualify for exemption from withholding under the preceding paragraphs generally will be subject to withholding of U.S. federal income tax, currently at the rate of 30%, or a lower applicable treaty rate, on payments of interest on the Notes that are not effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States.

If the payments of interest on a Note are effectively connected with the conduct by a non-U.S. holder of a trade or business in the United States (and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States), such payments will be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. persons generally. If the non-U.S. holder is a corporation for U.S. federal income tax purposes, such payments also may be subject to a 30% branch profits tax, or a lower applicable tax treaty rate. If payments are subject to U.S. federal income tax on a net basis in accordance with the rules described in the preceding two sentences, such payments will not be subject to withholding of U.S. federal income tax so

## Edgar Filing: GARDNER EUGENE H - Form 4

### Table of Contents

long as the holder provides us, or the person who otherwise would be required to withhold U.S. federal income tax, with the appropriate certification.

In order to claim a tax treaty benefit or exemption from withholding with respect to income that is effectively connected with the conduct of a trade or business in the United States by a non-U.S. holder, the non-U.S. holder must provide a properly executed Form W-8BEN or W-8ECI. Under Treasury regulations, a non-U.S. holder may under certain circumstances be required to obtain a U.S. taxpayer identification number and make certain certifications to us.

Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties, which may provide for a lower rate of tax, exemption from or reduction of branch profits tax or other rules different from those described above.

### *Sale, Exchange or Disposition*

Subject to the summary of backup withholding rules below, any gain realized by a non-U.S. holder on the sale, exchange, retirement or other disposition of a Note generally will not be subject to U.S. federal income tax, unless:

such gain is effectively connected with the conduct by such non-U.S. holder of a trade or business within the United States (and, if an income tax treaty applies, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States); or

the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are satisfied.

Proceeds from the disposition of a note that are attributable to accrued but unpaid interest generally will be subject to, or exempt from, tax to the same extent as described above with respect to interest paid on a Note.

### *Information Reporting and Backup Withholding*

Any payments of interest to a non-U.S. holder may be reported to the IRS and to the non-U.S. holder. Copies of these information returns also may be made available under the provisions of a specific treaty or other agreement to the tax authorities of the country in which the non-U.S. holder resides.

Backup withholding and certain additional information reporting generally will not apply to payments of interest with respect to which either the requisite certification, as described above, has been received or an exemption otherwise has been established, provided that neither we nor the person who otherwise would be required to withhold U.S. federal income tax has actual knowledge or reason to know that the holder is, in fact, a U.S. person or that the conditions of any other exemption are not, in fact, satisfied.

The payment of the proceeds from the disposition of the Notes by or through the U.S. office of any broker, U.S. or foreign, will be subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge or reason to know that the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of the proceeds from the disposition of the Notes by or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a "U.S. related person"). In the case of the payment of the proceeds from the disposition of the Notes by or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related person, the Treasury regulations require information reporting, but generally not backup withholding, on the payment unless the broker has documentary

Table of Contents

evidence in its files that the owner is a non-U.S. holder and the broker has no knowledge or reason to know to the contrary.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the non-U.S. holder's U.S. federal income tax liability provided such holder furnishes the required information to the IRS.

*Recent Legislation*

On March 18, 2010, the Hiring Incentives to Restore Employment Act (the "HIRE Act") was signed into law. The HIRE Act will generally impose a withholding tax of 30% on interest income from, and the gross proceeds from a disposition of, debt instruments paid to certain foreign entities unless various information reporting requirements are satisfied. This would generally apply in the case of debt obligations held through intermediaries who do not agree to satisfy such information reporting requirements. The IRS has released preliminary guidance indicating that the HIRE Act generally will apply to certain withholdable payments made after December 31, 2013 in the case of interest and December 31, 2016 in the case of gross proceeds arising from the disposition of debt instruments. However, the new withholding requirements generally would not apply to debt instruments issued on or before December 31, 2012, unless such debt instruments are deemed to be reissued after December 31, 2012 for federal income tax purposes. This preliminary guidance will be effective once certain proposed U.S. Treasury regulations are finalized. No additional amounts will be payable on account of any withholding obligation that is imposed with respect to payments on the Notes as a result of the failure of any Holder or beneficial owner of a Note, or any intermediary through which it directly or indirectly owns such Note, to comply with the requirements of the HIRE Act. Prospective investors should consult their tax advisors regarding the HIRE Act. You are encouraged to consult with their own tax advisors regarding the possible implications of this recently enacted legislation on their investment in the Notes.

**THE FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN UNITED STATES OR OTHER TAX LAWS.**

Table of Contents

**UNDERWRITING**

Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC and Wells Fargo Securities, LLC are acting as representatives of the underwriters named below.

Subject to the terms and conditions in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the principal amount of Notes set forth opposite the underwriter's name.

Underwriters	Principal Amount of Notes
Citigroup Global Markets Inc.	\$
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
UBS Securities LLC	
Wells Fargo Securities, LLC	
RBC Capital Markets, LLC	
BNY Mellon Capital Markets, LLC	
Comerica Securities, Inc.	
TD Securities (USA) LLC	
U.S. Bancorp Investments, Inc.	
<b>Total</b>	<b>\$</b>

The underwriting agreement provides that the obligations of the underwriters to purchase the Notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the Notes if they purchase any of the Notes.

The underwriters propose to offer some of the Notes directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the Notes to dealers at the public offering price less a concession not to exceed \$ \_\_\_\_\_ per Note; provided, however, that such concession for sales to certain institutions will not be in excess of \$ \_\_\_\_\_ per Note. The underwriters may allow, and dealers may reallow, a concession not to exceed \$ \_\_\_\_\_ per Note on sales to other dealers. After the initial offering of the Notes to the public, the representatives may change the public offering price and concessions.

The amount of the underwriting discount (expressed as a percentage of the principal amount of the Notes) to be paid by us to the underwriters in connection with this offering is \_\_\_\_\_ %.

We have granted the underwriters an option, to purchase up to an additional \$ \_\_\_\_\_ aggregate principal amount of Notes at the public offering price set forth on the cover page of this prospectus supplement less the underwriting discount, within 30 days from the date of this prospectus supplement solely to cover overallocments, if any. To the extent the option is exercised, each underwriter will become obligated to purchase approximately the same percentage of the additional Notes as the underwriter purchased in the original offering. If the underwriters' option is exercised in full, the total price to the public would be \$ \_\_\_\_\_, the total underwriting discount would be \$ \_\_\_\_\_ and total proceeds, before deducting expenses, to us would be \$ \_\_\_\_\_.

Prior to this offering, there has been no public market for the Notes. We intend to apply to list the Notes on the New York Stock Exchange under the symbol " \_\_\_\_\_ ." If the application is approved, we expect trading in the Notes on the New York Stock Exchange to begin within 30 days after the original issue date. In order to meet one of the requirements for listing the Notes, the underwriters will undertake to sell the Notes to a minimum of 400 beneficial holders.

Table of Contents

The Notes are a new issue of securities with no established trading market. The underwriters have advised us that they intend to make a market in the Notes but are not obligated to do so and may discontinue market making at any time without notice. Neither we nor the underwriters can assure you that the trading market for the Notes will be liquid.

In connection with this offering, the representatives, on behalf of the underwriters, may purchase and sell Notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of Notes in excess of the principal amount of Notes to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

The representatives also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the representatives, in covering syndicate short positions or making stabilizing purchases, repurchase Notes originally sold by that syndicate member.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We estimate that our total expenses for this offering will be approximately \$ \_\_\_\_\_ and will be payable by us.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make because of any of these liabilities.

The underwriters have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business. In addition, certain underwriters or their affiliates may provide credit to us as lenders.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

It is expected that delivery of the Notes will be made on or about the date specified on the cover page of this prospectus supplement, which will be the \_\_\_\_\_ business day following the date of this prospectus supplement. Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, the purchasers who wish to trade Notes on the date of

Table of Contents

this prospectus supplement or the next succeeding business day will be required to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of Notes who wish to trade Notes on the date of this prospectus supplement or the next succeeding business day should consult their own advisors.

**LEGAL MATTERS**

The validity of the Notes offered hereby will be passed upon for TDS by Sidley Austin LLP, Chicago, Illinois, and certain legal matters will be passed upon for the underwriters by Mayer Brown LLP, Chicago, Illinois. TDS is controlled by a voting trust. Walter C.D. Carlson, a trustee and beneficiary of the voting trust, the non-executive chairman of the board and member of the board of directors of TDS and a director of U.S. Cellular, William S. DeCarlo, the General Counsel and/or an Assistant Secretary of TDS and certain subsidiaries of TDS, and Stephen P. Fitzell, the General Counsel and an Assistant Secretary of certain subsidiaries of TDS, are partners of Sidley Austin LLP. Walter C.D. Carlson does not provide any legal services to TDS or its subsidiaries. Mayer Brown LLP from time to time acts as counsel in certain matters for TDS. Debora de Hoyos, wife of Walter C.D. Carlson, is a partner of Mayer Brown LLP.

S-27

---

Table of Contents

# Telephone and Data Systems, Inc.

## Debt Securities

We may use this Prospectus from time to time to offer, on a continuous, delayed or periodic basis, unsubordinated senior debt securities consisting of debentures, notes, bonds and/or other evidences of indebtedness, which we refer to as "debt securities." We may offer such debt securities in one or more series in amounts, at prices and on terms to be determined at the time of sale. The following information about offered debt securities will be set forth in a Prospectus Supplement that will accompany this Prospectus: the specific designation, aggregate principal amount, currency denomination, maturity, interest rate which may be fixed or variable, time of payment of interest, if any, any terms for redemption at our option or the holder's option, any terms for sinking fund payments, whether such securities are exchangeable into other securities, the initial public offering price and any other terms of the debt securities and the offering.

Debt securities issued under the Indenture described in this Prospectus are expected to be unsecured and to rank *pari passu* with all of our other unsecured and unsubordinated indebtedness.

The debt securities are expected to be issued only in registered form. All or a portion of the debt securities of any series may be issued to a depository as a global security and may be exchangeable for physical securities only under limited conditions.

We may sell debt securities to or through underwriters or dealers, and also may sell debt securities to other purchasers directly or through agents. An accompanying Prospectus Supplement will set forth the names of any underwriters, dealers or agents involved in the sale of the debt securities offered hereby, the principal amounts, if any, to be purchased by underwriters and the compensation of such underwriters, de