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Excellence in Communications Services

Telephone and Data Systems, Inc.

May 19, 2005

Dear Shareholder:

On May 13, 2005, we distributed a stock dividend of one Special Common Share for each Common Share you held of record on April 29, 2005. United States federal income tax laws require that you allocate the tax basis of your Common Shares between those shares and the Special Common Shares that you received in the stock dividend in proportion to the fair market values of each of such shares on May 13, 2005. If you acquired Common Shares in separate "lots" at different times for different prices, you should make this determination separately with respect to each lot.

The purpose of this letter is to provide information that may assist you in making this allocation.

The Internal Revenue Service (IRS) has not endorsed any single method to establish the fair market value of shares of corporate stock in all circumstances. In similar situations in the past, the IRS has permitted shareholders to establish the fair market value of publicly traded stock by using the average of the high and low trading prices of the shares on the first regular trading day for the distributed shares. The first regular trading day for the Special Common Shares was May 16, 2005. On that date, the average of the high and low trading prices of Common Shares was \$37.895 and the average of the high and low trading prices of Special Common Shares was \$36.050. If you follow this approach, your tax basis in each separate "lot" of Common Shares would be allocated 51.2475% to the Common Shares and 48.7525% to the Special Common Shares.

	May 16 Share Price			Allocation of Cost Basis
	Low	High	Average	
Common (TDS)	\$ 37.450	\$ 38.340	\$ 37.895	0.512475
Special Common (TDS.S)	\$ 35.850	\$ 36.250	\$ 36.050	0.487525
Total			\$ 73.945	1.000000

We are unable to provide comparable information with respect to the allocation of the tax basis of Series A Common Shares, because Series A Common Shares have never been publicly traded.

We hope that you will find this information useful, but we cannot accept any responsibility for your determination of the tax basis of your Common Shares and Special Common Shares. You should be aware that the IRS also has recognized other methods to determine the fair market value of shares of stock. We urge you to discuss this and all other tax issues regarding the stock dividend with your own tax advisor.

TELEPHONE AND DATA SYSTEMS, INC.