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TELEPHONE & DATA SYSTEMS INC /DE/
Form 424B3
February 29, 2008

Filed Pursuant to Rule 424(b)(3)

Registration Nos. 033-08857-99

033-59435-99

333-125001

PROSPECTUS SUPPLEMENT

to

PROSPECTUS DATED AUGUST 20, 2007

The attached Current Report on Form 8-K dated February 29, 2008 was filed by the registrant with the Securities and Exchange Commission, and should be read in conjunction with the Prospectus dated August 20, 2007.

The date of this Prospectus Supplement is February 29, 2008

FORM 8-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 29, 2008**

TELEPHONE AND DATA SYSTEMS, INC.

(Exact name of registrant as specified in their charter)

Delaware	001-14157	36-2669023
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

30 North LaSalle Street, Suite 4000, Chicago, Illinois
(Address of principal executive offices)

60602
(Zip Code)

Registrant's telephone number, including area code: **(312) 630-1900**

Not Applicable

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On February 29, 2008, Telephone and Data Systems, Inc. (TDS) issued a news release announcing its results of operations for the period ended December 31, 2007. A copy of the news release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

The information in this Item 2.02 of Form 8-K is being furnished and shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

In accordance with the provisions of Item 601 of Regulation S-K, any Exhibits filed or furnished herewith are set forth on the Exhibit Index attached hereto.

Attached as Exhibit 99.2 is a safe harbor cautionary statement under the Private Securities Litigation Reform Act of 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on their behalf by the undersigned, thereto duly authorized.

Telephone and Data Systems, Inc.

(Registrant)

Date: February 29, 2008

By: /s/ Douglas D. Shuma
Douglas D. Shuma
Senior Vice President and Corporate Controller

EXHIBIT INDEX

The following exhibits are filed or furnished herewith as noted below.

Exhibit No.	Description
99.1	Earnings Press Release dated February 29, 2008
99.2	Private Securities Litigation Reform Act of 1995 Safe Harbor Cautionary Statement

Conference call March 3 at 10:00 a.m. Chicago time. Access the live call on the Conference Calls page of www.teldta.com.

Contact: Mark A. Steinkrauss, Vice President, Corporate Relations
(312) 592-5384 mark.steinkrauss@teldta.com

Julie D. Mathews, Manager, Investor Relations
(312) 592-5341 julie.mathews@teldta.com

FOR RELEASE: IMMEDIATE

TDS REPORTS STRONG 4Q AND FULL-YEAR 2007 FINANCIAL RESULTS

Improves overall profitability

Note: Comparisons are year over year unless otherwise noted.

4Q 2007 Highlights

Enterprise/TDS Corporate

- 11 percent increase in operating revenues, to \$1,242.7 million
- 10 percent increase in operating income, to \$96.7 million

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- Repurchased 593,786 TDS special common shares for \$37.6 million

Wireless/U.S. Cellular

- 15 percent increase in service revenues, to \$957.9 million
- 65 percent increase in data revenues, to \$107.9 million (11 percent of service revenues)
- ARPU (average revenue per unit) reached \$52.46 (9 percent increase)

Wireline/TDS Telecom

- 34 percent increase in operating income to \$34.6 million, despite a 3 percent decline in operating revenues
 - 27 percent increase in combined ILEC and CLEC DSL (digital subscriber line) customers, to 186,800; 37 percent increase in ILEC DSL customers
-

Full-Year 2007 Highlights

Enterprise/TDS Corporate

- 11 percent increase in operating revenues, to \$4,829 million
- 28 percent increase in operating income, to \$527.9 million
- 5 percent increase in cash flows from operating activities, to \$941 million
- Repurchased 2,076,979 TDS special common shares using \$126.7 million of a \$250 million stock repurchase program (\$123.3 million remains)

Wireless/U.S. Cellular

- 15 percent increase in service revenues, to \$3,679.2 million
- 69 percent increase in data revenues, to \$367.6 million
- ARPU grew to \$51.13 (8 percent increase)
- 23 percent increase in cash flows from operating activities, to \$863.1 million
- Decrease in retail postpay churn to 1.4 percent from 1.6 percent

Wireline/TDS Telecom

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- 10 percent increase in operating income to \$141.2 million, despite a 1.8 percent decrease in operating revenues
- 43 percent increase in DSL revenue
- ILEC equivalent access lines grew slightly to 762,700; access lines declined 5 percent to 585,600

CHICAGO Feb. 29, 2008 Telephone and Data Systems, Inc. [AMEX:TDS, TDS.S] reported operating revenues of \$1,242.7 million for the fourth quarter of 2007, up 11 percent from \$1,124.7 million in the comparable period one year ago. The company recorded operating income of \$96.7 million, up 10 percent from \$87.9 million in the fourth quarter of 2006. Net loss available to common and diluted loss per share were \$56.3 million and \$0.48, respectively, compared to net loss and diluted loss per share of \$116.2 million and \$1.00, respectively, for the comparable period one year ago.

TDS recorded a loss of \$194.5 million in the fourth quarter related to the fair value adjustment of derivative instruments. This compares to a loss of \$322.4 million in the fourth quarter of 2006. The company recorded a \$46.2 million gain in the fourth quarter on the sale of investments, principally related to the delivery of Vodafone American Depositary Receipts to settle the related variable prepaid forward contracts.

Sprint Nextel exchange provides more usable spectrum

In the fourth quarter, U.S. Cellular agreed to deliver personal communication service (PCS) spectrum in eight licenses covering portions of one state to Sprint Nextel in exchange for more strategically useful spectrum in eight licenses covering portions of four states. The exchange will not include any cash, customers, network assets, or other assets. U.S. Cellular recorded a \$20.8 million pre-tax loss on the exchange. The transaction is expected to close in the first half of 2008.

Steady growth delivers shareholder value

TDS had strong revenue and operating income increases in the fourth quarter and throughout 2007, said LeRoy T. Carlson, Jr., TDS president and CEO. We continued to see dramatic growth in data revenues at U.S. Cellular, our largest business unit, which also achieved strong year-over-year increases in ARPU. Our wireline business, TDS Telecom, reduced operating costs and improved profitability. It also continued to add DSL customers as part of its broadband focus.

At the enterprise level, we sought to create additional value for our shareholders through the TDS stock repurchase program. And, we continued to pay a modest dividend, which has increased for more than 30 consecutive years.

U.S. Cellular reaches data revenue, ARPU milestones

U.S. Cellular's customer satisfaction focus helped drive strong service revenue growth, said Carlson, with data revenues passing the \$100 million mark in the quarter. The company also achieved an impressive increase in ARPU in 2007. U.S. Cellular's core retail postpay customers continue to be receptive to its family, wide area, and national plans, as well as to the new handsets, smart phones, and data services introduced in 2007.

TDS Telecom achieves broadband gains

TDS Telecom's broadband focus drove another quarter of DSL customer gains, added Carlson, as the company emphasized its Triple Play bundles of voice, high-speed data, and DISH Network television services. Operating income increased significantly in the quarter, due in part to effective cost controls instituted throughout 2007. Equivalent access lines increased year over year on the ILEC side, as did the number of access lines equipped for DSL. TDS Telecom also increased the average speed of its DSL service throughout 2007.

OUTLOOK FOR 2008

For 2008, continued Carlson, U.S. Cellular remains committed to adding customers and growing profitably in its existing markets. The company does not plan to enter any significant new markets in 2008. U.S. Cellular continues to target the retail postpay customers that are at the core of its strategy. As always, the company will offer high-quality services and products that are easy for customers to understand. U.S. Cellular will continue to evaluate the timing and potential benefits for its target customers of EVDO/3G and Long-Term Evolution technologies.

Going forward, said Carlson, TDS Telecom will continue to focus on adding DSL customers and increasing the DSL speeds it offers. The company's long-term broadband goal is to provide 25 megabits per second or higher data speeds to a majority of its customers.

Guidance

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Guidance for the year ending Dec. 31, 2008 is as follows. There can be no assurance that final results will not differ materially from this guidance.

U.S. Cellular 2008 guidance as of Feb. 29, 2008 is as follows:

Net Retail Customer Additions		250,000 - 325,000
Service Revenues	\$	3.9 - \$4.0 billion
Operating Income	\$	460 - \$535 million
Depreciation, Amortization & Accretion*		Approx. \$615 million
Capital Expenditures	\$	590 - \$640 million

TDS Telecom (ILEC and CLEC) 2008 guidance as of Feb. 29, 2008 is as follows:

Operating Revenues	\$	815 - \$855 million
Operating Income	\$	110 - \$140 million
Depreciation, Amortization & Accretion		Approx. \$160 million
Capital Expenditures	\$	130 - \$160 million

* Includes losses on disposals of assets

This guidance represents the views of management as of Feb. 29, 2008 and should not be assumed to be accurate as of any other date. TDS undertakes no legal duty to update such information, whether as a result of new information, future events, or otherwise.

TDS remediates two material weaknesses; makes progress on third

TDS has reduced its material weaknesses related to personnel and accounting knowledge and fixed assets to the level of deficiency and significant deficiency, respectively. TDS has made progress toward remediating the third material weakness related to income tax accounting. The companies' efforts in these areas are summarized below:

- **Personnel and accounting knowledge:** TDS conducted a multi-year program to increase technical accounting expertise at the corporate and business unit levels, improve review and documentation procedures, and automate more aspects of its accounting and financial reporting. The company developed many new accounting policies and procedures, added personnel in key areas, and developed an ongoing training program for its accounting personnel.
- **Fixed assets:** U.S. Cellular conducted a detailed physical inventory and valuation review of its property, plant, and equipment, and enhanced its controls over the recording of transfers and disposals of such assets. There was a resulting non-cash charge of \$14.6 million included in loss on asset disposals/exchanges for the fourth quarter.
- **Income tax accounting:** TDS created and staffed a new tax accounting group (including adding a director of accounting) that implemented new tax provisioning software to enhance internal controls related to income taxes at the corporate and business unit levels. As part of this implementation, the company instituted several new controls to help ensure the accuracy of accounting for income taxes.

Item 9A (Controls and Procedures) of TDS' SEC Form 10-K contains an expanded discussion of the company's remediation efforts.

Conference Call Information

TDS will hold a conference call on March 3, 2008 at 10:00 a.m. Chicago time.

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- Access the live call online at <http://www.videonewswire.com/event.asp?id=46101> or on the Conference Calls page of www.teldta.com.
- Access the call by phone at 800/706-9695 (US/Canada) and use conference ID #37621356

Before the call, certain financial and statistical information to be discussed during the call will be posted to the Conference Calls page of www.teldta.com, together with reconciliations to generally accepted accounting principles (GAAP) of any non-GAAP information to be disclosed. The call will be archived on the Conference Calls page of www.teldta.com.

About TDS

TDS provides wireless, local and long-distance telephone, and broadband services to more than 7.3 million customers in 36 states through its business units, U.S. Cellular (wireless) and TDS

Telecom (wireline). Founded in 1969 and headquartered in Chicago, TDS employed 11,900 people as of year end.

About U.S. Cellular

U.S. Cellular Corporation, the nation's sixth-largest full-service wireless carrier, provides a comprehensive range of wireless products and services, superior customer support, and a high-quality network to more than 6.1 million customers in 26 states. The Chicago-based company employed 8,400 associates as of year end.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: All information set forth in this news release, except historical and factual information, represents forward-looking statements. This includes all statements about the company's plans, beliefs, estimates, and expectations. These statements are based on current estimates, projections, and assumptions, which involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Important factors that may affect these forward-looking statements include, but are not limited to: The ability of U.S. Cellular to successfully manage and grow the operations of more recently launched markets; changes in the overall economy, competition, the access to and pricing of unbundled network elements, the state and federal telecommunications regulatory environment, and the value of assets and investments, including variable prepaid forward contracts; adverse changes in the ratings afforded TDS and U.S. Cellular debt securities by accredited ratings organizations; industry consolidation; likely participation in FCC spectrum auctions; advances in telecommunications technology; uncertainty of access to the capital markets; risks and uncertainties relating to restatements and possible future restatements; ability to remediate material weaknesses; pending and future litigation; changes in income tax rates, laws, regulations or rulings; acquisitions/divestitures of properties and/or licenses; and changes in customer growth rates, average monthly revenue per unit, churn rates, roaming terms, the availability of devices, or the mix of products and services offered by U.S. Cellular and TDS Telecom. Investors are encouraged to consider these and other risks and uncertainties that are discussed in the Form 8-K used by TDS to furnish this press release to the SEC, which are incorporated by reference herein.

For more information about TDS and its business units, visit our web sites:

TDS: www.teldta.com

USM: www.uscellular.com

TDS Telecom: www.tdstelecom.com

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TELEPHONE AND DATA SYSTEMS, INC.

SUMMARY OPERATING DATA

Quarter Ended	12/31/2007	9/30/2007	6/30/2007	3/31/2007	12/31/2006
U.S. Cellular					
Total Population:					
Consolidated markets (1)	82,371,000	81,841,000	81,581,000	56,048,000	55,543,000
Consolidated operating markets (1)	44,955,000	44,955,000	44,955,000	44,416,000	44,043,000
All customers:					
Customer units	6,122,000	6,067,000	6,010,000	5,973,000	5,815,000
Gross customer unit additions	437,000	447,000	418,000	459,000	389,000
Net customer unit additions	55,000	57,000	37,000	152,000	86,000
Market penetration at end of period:					
Consolidated markets (2)	7.4%	7.4%	7.4%	10.7%	10.5%
Consolidated operating markets (2)	13.6%	13.5%	13.4%	13.4%	13.2%
Retail customers:					
Customer units	5,564,000	5,500,000	5,448,000	5,377,000	5,225,000
Gross customer unit additions	367,000	374,000	347,000	397,000	375,000
Net customer unit additions	64,000	52,000	71,000	146,000	98,000&n