PROXY PAPER

Telephone and Data Systems, Inc.

AMEX: TDS
Industry: Communications Services
Meeting Date: May 21, 2009
Record Date: March 30, 2009

Lead Analyst
Nick McCabe, nmccabe@glasslewis.com

2009 ANNUAL MEETING

Proposal	Issue	Board	GL&Co.
1.00	Election of Directors	For	Split
1.01	Elect Clarence Davis	For	For
1.02	Elect Christopher O'Leary	For	For
1.03	Elect Gary Sugarman	For	For
1.04	Elect Herbert Wander	For	Withhold
2.00	Amendment to the Compensation Plan for Non-Employee Directors	For	For
3.00	Ratification of Auditor	For	For
4.00	Shareholder Proposal Regarding Recapitalization Plan	Against	For

Company Profile

ADDRESS

30 North LaSalle Street
Chicago, IL 60602
www.teldta.com
Phone: +1 (312) 6301900
Fax: +1 (312) 6301908

Employees: 8,754

ENVIRONMENTAL AND SOCIAL RISK PROFILE

Sustainability Report:	No
UN Global Compact:	No
Greenhouse Gas Target:	No
ILO Reference in Human Rights Policy Statement:	No
UN PRI Signatory:	No
Sexual Orientation Non-Discrimination Policy:	Yes
Global Sullivan Principles:	No

Source: IW Financial

COMPANY DESCRIPTION

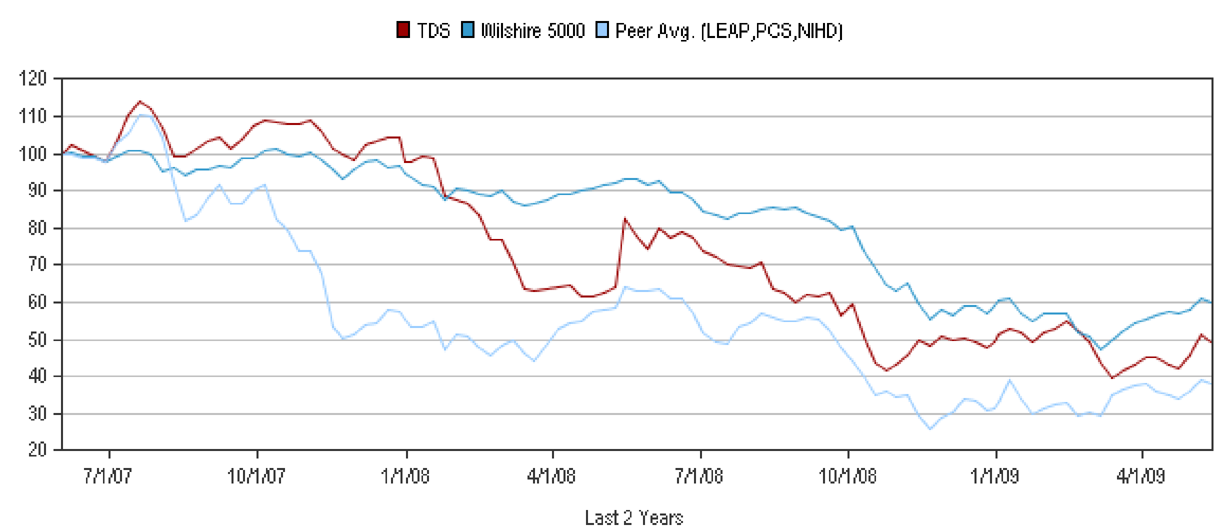
Telephone and Data Systems, Inc. (TDS) is a diversified telecommunications service company with wireless operations provided by TDS' 80.8%-owned subsidiary, United States Cellular Corporation (U.S. Cellular), and wireline operations provided by TDS' wholly owned subsidiary, TDS Telecommunications Corporation (TDS Telecom). At December 31, 2007, TDS served approximately 7.3 million customers in 36 states, including 6,122,000 wireless customers and 1,197,700 wireline equivalent access lines. During the year ended December 31, 2007, U.S. Cellular provided approximately 82% of TDS' consolidated revenues and approximately 75% of consolidated operating income. TDS also conducts printing and distribution services through its 80%-owned subsidiary, Suttle Straus. TDS operates through three segments: U.S. Cellular's wireless operations; TDS Telecom's incumbent local exchange carrier (ILEC) wireline operations and TDS Telecom's competitive local exchange carrier (CLEC) wireline operations.

Source: FactSet

TOP 20 INSTITUTIONAL HOLDERS

Holder	% Owned
1. Capital Research Global Investors	10.88%
2. GAMCO Investors	9.46%
3. Barclays Global Investors NA (California)	9.17%
4. Southeastern Asset Management, Inc.	5.50%
5. State Street Global Advisors	5.29%
6. T. Rowe Price Associates, Inc.	4.81%
7. Vanguard Group, Inc.	4.39%
8. Renaissance Technologies LLC	3.39%
9. Aronson & Johnson & Ortiz LP	2.72%
10. MidCap SPDR Trust Services	1.85%
11. Third Point Management Co. LLC	1.85%
12. TIAA-CREF Asset Management LLC	1.49%
13. Northern Trust Investments	1.42%
14. Dimensional Fund Advisors, Inc.	1.25%
15. Analytic Investors LLC	1.14%
16. Charles Schwab Investment Management, Inc.	1.10%
17. Dreyfus Investment Advisors, Inc.	0.92%
18. Bank of New York Mellon Asset Management	0.89%
19. Mellon Capital Management	0.82%
20. SunTrust Private Wealth Management	0.80%

INDEXED STOCK PRICE



Competitors / Peer Comparison[1]

	Telephone & Data Systems, Inc.	Leap Wireless International, Inc.	MetroPCS Communications, Inc.	NII Holdings, Inc.
Ticker	TDS	LEAP	PCS	NIHD
Closing Price (05/14/09)	$ 30.30	$ 37.91	$ 16.74	$ 17.29
Shares Outstanding (mm)	51.7	70.2	351.4	165.8
Market Capitalization (mm)	$ 3,385.8	$ 2,659.8	$ 5,883.0	$ 2,866.4
Enterprise Value (mm)	$ 4,871.0	$ 4,821.6	$ 8,428.1	$ 3,838.4
Revenue (LTM) (mm)	$ 5,099.6	$ 2,077.5	$ 2,884.5	$ 4,237.5
Growth Rate				
Revenue Growth Rate (5 Yrs)	8.4%	22.0%	43.8%	35.8%
EPS Growth Rate (5 Yrs)	0.0%	0.0%	0.0%	40.2%
Profitability (LTM)				
Return on Equity (ROE)	2.4%	-10.9%	7.7%	15.7%
Return on Assets (ROA)	1.1%	-3.8%	2.4%	6.1%
Dividend Rate	1.4%	0.0%	0.0%	0.0%
Stock Performance				
1 Year Stock Performance	-30.0%	-32.4%	-16.3%	-65.2%
3 Year Stock Performance	-24.0%	-17.5%	0.0%	-72.3%
5 Year Stock Performance	-8.5%	0.0%	0.0%	4.0%
Annualized 1 Year Total Return (past 3 yrs)	-7.3%	-5.8%	0.0%	-24.1%
Valuation Multiples (LTM)				
P/E Ratio	38.5x	0.0x	38.0x	8.8x
TEV/Revenue	1.0x	2.3x	2.9x	0.9x
TEV/EBIT	6.8x	219.0x	17.1x	6.1x
Margins Analysis (LTM)				
Gross Profit Margin	48.5%	34.1%	33.3%	50.3%
Operating Income Margin	10.7%	0.8%	16.7%	17.2%
Net Income Margin	1.8%	-8.7%	5.3%	7.7%
Liquidity/Risk				
Current Ratio	2.2x	1.2x	2.1x	2.6x
Debt-Equity Ratio	0.43x	1.63x	1.73x	1.12x
Auditor Data[2]				
Year	2008	2008	2008	2008
Auditor	PricewaterhouseCoopers	PricewaterhouseCoopers	Deloitte & Touche	PricewaterhouseCoopers
Auditor Fees	$ 4,085,551	$ 3,864,000	$ 4,458,000	$ 9,426,150
Audit Related Fees	-	$ 490,000	-	$ 16,587
Tax + All Other Fees	$ 9,630	-	-	$ 1,425,287
Executive Compensation[3]				
Year of Data	2008	2008	-	2008
Chief Executive Officer	$6,643,335	$3,870,245	-	$8,912,377
Other Named Executives	$10,019,096	$15,924,545	-	$10,705,583

Source: FactSet Research Systems, Reuters, Thomson Financial, and Glass, Lewis & Co. LLC
1. Listed competitors are based on GICS® industry classifications and other financial metrics including market capitalization and revenue.
2. As disclosed by the Company and its peers in their most recent proxy filings.
3. As calculated by Glass Lewis based on information disclosed by the Company and its peers in their proxy filings.

Pay-For-Performance

Telephone & Data Systems' executive compensation received a **D** grade in our proprietary pay-for-performance model, which uses 36 measurement points. The Company paid: more compensation to its top officers (as disclosed by the Company) than the median compensation for 33 similarly sized companies with an average enterprise value of $5 billion; more than a sector group of 3 large telecommunication services companies with enterprise values ranging from $4.3 billion to $5.9 billion; and more than a sub-industry group of 15 wireless telecommunication services companies. The CEO was paid above the median CEO in these peer groups. Overall, the Company paid more than its peers, but performed about the same as its peers.

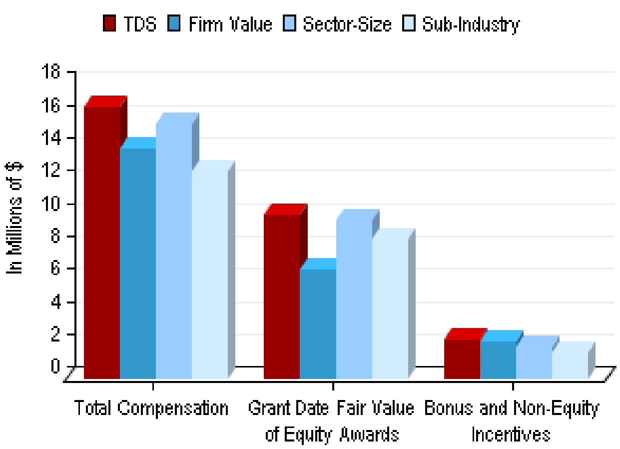
FY 2008 Compensation Committee Grade

A	B	C	D	F

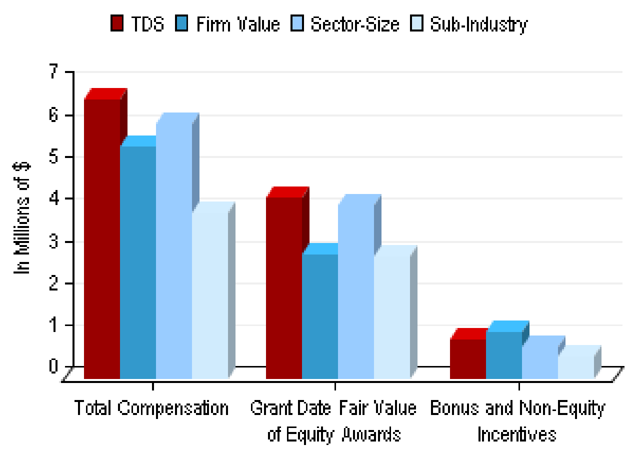
Historical Compensation Score

Fiscal Year	2006	2007	2008
Grade	D	D	D

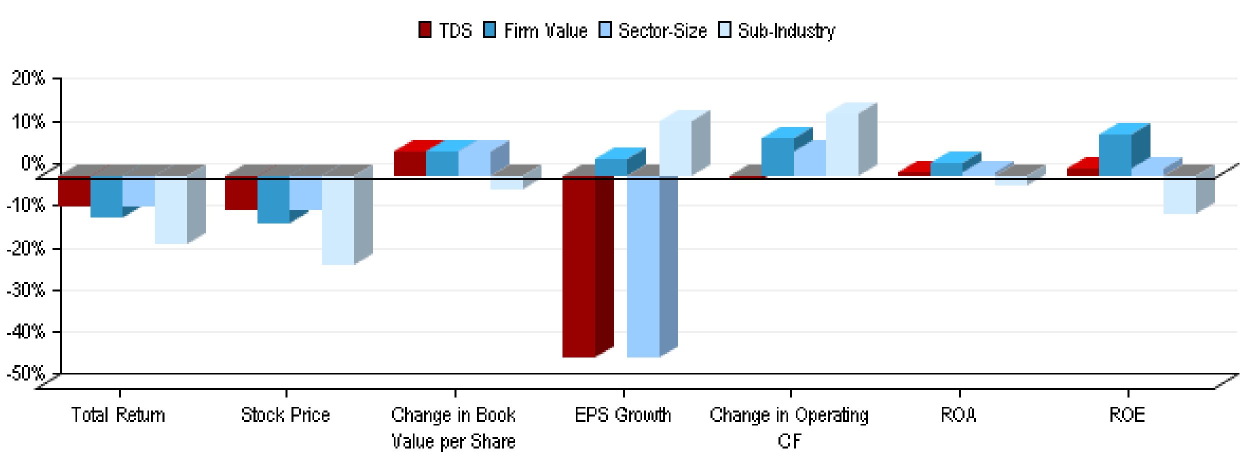
Company Compared with Median



CEO Compared with Median



Shareholder Wealth and Business Performance



Note: Compensation analysis for period ending 12/2008. Performance measures based on weighted average of annualized 1, 2, and 3 year data.

Voting Results from Last Annual Meeting (May 22,2008)

Source: 10-Q dated June 30, 2008

ELECTION OF DIRECTORS

No.	Proposal	Votes Withheld
1	Elect Gregory Josefowicz	41.08%
2	Elect Christopher O'Leary	41.08%
3	Elect Mitchell Saranow	43.20%
4	Elect Herbert Wander	43.09%
5	Elect James Barr, III	0.01%
6	Elect LeRoy Carlson, Jr.	0.00%
7	Elect Letitia Carlson	0.00%
8	Elect Prudence Carlson	0.01%
9	Elect Walter Carlson	0.00%
10	Elect Kenneth Meyers	0.00%
11	Elect Donald Nebergall	0.00%
12	Elect George Off	0.00%

OTHER ITEMS

		Votes			
No.	Proposal	For	Against	Abstain	Broker Non-Votes
2	2009 Employee Stock Purchase Plan	107,553,062	439,413	732,636	2,939,756
3	Ratification of Auditor	110,933,363	500,568	230,934	N/A

Proposal 1.00: Election of Directors

SPLIT

BOARD OF DIRECTORS

Name	Up	Age	GLC Classification	Committees: Audit	Comp	Gov	Nom	Term Start	Term End	Attended at least 75% of Meetings
Walter C.D. Carlson	✔	55	Affiliated [1]			C	C	1981	2009	Yes
Letitia G. Carlson	✔	48	Affiliated [2]					1996	2009	Yes
Prudence E. Carlson	✔	57	Affiliated [3]					2008	2009	Yes
LeRoy T. Carlson, Jr.	✔	62	Insider [4]			✔	✔	1968	2009	Yes
Clarence A. Davis	✔	67	Independent					-	-	N/A
Kenneth R. Meyers	✔	55	Insider [5]					2007	2009	Yes
Donald C. Nebergall	✔	80	Independent	✔				1977	2009	Yes
George W. Off	✔	62	Independent	C	✔			1997	2009	Yes
Christopher D. O'Leary	✔	49	Independent		✔			2006	2009	Yes
Mitchell H. Saranow	✔	63	Independent	✔		✔	✔	2004	2009	Yes
Gary L. Sugarman	✔	56	Independent					-	-	N/A
Herbert S. Wander	✔	74	Independent	✔	C			1968	2009	Yes

C = Chair

1. Chairman and presiding director. Partner of a law firm that received $12.0 million from the Company for legal services provided to the Company and its subsidiaries in fiscal 2008. Brother of LeRoy Carlson, Jr., Letitia Carlson and Prudence Carlson. Trustee and beneficiary of a voting trust that beneficially owns 94.5% of the Company's series A common stock representing 52.5% of the total voting power of the Company.
2. Sister of LeRoy Carlson, Jr., Walter Carlson and Prudence Carlson. Trustee and beneficiary of a voting trust that beneficially owns 94.5% of the Company's series A common stock representing 52.5% of the total voting power of the Company.
3. Sister of LeRoy Carlson, Jr., Letitia Carlson and Walter Carlson. Trustee and beneficiary of a voting trust that beneficially owns 94.5% of the Company's series A common stock representing 52.5% of the total voting power of the Company.
4. President and CEO. Brother of Letitia Carlson, Walter Carlson and Prudence Carlson. Trustee and beneficiary of a voting trust that beneficially owns 94.5% of the Company's series A common stock representing 52.5% of the total voting power of the Company.
5. Vice president and CFO. Chief accounting officer of two wholly owned subsidiaries.

The board has nominated twelve candidates to serve a one-year term each. If elected, their terms would expire at the Company's 2010 annual meeting of shareholders.

LeRoy Carlson, Jr., Letitia Carlson, Prudence Carlson, Walter Carlson, Kenneth Meyers, Donald Nebergall, George Off and Mitchell Saranow (collectively, the "preferred nominees") are to be elected exclusively by the holders of the Company's series A common stock and preferred stock, voting together as a single class. The remaining four candidates, Messrs. Davis, O'Leary, Sugarman and Wander (collectively the "common nominees"), are to be elected exclusively by the holders of the Company's common stock and special common stock, voting together as a single class.

We note that five of the twelve directors are either affiliated with the Company or are insiders. We believe this raises concerns about the objectivity and independence of the board and its ability to perform its proper oversight role. We prefer boards with a lower percentage of affiliates and insiders.

However, the TDS Voting Trust ("the Trust") beneficially owns 94.5% of the Company's series A common stock representing 52.5% of the Company's total voting power; accordingly, the Company is considered "controlled" pursuant to NYSE listing standards. Furthermore, the Trust has advised the Company that it intends to vote all of its voting stock in favor of each of the twelve director nominees and thus will ensure the election of all of the preferred nominees without action on the part of any other shareholder. We suspect that most, if not all, shareholders both understand and accept the nature and extent of the Trust's control over the Company and the composition of its board. Thus, while we would ordinarily recommend withholding from some nominees on the basis of affiliate or insider status in the case of a less than two-thirds independent board, we decline to make voting recommendations in this report based on strict notions of independence.

We believe it is important for shareholders to be mindful of the following issues:

Shareholder Issues

Settlement Agreement with Gamco

As discussed in last year's Proxy Paper, the Company had been the subject to two separate "vote no" campaigns at its 2008 annual meeting. Specifically, Southeastern Asset Management, Inc. ("Southeastern,") and Gamco Investors, Inc. ("Gamco"), notified the board that they would be withholding votes from the common nominees due to the board's non-responsiveness to a number of issues, primarily a purported buy-out offer rejected by the Company's CEO and never made public to shareholders.

This year, Gamco notified the board in February 2009 that it intended to nominate its own dissident slate of director nominees in place of the common nominees. On March 19, 2009, the Company countered that because two of Gamco's nominees did not return written responses to the board within 15 days, as required by the Company's bylaws for nominees, those two candidates would not be eligible for election at the Company's 2009 annual meeting. Notwithstanding the Company's ruling on this matter, it nonetheless entered into a settlement agreement with Gamco on April 27, 2009. Pursuant to the settlement, the board nominated two of Gamco's director nominees (Messrs. Davis and Sugarman) to the board and Gamco withdrew its intention to nominate four persons as directors and agreed to vote all of its common and special shares in favor of the election of the revised Company board.

Additionally, the settlement agreement calls for Mitchell Saranow, who was previously a common nominee, to become a preferred nominee starting at this year's annual meeting. Further, at the Company's 2010 annual meeting, Gamco: (i) will vote all its shares in favor of the election of each of the persons nominated by the board; (ii) will not nominate persons for election as directors; (iii) will not take any action to solicit proxies or votes for any persons other than the such Company nominees; and (iv) will not advise, assist, encourage or seek to persuade any other person to take and of the foregoing action.

Glass Lewis Proxy Talk With Southeastern

Unlike Gamco, Southeastern has not entered into any settlement agreement with the Company and is in fact submitting a shareholder proposal this year (Proposal 4) seeking to re-capitalize the Company's common equity structure into one class of common stock. The proposal seeks to establish a one share, one vote standard for all of the outstanding common stock on all matters subject to a shareholder vote. On a May 15, 2009 Glass Lewis Proxy Talk, Southeastern made its case as to why shareholders should support its proposal and elaborated on its view about the current board's lack of responsiveness to its concerns as well as what it believes is the best strategic course of action for the Company. Among its main points, Southeastern stressed the following:

- The "one share, one vote" shareholder proposal they are submitting differs from their "spin-off" proposal that, while it is not on the ballot this year, is rather being considered by the Company's management at this time. Pursuant to the spin-off proposal, the Company would divest from United States Cellular Corporation ("U.S. Cell"), a publicly-listed company approximately 80% owned by the Company;

- While it conceded that the shareholder proposal has no chance of passing due to the Trust's opposition, it is nevertheless being submitted to serve as a referendum on management's responsiveness to its numerous strategic initiatives aimed at increasing the value of the Company. Southeastern therefore hopes that significant enough support from the non class A shareholders will spur management into taking action on its concerns;
- The Company's current multiple-class structure, in which shareholders have voting rights in disproportion to their economic interest, serves to dampen shareholder value as studies have shown a correlation between dual-class structures and lower performance. Further, given that the Carlson's economic stake in the Company does not match their voting stake, they question how their interests be aligned with common shareholders and how they can be held accountable to such shareholders when they control 75% of the board.
- While Southeastern primarily advocates the sale of the Company, it is attempting to unlock shareholder value at this stage through the spin-off action and the one share, one vote proposal. Given the Company's current ownership in U.S. Cell, a lack of clarity exists between what assets shareholders are purchasing when they buy Company stock given that three-fourths of the Company's value comes from U.S. Cell. This value is through an entity that common shareholders do not control, which has created an unnecessary layer of board control and erodes a direct ownership and accountability structure; and
- Besides the spin-off and one share, one vote proposals, another strategy Southeastern supports to increase shareholder value is through share repurchases. Given the current depressed price of the Company's stock and its capital position, the Company should be enacting a more aggressive share repurchase program than its current one.

Glass Lewis agrees with Southeastern on several points and believes that, as stated in Proposal 4, elimination of the multiple voting class structure creates an even playing field for all shareholders as well as fosters a board that is more responsive to all shareholders. While we realize that the Trust wields enough voting power to block any shareholder proposal it opposes, we feel that a significant shareholder response to this proposal should be met with appropriate action from the board. In cases where the board fails to adequately respond to concerns voiced by a significant number of shareholders, Glass Lewis may recommend withholding votes from certain directors. In this case however, we will wait for the results from Proposal 4 and the board's response to such results before making any voting recommendations on this basis.

Corporate Governance Issues

Remediation of a Material Weakness

As noted in last year's Proxy Paper, the Company disclosed in a Form 10-K filed on February 29, 2008 that it had identified multiple material weaknesses in its internal controls over financial reporting. Specifically, the deficiencies involved ineffective controls in monitoring the difference between the income tax basis and the financial reporting basis of assets and liabilities to reconcile deferred income tax asset and liability balances. In the Company's February 26, 2009 Form 10-K, the Company states that it had undertaken a number of changes in its internal controls, including:

- Enhanced reconciliation procedures related to deferred income tax assets and liabilities and accrued income taxes payable;
- Enhanced documentation and summarization of income tax accounting results for management

review;

- Formalized processes to increase communication of significant transactions and events between the income tax accounting team and other financial personnel within the Company; and
- Enhanced procedures to validate data in critical reports.

The Company states that as a result of these actions, it had remediated its prior material weaknesses in its internal controls as of December 31, 2008.

In our view, the audit committee is now on notice of these issues and has taken the necessary steps to address the material weaknesses. To the extent that we identify similar weaknesses in the Company's accounting practices and application of GAAP going forward, we would recommend that shareholders withhold votes from the members of the audit committee. We believe these members bear the responsibility for ensuring that the Company is pursuing careful application of GAAP and reasonable accounting practices that ensure fair and reliable disclosure to investors.

Other Issues

Nominee W. Carlson serves as chairman of the corporate governance and nominating committee. At last year's annual meeting, directors Josefowicz, O'Leary, Saranow and Wander all received over a 40% withhold vote. We believe this raises concerns about whether the corporate governance and nominating committee is fulfilling its duty to shareholders considering that Messrs. O'Leary, Saranow and Wander remain on the board. We note, however, that Mr. Josefowicz is no longer a board member. We believe directors sit on a board to represent the interests of shareholders. In our view, Mr. W. Carlson, the corporate governance and nominating committee chair, should heed the voice of shareholders and act to remove directors not supported by shareholders or correct the issues that raised shareholder concern. Given the issues raised by Southeastern, we do not believe that has been done here.

Director Meyers serves as executive vice president and CFO of the Company. We believe that the unique financial information and control over a company's finances that is typical for a CFO should place the CFO in the position of reporting to and not serving on the board. It is crucial for the board to be in the position of overseeing the Company's finances and its reporting. This oversight is likely to be more complicated and less rigorous when the CFO sits on the same board to which he reports.

However, since Messrs. W. Carlson and Meyers are preferred nominees, we refrain from recommending to withhold votes on this basis at this time.

We recommend withholding votes from the following nominee up for election this year based on the following issue:

Nominee **WANDER** served as chairman of the compensation committee in fiscal year 2008, during which time the Company paid more compensation to its top executives but performed about the same as its peers. Further, he served as the chairman of the compensation committee in fiscal year 2007, during which time the Company paid more compensation to its top executives but performed worse than its peers. The compensation committee has the responsibility of reviewing all aspects of the compensation program for the Company's executive officers. It appears to us that Mr. Wander, as chairman of the committee, has not effectively served shareholders in this regard.

We do not believe there are substantial issues for shareholder concern as to any other nominee.

Accordingly, we recommend that shareholders vote:

WITHHOLD: Wander

FOR: All other nominees

Proposal 2.00: Amendment to the Compensation Plan for Non-Employee Directors

FOR

This proposal seeks shareholder approval to amend the Compensation Plan for Non-Employee Directors. If approved, it would authorize the issuance of an additional 50,000 shares, which when issued would dilute current shareholders by 0.167%.

Summary of the Proposed Plan:

Plan Title:	Compensation Plan for Non-Employee Directors
Number of Shares:	50,000 additional shares
Participants:	Non-employee directors
Administrators:	Board of directors
Award Types Permitted:	Special common shares and cash
Vesting Provisions:	Determined by board of directors
Grant:	Annual grant of $55,000 worth of special common shares
Notes:	Permits reuse of cancelled awards

Analysis of the Proposed Plan:

Glass Lewis evaluates director compensation by comparing the cost of the cash compensation and the approximate value of the equity-based compensation per director to a peer group selected by enterprise value. We also take into account the initial compensation companies provide for new directors. For companies whose director compensation is significantly higher than its peers, we recommend shareholders vote against the proposed plan.

Analysis: *Annual Cost*
Result: *Within One Standard Deviation Range*
Annual Cost. On average, each director receives $92,477 in cash, and other equity awards worth $55,000 per year. The total compensation for each director per year is approximately **$147,477**, which is below the mean of the Company's peers.

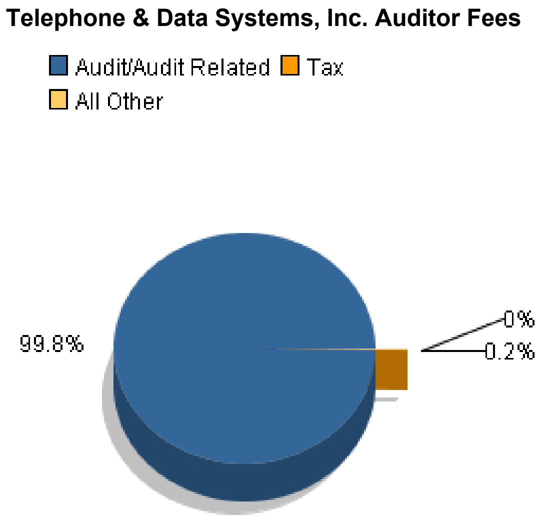
Analysis: *Initial Cost*
Result:$0 *Initial Cost.* New directors who join the board do not receive any compensation.

Having reviewed the Company's compensation for its directors, we find that it is within an acceptable range compared to its peers.

Accordingly, we recommend that shareholders vote **FOR** this proposal.

Proposal 3.00: Ratification of Auditor

FOR



The Company proposes that PricewaterhouseCoopers serve as the Company's independent auditor for 2009. PricewaterhouseCoopers has served as the Company's auditor for at least the last six years.

During the last fiscal year, the Company paid PricewaterhouseCoopers audit fees of $4,085,551. All other fees totaled $9,630.

We believe the fees paid for non-audit related services are reasonable as a percentage of all fees paid to the auditor. The Company appears to disclose appropriate information about these services in its filings.

Accordingly, we recommend that shareholders vote **FOR** ratification of the appointment of PricewaterhouseCoopers as the Company's auditor for fiscal year 2009.

Proposal 4.00: Shareholder Proposal Regarding Recapitalization Plan

FOR

This shareholder proposal requests that the board of directors take all steps necessary in accordance with Delaware law, and all other applicable federal and foreign law, to re-capitalize the Company's common equity structure into one class of common stock to result in one share, one vote for all of the outstanding common stock on all matters subject to a shareholder vote.

Proponent's Perspective

The proponent, Longleaf Partners Fund and its adviser Southeastern Asset Management, Inc., offers the following six main reasons why shareholders should vote in favor of this proposal:

- Longleaf Partners Fund (the "Fund") and clients of its adviser own over 15% of the Company, but has less than 3% voting power on matters other than the election of directors;
- Series A common shares, owned by the Carlson family, through the TDS Voting Trust, represent only a 5.5% economic interest in the Company, but hold more than 50% voting power;
- Disparate voting rights coupled with the Carlson family's ability to elect 8 of 12 directors has enabled management to ignore public shareholders without consequence;
- Management has rejected recommendations made by Longleaf's adviser over a period of six years, which has ultimately had a negative impact on shareholders;
- Last year management rejected a significant premium bid from an acquirer and provided no explanation to the board or shareholders; and
- Management refused to answer questions regarding the acquisition at the shareholder meeting last year.

Board's Perspective

The board offers the following five main reasons why shareholders should vote against this proposal:

- The implementation of this shareholder proposal would require approval by a majority of the voting power of all shares of capital stock, and the TDS Voting Trust has stated that it opposes this proposal, rendering this proposal moot;
- Dual or multiple class shares are valid under applicable laws and regulations and are common among public companies;
- The Company has used multiple class stock since becoming public in 1981 and has consistently disclosed appropriate information regarding the impact of disparate voting rights, particularly with regard to any potential takeover attempt situations in its annual reports;
- Owners of the Company's shares have full knowledge of the voting rights of their shares upon purchase; and
- As stated in the risk factors in form 10-K, the TDS Voting Trust intends to maintain the ability to keep or dispose of voting control of the Company.

Glass Lewis' Analysis

Glass Lewis believes multiple class voting structures are typically not in the best interests of common shareholders. The multiple class structure here is no exception. In this case, the voting power of one class is significantly different than that of the public shareholders, giving a small group of shareholders, namely the Carlson family, a significant amount of control over the affairs of the Company. We believe all shareholders should have say in decisions that will affect them.

We believe that allowing one vote per share generally operates as a safeguard for common shareholders by ensuring that those who hold a significant minority of shares are able to weigh in on issues set forth by the board, especially in regard to the election of director process. Elimination of the multiple class structure creates an even playing field for all shareholders as well as fosters a board that is more responsive to all shareholders.

Furthermore, we believe that the economic stake of each shareholder should match their voting power and that a minority group of shareholders should not have voting rights disproportionate to their economic interest. We recognize that the Company has had a multiple class structure since 1981 and shareholders knew, or should have known, that they should expect fewer shareholder rights therefore. However, by seeking investment from public shareholders, even a controlling shareholder should expect some limitations on their discretion particularly when the actions of the controlling shareholder cause performance to suffer. In this case, the Company has generally lagged its peers over the last ten, five and one year periods and rejected a purported buy-out offer without making the offer public, raising questions about the oversight provided by the family controlled board. This is the second year in a row that two large shareholders have raised concerns about that oversight. We agree with the proponents that a single class structure would better protect public shareholders since, in this case, family control has not.

Accordingly, we recommend that shareholders vote **FOR** this proposal

Disclosure

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