TELEPHONE & DATA SYSTEMS INC /DE/
Form S-3D
August 04, 2017
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As filed with the Securities and Exchange Commission on August 4, 2017

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

TELEPHONE AND DATA SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**36-2669023**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

30 NORTH LASALLE STREET, SUITE 4000

CHICAGO, ILLINOIS 60602

(312) 630-1900

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

LeRoy T. Carlson, Jr.
President and Chief Executive Officer
Telephone and Data Systems, Inc.
30 North LaSalle Street
Chicago, Illinois 60602
(312) 630-1900

with a copy to:
William S. DeCarlo, Esq.
Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603
(312) 853-7000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale to the public: From time to time after the Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. x

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x		Accelerated filer	o
Non-accelerated filer o	(Do not check if a smaller reporting company)	Smaller reporting company	o

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Series A Common Shares	**200,000(1)**	**$28.41(2)**	**$5,681,500(2)**	**$659**

(1) In addition to the 200,000 Series A Common Shares registered hereby, pursuant to Rule 429 under the Securities Act of 1933, as amended, the Prospectus contained herein also relates to 62,524 Series A Common Shares which remain unissued under Registration Statement No. 333-188965. Pursuant to Rule 416(a), the number of shares registered shall include an indeterminate number of additional Series A Common Shares that may become issuable as a result of stock splits, stock dividends, or similar transactions in accordance with anti-dilution provisions of the dividend reinvestment plan.

(2) Estimated solely for the purpose of calculating the registration fee on the basis of the average of the high and low prices of the Common Shares of the Registrant on the New York Stock Exchange on July 28, 2017, pursuant to Rule 457(c) under the Securities Act of 1933.

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EXPLANATORY NOTE

The Registrant filed a Registration Statement (the Prior Registration Statement) on Form S-3 (File No. 333-188965), which first became effective on May 31, 2013, relating to the registration of 200,000 Series A Common Shares, par value $0.01 per share, of the Registrant, for the Registrant s Series A Common Share Automatic Dividend Reinvestment Plan (the Plan), 62,524 of which remain unissued as of the date hereof.

The Registrant is filing this Registration Statement to register 200,000 additional Series A Common Shares for issuance under the Plan.

Pursuant to Rule 429 under the Securities Act of 1933, as amended (the 1933 Act), the Prospectus contained herein also relates to the 62,524 Series A Common Shares that remain unissued under Registration Statement No. 333-188965.

Pursuant to Rule 462 under the 1933 Act, this Registration Statement shall become effective upon filing with the Securities and Exchange Commission.

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PROSPECTUS

TELEPHONE AND DATA SYSTEMS, INC.

SERIES A COMMON SHARE

AUTOMATIC DIVIDEND REINVESTMENT PLAN

Series A Common Shares

($0.01 Par Value)

The Series A Common Share Automatic Dividend Reinvestment Plan, as amended, which we refer to in this Prospectus as the Plan is sponsored by Telephone and Data Systems, Inc., a Delaware corporation which we refer to as TDS , and relates to its Series A Common Shares, par value $.01 per share. The Plan provides eligible holders, as defined in the Plan, of TDS Series A Common Shares with a systematic, economic and convenient method of investing cash dividends from such shares in newly issued Series A Common Shares without payment of any brokerage commission or service charge and at a 5% discount from market value, as determined below. This Prospectus relates to 62,524 Series A Common Shares covered by the Registration Statement No. 333-188965 that remain available as of the date hereof, and 200,000 Series A Common Shares covered by the Registration Statement of which this Prospectus is a part.

As a participant in the Plan you may:

1. have cash dividends on all of your Series A Common Shares automatically reinvested, or

2. have cash dividends on less than all of your Series A Common Shares automatically invested while continuing to receive the remainder of your cash dividends.

The TDS Series A Common Shares are generally not publicly traded. However, the Series A Common Shares are convertible on a share-for-share basis into TDS Common Shares. Accordingly, the price for the Series A Common Shares purchased with reinvested dividends will be 95% of the average daily high and low sales prices for TDS Common Shares on the New York Stock Exchange (NYSE), listing symbol TDS , for a period of ten consecutive trading days ending on the trading day immediately preceding the day on which the purchase is made. The investment dates for reinvested dividends will be the dividend payment dates.

Investment in our Series A Common Shares involves a number of risks. See section titled Risk Factors on page 4 below to read about certain factors you should consider before buying our Series A Common Shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or has passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is August 4, 2017

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SUMMARY OF THE PLAN

- PARTICIPATION: TDS record shareholders who own at least one whole Series A Common Share can participate in the Plan by submitting a completed Enrollment Form. You may obtain Enrollment Forms from TDS Investor Relations at (312) 630-1900. If your shares are held in a brokerage account, you may participate by having your broker register the Series A Common Shares in the Plan. No action is required if you are already participating in the Plan.

- REINVESTMENT OF DIVIDENDS: You can reinvest your cash dividends on all or a portion of your Series A Common Shares toward the purchase of additional Series A Common Shares of TDS stock without paying fees.

- PRICE FOR SHARES: The price for the Series A Common Shares purchased with reinvested dividends will be 95% of the average daily high and low sales prices for TDS Common Shares on the NYSE for a period of ten consecutive trading days ending on the trading day immediately preceding the day on which the purchase is made.

- INVESTMENT DATES: The Investment Dates for reinvested dividends will be the dividend payment dates.

- SAFEKEEPING OF CERTIFICATES: You can deposit your Series A Common certificate(s) into your Plan account. There is no charge for this service.

- WITHDRAWAL FROM THE PLAN: You may withdraw from the Plan at any time by notifying the Plan Administrator in writing, by telephone or through the Internet. The Plan Administrator will issue your whole shares in a certificate. If your dividend reinvestment account has a fractional share, a check for the value of the fractional share will be mailed to you. The amount of the check will be based on the then-current market value of the fractional share less any applicable fees.

- TRACKING YOUR INVESTMENT: You will receive a statement of your Plan account with respect to each month in which a transaction takes place. These statements provide details of the transactions and the share balance in your program account.

- ADDRESS AND TELEPHONE: The mailing address of TDS principal executive office is 30 N. LaSalle Street, Suite 4000, Chicago, IL 60602, and its telephone number is (312) 630-1900.

- ADMINISTRATOR: Computershare Trust Company, N.A. or (Computershare or the Plan Administrator), serves as Plan Administrator.

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RISK FACTORS

Risks Related to Investment in Series A Common Shares

There is generally no public trading of the Series A Common Shares.

There is generally no public trading of the Series A Common Shares. However, Series A Common Shares are convertible on a share-for-share basis into Common Shares of TDS, traded on the NYSE.

There is no assurance that TDS will continue to pay dividends.

Although TDS has paid dividends on its common shares in the past, there is no assurance that TDS will continue to pay dividends or even at the same rate.

Risks Related to TDS Business

For a discussion of the risks related to TDS business, see Risk Factors in TDS most recent Annual Report on Form 10-K, as updated by TDS most recent Quarterly Report on Form 10-Q, which are incorporated by reference herein. See Where You Can Find More Information below.

TELEPHONE AND DATA SYSTEMS, INC.

Telephone and Data Systems, Inc. (TDS), a diversified telecommunications company, provides wireless; cable and wireline broadband, TV and voice; and hosted and managed services through its business units, United States Cellular Corporation (U.S. Cellular), TDS Telecommunications Corporation, OneNeck IT Solutions LLC and TDS Broadband Service LLC. Founded in 1969, TDS has its principal executive offices at 30 North LaSalle Street, Suite 4000, Chicago, Illinois 60602; and its telephone number is (312) 630-1900. TDS was incorporated in 1968 and changed its corporate domicile from Iowa to Delaware in 1998.

For current selected financial information and other information about TDS, see TDS Annual Report on Form 10-K for the most recent fiscal year, which includes certain portions of the TDS Annual Report to Shareholders, and TDS s Current Report on Form 8-K dated May 5, 2017 which includes recast financial statements and other financial information updating such Annual Report, as incorporated by reference herein. See Where You Can Find More Information below.

USE OF PROCEEDS

The number of Series A Common Shares that will be sold under the Plan and the prices at which such shares will be sold cannot now be determined. The net proceeds from the sale of such shares will be used by TDS for general corporate purposes of TDS. Until the proceeds are used for these purposes, TDS may deposit them in interest-bearing accounts or invest them in certificates of deposit, United States Government securities or prime commercial paper.

SERIES A COMMON SHARE AUTOMATIC DIVIDEND

REINVESTMENT PLAN

The following is a question and answer statement of the provisions of TDS Series A Common Share Automatic Dividend Reinvestment Plan. The Questions and Answers below both explain and constitute the Plan.

PURPOSE

What Is The Purpose Of The Plan?

The purpose of the Plan is to provide eligible holders of TDS Series A Common Shares with a systematic, economic and convenient method of investing some or all of their cash dividends from such shares in newly issued Series A Common Shares of TDS without payment of any transaction or per share fees, and at a 5% discount from market value. Since the additional Series A Common Shares will be purchased directly from TDS, the Plan will provide TDS with additional capital funds.

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What Are The Advantages Of The Plan?

You may purchase Series A Common Shares of TDS with cash dividends on all or less than all of TDS Series A Common Shares registered in your name. The price of Series A Common Shares purchased with cash dividends will be 95% of market value.

No transaction or per share fees are paid by participants in connection with purchases under the Plan. Full investment of funds is possible under the Plan because the Plan permits fractions of shares, as well as full shares, to be credited to participants accounts.

Who Administers The Plan?

Computershare Trust Company, N.A. administers the Plan. The Plan Administrator keeps a continuing record of each participant s account, sends periodic statements of account to each participant with respect to each month in which a transaction takes place and performs other duties relating to the Plan. Series A Common Shares of TDS purchased under the Plan will be registered in the name of the Plan Administrator or its nominee, as Plan Administrator for each participant in the Plan, and will be credited to the accounts of the respective participants. Should the Plan Administrator resign, another bank will be asked to serve as the Plan Administrator. All communications regarding the Plan should be sent to the Plan Administrator addressed as follows:

In writing:	Telephone and Data Systems, Inc.
	Series A Common Share Automatic Dividend Reinvestment Plan
	c/o Computershare Trust Company, N.A.
	P.O. Box 505000
	Louisville, KY 40233-5000
By telephone:	877/337-1575 (U.S. and Canada)
	312/360-5337 (Outside U.S. and Canada)
Through the Internet:	www.computershare.com/investor

The Plan Administrator also acts as dividend disbursing and transfer agent for TDS Series A Common Shares.

ELIGIBILITY

Who Is Eligible To Participate?

Holders of record of at least one whole Series A Common Share are eligible to participate in the Plan. Beneficial owners of Series A Common Shares which currently are registered in names other than their own, for example, in the name of a broker or bank nominee, who wish to participate in the Plan must either make appropriate arrangements for their nominee to do so or must become security owners of record of Series A Common Shares.

All holders of record of at least one whole Series A Common Share are eligible to participate in the Plan, unless they are citizens of a state or foreign jurisdiction in which it would be unlawful for TDS to allow such participation. TDS is not aware of any jurisdiction in which the making of the offer is not in compliance with valid applicable law. If TDS becomes aware of any jurisdiction in which the making of the offer would not be in compliance with valid applicable law, TDS will make a good faith effort to comply with any such law. If, after such good faith effort, TDS cannot comply with any such law, the offer will not be made to holders of shares residing in any such jurisdiction. In those jurisdictions whose securities or blue sky laws require the offer to be made by a licensed broker or dealer, the offer shall not be deemed to be made unless it is made on behalf of TDS

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by one or more registered brokers or dealers which are licensed under the laws of such jurisdiction, as may be designated by TDS.

How Does A Series A Common Shareholder Participate?

A holder of Series A Common Shares may join the Plan at any time by visiting the Plan Administrator s website, www.computershare.com/investor, and following the instructions provided, or by sending a completed enrollment form to the Plan Administrator. You may also obtain an enrollment form by either:

- Calling 877/337-1575 (U.S. and Canada) or 312/360-5337 (Outside U.S. or Canada)
- Contacting TDS Investor Relations department at 312/630-1900

When Does A Series A Common Shareholder s Participation Start?

If an Enrollment Form directing dividend reinvestment is received from a Series A Common Shareholder by the record date of the next dividend payment, that dividend will be applied to the purchase of Series A Common Shares under the Plan. If the Enrollment Form directing dividend reinvestment is received after that date, dividend reinvestment will begin with the next succeeding payment. Cash dividends are ordinarily paid in March, June, September and December.

Can I Purchase Shares with Optional Cash Payments?

No. You can only reinvest dividends. You cannot purchase Series A Common Shares with optional cash payments under the plan.

What Does The Enrollment Form Provide?

The Enrollment Form provides for the purchase of new Series A Common Shares through the following investment options offered under the Plan:

Full Dividend Reinvestment Cash dividends on all Series A Common Shares held of record by a holder of Series A Common Shares will be invested at 95% of market value.

Partial Reinvestment Cash dividends on less than all of the shares, but not less than one whole share, held of record by a holder of Series A Common Shares will be invested at 95% of market value and the shareholder will continue to receive cash dividends on the other shares.

Shareholders have the option of stopping their dividend reinvestment and receiving cash dividends on their dividend reinvestment balances.

The Enrollment Form also serves to appoint Computershare Trust Company, N.A. as Plan Administrator for the participant.

If a holder of Series A Common Shares has more than one eligible account pursuant to which he or she is eligible to participate in the Plan *a separate Enrollment Form is required for each account.*

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Is Partial Participation Possible Under The Plan?

Yes. An eligible shareholder who desires the dividends on only some of his or her full Series A Common Shares to be invested under the Plan may indicate such number of shares upon the applicable Enrollment Form(s) under Partial Dividend Reinvestment, provided that in no event may an eligible shareholder elect to invest dividends on less than one such share.

May A Participant Change His Or Her Method Of Participation After Enrollment?

Yes. If a shareholder elects to participate through the reinvestment of dividends but later decides to change the number of Series A Common Shares for which dividends are being reinvested, a new Enrollment Form may be executed and returned to the Plan Administrator. A shareholder can also change his or her method of participation by telephone at 877/337-1575 (U.S. or Canada) or 312/360-5337 (Outside U.S. and Canada) or online at www.computershare.com/investor.

PLAN OF DISTRIBUTION COSTS

How Will The Series A Common Shares Be Distributed And Are There Any Expenses To Participants In Connection With Purchases Under The Plan?

TDS will distribute the shares issued under the plan for dividend reinvestment directly to shareholders by crediting their accounts under the Plan. Participants will incur no costs. There are no fees because Series A Common Shares are purchased directly from TDS.

PURCHASES

When Are The Purchase or Investment Dates?

The Investment Dates for Series A Common Shares purchased under the Plan with cash dividends on Series A Common Shares are the cash dividend payment dates. TDS usually pays cash dividends on its Series A Common Shares in March, June, September and December.

How Will The Purchase Price Of Series A Common Shares Be Determined?

There is generally no public trading of the Series A Common Shares. Therefore, TDS is assuming for purposes hereof that each Series A Common Share has a fair market value equal to one of TDS   Common Shares because the Series A Common Shares are presently convertible into Common Shares on a one-for-one basis. Accordingly, the price of Series A Common Shares purchased with reinvested cash dividends will be 95% of the average daily high and low sales prices for TDS   Common Shares on the NYSE for a period of ten consecutive trading days ending on the trading day immediately preceding the Investment Date. If there is no trading in the Common Shares reported on the NYSE for a substantial amount of time during any such trading period, the purchase price per share shall be determined by TDS on the basis of such market quotations as it shall deem appropriate. No Series A Common Shares will be sold by TDS at less than the par value of such shares.

How Many Series A Common Shares Will Be Purchased For Participants?

The number of Series A Common Shares to be purchased on an Investment Date will be determined by the amount of each participant s dividends, including dividends on Series A Common Shares purchased under the Plan, and the applicable price of TDS   Common Shares. Each participant s account in the Plan will be credited with the number of Series A Common Shares, including fractional shares computed to six decimal places, equal to the amount of the dividends being invested divided by 95% of the applicable purchase price.

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REPORTS TO PARTICIPANTS

What Reports Will Be Sent To Participants In The Plan?

Each participant in the Plan will receive a statement of his or her account with respect to each month in which a transaction takes place. These statements are a participant s continuing record of the cost of his or her purchases. *Participants should retain these statements for income tax purposes.* Each statement will set forth the following information when applicable:

a. The total number of Series A Common Shares registered in the name of the participant which is participating in the Plan.

b. The total number of Series A Common Shares which have been accumulated under the Plan by the participant but for which shares have not been issued.

c. The following information for each transaction during the month and all transactions to date during the current year:

- the amount of dividends invested;
- the price per share for each transaction;
- the number of shares purchased; and
- certain tax information.

d. For Series A Common Shares acquired in the Plan after January 1, 2011, specific cost basis information will be included in your statement in accordance with applicable law.

In addition, each participant will receive copies of communications sent to every other holder of TDS Series A Common Shares, including communications with respect to the Annual Report to Shareholders, Notice of Annual Meeting of Shareholders and Proxy Statement, and IRS information on Form 1099 for reporting dividend income.

DIVIDENDS

Will Participants Be Credited With Dividends On Fractions Of Shares?

Yes. Participants will be credited with the amount of dividends attributable to fractions of shares in their accounts under the Plan and such dividends will be reinvested.

CERTIFICATE ISSUANCES

Will Certificates Be Issued For Series A Common Shares Purchased Under The Plan?

Stock purchased in the Plan will be registered in the name of Computershare (or its nominee), and shares will not be issued unless requested through written, telephone or Internet request. If requested, shares for any number of whole shares credited to your account will be issued. Issuance of shares will not terminate participation in the Plan. Any remaining full shares and fraction of a share will continue to be credited to the participant s Plan account.

Dividends on Plan Series A Common Shares for which a participant requests and receives a certificate will be reinvested in TDS Series A Common Shares at the 5% discount under the Plan and the Series A Common Shares purchased will be credited to the participant s Plan if the participant continues to own these Series A Common Shares and has elected full dividend reinvestment of Series A Common Shares on his or her current Series A Common Share Enrollment Form. A participant who continues to own the Series A Common Shares in question and desires to have the dividends on these shares reinvested in TDS Series A Common Shares but who does not have an existing Enrollment Form for Series A Common Shares or has elected only partial reinvestment of his or her Series A Common Share dividends on the current Enrollment Form will have to execute a new Enrollment Form and return it to the Plan Administrator. Otherwise, dividends on these Series A Common Shares will not be reinvested in TDS Series A Common Shares at the 5% discount as they were when they were held for the participant in the Plan. Rather, the dividends on the Series A Common Shares in question will be paid to the Shareholder in cash.

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Series A Common Shares credited to the account of a participant under the Plan may not be pledged as collateral or otherwise transferred. A participant who wishes to pledge or transfer such shares must request that certificates for such shares be issued in his or her name.

Certificates for fractional shares will not be issued under any circumstances.

An institution that is required by law to maintain physical possession of certificates may request a special arrangement regarding the issuance of certificates for Series A Common Shares purchased under the Plan. This request should be sent to the Plan Administrator.

In Whose Name Will Certificates Be Issued?

Accounts under the Plan are maintained in the names in which certificates of the participants were registered at the time they entered the Plan. Consequently, certificates for whole shares issued upon the request of participants will be similarly registered.

CERTIFICATE DEPOSITS

May Participants Deposit Some or All Stock Certificates with the Plan Administrator for Retention?

Yes. Participants may transfer to the Plan Administrator for safekeeping certificates representing Series A Common Shares registered in their names. These shares will be credited to the participants accounts under the Plan along with shares purchased for them under the Plan. There is no charge for this service. The stock certificates should be sent by registered mail, return receipt requested and properly insured, to the Plan Administrator. Certificates should not be endorsed.

Dividends will be reinvested in accordance with a participant s dividend reinvestment option.

Can I Discontinue Reinvestment?

You may discontinue dividend reinvestment at any time by giving written, telephonic or Internet notice to the Plan Administrator. Upon processing your request to discontinue dividend reinvestment, your shares will continue to be held in book-entry form. Dividends on any shares held in book-entry form and held in certificate(s) will be paid in cash.

WITHDRAWAL

When May A Participant Withdraw From The Plan?

A participant may withdraw from the Plan at any time by notifying the Plan Administrator in writing, by telephone or through the Internet. The termination request must be made by all registered holders listed on the account. In the event a participant has been reinvesting dividends and the notice of withdrawal is received by the Plan Administrator after a record date for a dividend payment, the Plan Administrator, in its sole discretion, may either distribute that dividend in cash or reinvest it in shares on the participant s behalf. In the event the dividend is reinvested, the Plan Administrator will process the withdrawal from the Plan as soon as practicable, but in no event later than five business days after the purchase is completed.

Dividends paid after withdrawal from the Plan will be paid in cash directly to the shareholder unless he or she elects to rejoin the Plan.

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What Happens When A Participant Withdraws From The Plan Or The Plan Is Terminated?

When a participant withdraws from the Plan, or ceases to be a shareholder of record, or ceases to be an eligible shareholder, or upon termination of the Plan by TDS, a certificate for the whole Series A Common Shares credited to his or her account under the Plan will be issued and a cash payment will be made for any fractional share. This cash payment will be based on the then-current market value of the fractional share of TDS Common Shares less any applicable fees.

TAX AND OTHER INFORMATION

When May A Shareholder Rejoin The Plan?

Generally, a shareholder may rejoin the Plan at any time, provided he or she is an eligible shareholder, by submitting a new Enrollment Form or going online at www.computershare.com/investor. However, TDS reserves the right to reject any Enrollment Form from a previous participant on the grounds of repeated joining and withdrawals from Plan participation. Such reservation is intended to minimize administrative expenses and to encourage use of the Plan as a long-term investment service.

What Happens If A Participant Sells Or Transfers All Of His Or Her Series A Common Shares or Ceases To Be An Eligible Shareholder?

If a participant ceases to be an eligible shareholder of record holding a minimum of one share on the books of TDS, the account will be terminated. A check will be issued for the fractional share remaining in the Plan. The amount of the check will be based on the then-current market value of the fractional share less any applicable fees.

What Happens When A Participant Who Is Reinvesting Dividends On All Or Less Than All Of The Shares Registered In His Or Her Name Sells Or Transfers A Portion Of Such Shares?

If a participant, who is reinvesting dividends on all or only a portion of Series A Common Shares registered in his or her name disposes of a portion of such shares, TDS will continue to reinvest dividends on the remainder of the Series A Common Shares registered in the participant s name up to the number indicated on the participant s Enrollment Form as the number of Series A Common Shares for which dividends are to be reinvested, provided the participant remains an eligible shareholder owning one share.

Does Participation In The Plan Involve Risk?

The risk to participants is the same as with any other investment in TDS Series A Common Shares. It should be recognized that since investment prices are determined as an average of the daily high and low sales prices for a period of ten consecutive trading dates on which TDS Common Shares are traded, a participant loses any advantage otherwise available from being able to select the timing of his or her investment. PARTICIPANTS MUST RECOGNIZE THAT NEITHER TDS NOR THE PLAN ADMINISTRATOR CAN ASSURE A PROFIT OR PROTECT AGAINST A LOSS ON THE SHARES PURCHASED UNDER THE PLAN.

SHAREHOLDERS ARE REFERRED TO THE RISKS DESCRIBED IN THIS PROSPECTUS UNDER THE CAPTIONS SAFE HARBOR CAUTIONARY STATEMENT AND RISK FACTORS AND OTHER RISKS DESCRIBED IN THE DOCUMENTS INCORPORATED BY REFERENCE HEREIN AS DESCRIBED UNDER WHERE YOU CAN FIND MORE INFORMATION.

What Happens If TDS Issues A Stock Dividend, Declares A Stock Split Or Has A Rights Offering?

Any Series A Common Shares distributed by TDS as a stock dividend on shares credited to a participant s Plan account, or upon any split of such shares, will be credited to the participant s Plan account. Stock dividends distributed on Series A Common Shares in shares of any other class of capital stock will be mailed directly to the shareholder in the same manner as to shareholders not participating in the Plan. However, if a dividend reinvestment plan or bookkeeping entry facility is established for the shares of such other capital stock distributed as a dividend, the participant will automatically become a participant of such dividend reinvestment plan or bookkeeping entry facility and the shares distributed to such participant will instead be credited to the participant s account. In a rights offering, a participant s entitlement will be based upon his or her total holdings, including shares credited to the participant s account under the Plan. Rights certificates will be issued for the number of whole Series A Common Shares only, however, and rights based on a fraction of a Series A Common Share held in a participant s Plan account will be sold for the participant s account and the net proceeds will be forwarded to the participant.

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How Will A Participant s Shares Be Voted At Shareholders Meetings?

All Series A Common Shares held in the Plan for a participant will be voted as the participant directs on a proxy or voting instruction form which will be furnished to the participant. If the participant does not return the proxy or voting instruction form to the Plan Administrator, the Plan Administrator will not vote the participant s Plan shares.

What Are The Federal Income Tax Consequences Of Participation In The Plan?

The following discussion sets forth the general Federal income tax consequences for participants in the Plan. However, the discussion is not intended to be an exhaustive treatment of such tax consequences. For example, the discussion does not address the treatment of stock dividends, stock splits or a rights offering to participants in the Plan. It also does not address differences in tax treatment with respect to participants who do not hold the Series A Common Shares as capital assets. Because the tax laws are complex and constantly changing, participants are urged to consult their own tax advisors regarding the tax consequences of participating in the Plan, including the effects of any applicable state, local or foreign tax laws, and for rules regarding the tax basis in special cases such as the death of a participant or a gift of Series A Common Shares held under the Plan and for other tax consequences. Future legislative changes or changes in administrative or judicial interpretation, some or all of which may be retroactive, could significantly alter the Federal income tax treatment discussed herein.

In general, participants in the Plan who elect to reinvest cash dividends will be treated, for Federal income tax purposes, as having received, on the dividend payment date, a distribution in an amount equal to the fair market value on the dividend payment date of the Series A Common Shares purchased with reinvested dividends, rather than a distribution in the amount of cash otherwise payable to the participant. Participants should not be treated as receiving an additional distribution based upon their pro rata share of the Plan administration costs paid by TDS; however, there can be no assurance that the IRS will agree with this position. TDS has no present plans to seek formal advice from the IRS on this issue.

Generally, the distribution described above the fair market value of the Series A Common Shares purchased with reinvested dividends will be taxable to participants as ordinary dividend income to the extent of TDS current or accumulated earnings and profits for Federal income tax purposes. The amount of the distribution in excess of such earnings and profits will reduce a participant s tax basis in the Series A Common Shares with respect to which such distribution was received, and, to the extent in excess of such basis, result in capital gain. Certain corporate participants may be entitled to a dividends received deduction with respect to amounts treated as ordinary dividend income. Corporate participants should consult their own tax advisors regarding their eligibility for and the extent of such deduction. Certain participants may be eligible for lower capital gains rates with respect to amounts treated as qualified dividend income. Participants should consult their own tax advisors regarding treatment of qualified dividend income on their income tax returns.

Tax information will be shown on the statements of account sent to participants which participants should retain for tax purposes. These statements are important for computing the tax basis of Series A Common Shares acquired under the Plan. The Form 1099 which each participant will receive annually will include the income which is deemed to result from the receipt of the Series A Common Shares under the Plan. As a general rule, the tax basis of shares or any fraction of a share purchased with reinvested dividends will equal the fair market value of such shares or fractional share as reported to participants on their statements.

The holding period for Series A Common Shares or a fraction thereof received as a result of reinvestment of dividends under the Plan will begin on the day following the purchase date.

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Participants will generally not realize any taxable income when they receive shares for whole Series A Common Shares, the value of which was previously taxed when credited to their accounts under the Plan, either upon their request, upon ceasing to be a shareholder of record, upon ceasing to be an eligible shareholder, or upon withdrawal from or termination of the Plan. However, a participant may realize a gain or loss when Series A Common Shares acquired under the Plan are subsequently sold. In addition, participants may realize gain or loss when they receive a cash adjustment for fractional shares credited to their accounts upon withdrawal from or termination of the Plan. The amount of such gain or loss will be the difference between the amount which the participant receives for his or her shares or fractional share, and his or her tax basis therefor (with special rules applying to determine the basis allocable to shares that are not specifically identified when the participant sells less than all of his or her shares). Such gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if the holding period for such shares or fractional shares exceeds one year. The excess of net long-term capital gains over net short-term capital losses is taxed at a lower rate than ordinary income for certain taxpayers. The distinction between capital gain or loss and ordinary income and loss is also relevant for purposes of, among other things, limitations on the deductibility of capital losses. Any loss may be disallowed under the wash sale rules to the extent the shares disposed of are replaced, through the Plan or otherwise during the 61-day period beginning 30 days before and ending 30 days after the date of disposition.

What Provision Is Made For Shareholders, Foreign And Domestic, Whose Dividends Are Subject To Income Tax Withholding?

Results of Operations Three Months Ended June 30, 2009

Net sales for the three months ended June 30, 2009 declined $6.9 million, or 9.2%, to $67.8 million from $74.7 million in the same period in 2008. The decrease was driven by lower sales of the Company s products due primarily to volume declines, partially offset by higher prices for certain product lines.

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Residential and commercial water meter and related AMR/AMI sales totaled $58.3 million and represented 86.0% of total sales in the second quarter of 2009, compared to $62.2 million, or 83.3%, of total sales in the second quarter of 2008. The decrease of $3.9 million, or 6.3%, was the result of lower sales volumes of water meters and related technologies. During the second quarter of 2009, residential and commercial sales declined 3.1% and 18.5%, respectively, compared to the second quarter of 2008. Orion® and Itron® related sales declined by 9.3% and 7.4%, respectively, in the second quarter of 2009 compared to the same period in the prior year. The Orion® related products outsold the Itron® related products by a ratio of nearly 2.3 to 1 for the second quarter of 2009. While the sales declines may be attributable to the weaker economy, the Company believes that some customers may be delaying orders because of the possibility that funds will become available under U.S. Federal stimulus programs.

Industrial sales for the three months ended June 30, 2009 were $9.5 million, or 14.0%, of total sales. This was a decline of $3.0 million, or 24.0%, from sales of $12.5 million, or 16.7%, of total sales in the same period in 2008. The decline was due to lower volumes of products sold in each of the Company s industrial product lines as a result of the continuing weak economy, offset somewhat by higher prices in several of the product lines. Sales of the Company s industrial products generally fluctuate with the condition of the overall economy.

The total gross margin percentage increased in the second quarter of 2009 to 39.3% from 35.3% for the same period in 2008. The increase was primarily due to the favorable effects of lower raw material costs, including decreasing prices for metal castings that fluctuate with the metals market, and for radio boards that are sourced in Europe as a result of the strengthening U.S. dollar.

Selling, engineering and administration costs declined by $0.7 million, or 4.6%, for the three months ended June 30, 2009 compared to the same period in 2008. The decline was due in part to lower selling expenses as a result of sales volume declines, reduced healthcare and related expenditures due to favorable healthcare experience and continued cost containment efforts.

The provision for income taxes as a percentage of earnings before income taxes for the second quarter of 2009 was 37.2% compared to 38.3% for the same period in 2008.

As a result of the above mentioned items, net earnings for the three months ended June 30, 2009 increased $0.8 million to $7.8 million from $7.0 million for the same period in 2008. On a diluted basis, earnings per share for the three months ended June 30, 2009 increased by $0.04 to $0.52 from $0.48 for the same period in 2008.

Results of Operations Six Months Ended June 30, 2009

Net sales for the six months ended June 30, 2009 declined by $10.0 million, or 7.0%, to $133.1 million from $143.1 million in the same period in 2008. The decrease was driven by lower sales of the Company s products due primarily to volume declines, partially offset by higher prices for certain product lines.

Residential and commercial water meter and related AMR/AMI sales totaled $114.4 million and represented 86.0% of total sales in the first half of 2009, compared to $117.7 million, or 82.3%, of total sales in the first half of 2008. The decrease of $3.3 million, or 2.8%, was the net result of higher residential sales and lower commercial sales. Residential sales increased 2.7% while commercial sales declined 23.3% for the first half of 2009 compared to the same period in 2008. Orion® related sales declined 1.3% while Itron® related sales increased 1.2% for the first six months of 2009 compared to the same period in 2008. The Orion® related products outsold the Itron® related products by a ratio of 2.5 to 1 for the first half of 2009.

Industrial sales for the six months ended June 30, 2009 were $18.7 million, or 14.0%, of total sales. This was a decline of $6.7 million, or 26.4%, from total sales of $25.4 million, or 17.7%, in the same period in 2008. The decline was due to lower volumes of products sold in each of the Company s industrial product lines as a result of the continuing weak economy, offset somewhat by higher prices in several of the product lines. Sales of the Company s industrial products generally fluctuate with the condition of the overall economy.

The total gross margin percentage increased for the first six months of 2009 to 39.7% from 35.6% for the same period in 2008. The increase was primarily due to the favorable effects of lower raw material costs, including decreasing prices for metal castings that fluctuate with the metals market, and for radio boards that are sourced in Europe as a result of the strengthening U.S. dollar. Gross margins were favorably impacted by the higher gross margin percent for the first half of 2009 compared to the same period in 2008, while lower volumes in the first half of 2009 mitigated some of the impact.

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Selling, engineering and administration costs declined by $0.6 million, or 2.2%, for the six months ended June 30, 2009 compared to the same period in 2008. The decline was due in part to lower selling expenses as a result of sales volume declines, reduced healthcare related expenditures due to favorable healthcare experience and continued cost containment efforts.

The provision for income taxes as a percentage of earnings before income taxes for the six months ended 2009 was 37.1% compared to 37.9% for the same period in 2008.

As a result of the above mentioned items, net earnings increased by $1.6 million to $14.7 million for the six months ended June 30, 2009 compared to $13.1 million for the same period in 2008. On a diluted basis, earnings per share increased by $0.11 for the six months ended June 30, 2009 from $0.99 compared to $0.88 in the same period in 2008.

Liquidity and Capital Resources

The main sources of liquidity for the Company are cash from operations and borrowing capacity. Cash provided by operations for the first six months of 2009 was $15.9 million compared to $10.3 million for the same period in 2008. The increase was due to the increase in net earnings and reductions in inventories and receivables from their 2008 year-end balances, partially offset by payments into the Company s pension plan and a decrease in current liabilities other than debt.

The receivables balance decreased from $35.8 million at December 31, 2008 to $34.4 million at June 30, 2009 primarily due to lower sales, the timing of those sales and certain cash collections. The Company continues to believe that the current economic downturn will not significantly impact collections of the Company s outstanding receivables.

Inventories at June 30, 2009 decreased to $38.7 million from $39.3 million at December 31, 2008 due primarily to lower than expected industrial sales and the timing of purchases.

Prepaid expenses and other current assets at June 30, 2009 increased to $3.1 million from $2.3 million at December 31, 2008 primarily due to the payment of certain calendar year insurance premiums that are expensed ratably over the policy period.

Net property, plant and equipment at June 30, 2009 increased by $1.1 million compared to the balance at December 31, 2008 as the result of $4.9 million of capital expenditures, offset by depreciation expense.

Short-term debt at June 30, 2009 decreased by $3.6 million compared to the balance at December 31, 2008 as cash provided from operations in 2009 was used to pay down short-term debt. During the same period, long-term debt, including current maturities decreased by $4.9 million on a net basis due to regularly scheduled payments. All of the Company s debt is unsecured and does not carry any financial covenants.

Payables increased to $14.4 million at June 30, 2009 from $13.2 million at December 31, 2008 primarily due to the timing of payments. Accrued compensation and employee benefits at June 30, 2009 decreased to $6.4 million from $8.7 million at December 31, 2008 due to the payment of employee incentive compensation amounts accrued at December 31, 2008, offset somewhat by current year accruals.

Accrued income and other taxes decreased to $6.2 million at June 30, 2009 from $7.8 million at December 31, 2008 due to the timing of income tax payments.

Other accrued employee benefits decreased to $18.5 million at June 30, 2009 from $21.3 million at December 31, 2008 due to payments contributed into the Company s pension plan, offset somewhat by accruals of pension expense.

Common stock and capital in excess of par value both increased since December 31, 2008 due to new stock issued in connection with the exercise of stock options. Employee benefit stock decreased as a result of a payment made on the Badger Meter Employee Savings and Stock Ownership Plan loan during the first quarter of 2009.

The Company believes its financial condition remains strong. In October 2008, the Company renewed its principal line of credit ($30.0 million) for one year with its primary lender. The Company believes that its operating cash flows, available borrowing capacity, and its ability to raise capital provide adequate resources to fund ongoing operating requirements, future capital expenditures and the development of new products. The Company has $39.6 million of unused credit lines available at June 30, 2009.

Other Matters

There are currently no material legal proceedings pending with respect to the Company. The more significant legal proceedings are discussed below.

The Company is subject to contingencies related to environmental laws and regulations. Currently, the Company is in the process of resolving matters relating to two landfill sites where it has been named as one of many potentially responsible parties and to a parcel of land adjoining the Company s property. The landfill sites are impacted by the Federal Comprehensive Environmental Response, Compensation and Liability Act and other environmental laws and regulations. At this time, the Company does not believe the ultimate resolution of these matters will have a material adverse effect on the Company s financial position or results of operations, either from a cash flow perspective or on the financial statements as a whole. This belief is based on the Company s assessment of its limited past involvement with these landfill sites as well as the substantial involvement of other named third parties with these landfill sites. However, due to the inherent uncertainties of such proceedings, the Company cannot predict the ultimate outcome of these matters. A future change in circumstances with respect to these specific matters or with respect to sites formerly or currently owned or operated by the Company, or with respect to off-site disposal locations used by the Company, could result in future costs to the Company and such amounts could be material. Expenditures for compliance with environmental control provisions and regulations during 2008 and the first half of 2009 were not material.

Like other companies in recent years, the Company has been named as a defendant in numerous multi-claimant/multi-defendant lawsuits alleging personal injury as a result of exposure to asbestos, manufactured by third parties, and integrated into or sold with a very limited number of the Company s products. The Company is vigorously defending itself against these claims. Although it is not possible to predict the ultimate outcome of these matters, the Company does not believe the ultimate resolution of these issues will have a material adverse effect on the Company s financial position or results of operations, either from a cash flow perspective or on the financial statements as a whole. This belief is based in part on the fact that no claimant has demonstrated exposure to products manufactured or sold by the Company and that a number of cases have been voluntarily dismissed.

See the Special Note Regarding Forward Looking Statements at the front of this Quarterly Report on Form 10-Q and Part I, Item 1A Risk Factors in the Company s Annual Report on Form 10-K for the year ended December 31, 2008 for a discussion of risks and uncertainties that could impact the Company s financial performance and results of operations.

Off-Balance Sheet Arrangements and Contractual Obligations

The Company s off-balance sheet arrangements and contractual obligations are discussed in Part II, Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations under the headings Off-Balance Sheet Arrangements and Contractual Obligations in the Company s Annual Report on Form 10-K for the year ended December 31, 2008, and have not materially changed since that report was filed.

Item 3 Quantitative and Qualitative Disclosures about Market Risk

The Company s quantitative and qualitative disclosures about market risk are included in Part II, Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations under the heading Market Risks in the Company s Annual Report on Form 10-K for the year ended December 31, 2008, and have not materially changed since that report was filed.

Item 4 Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the Exchange Act), the Company s management evaluated, with the participation of the Company s Chairman, President and Chief Executive Officer and the Company s Senior Vice President Finance, Chief Financial Officer and Treasurer, the effectiveness of the design and operation of the Company s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the quarter ended June 30, 2009. Based upon their evaluation of these disclosure controls and procedures, the Company s Chairman, President and Chief

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Executive Officer and the Company s Senior Vice President - Finance, Chief Financial Officer and Treasurer concluded that the Company s disclosure controls and procedures were effective as of the end of the quarter ended June 30, 2009, to ensure that information relating to the Company, including its consolidated subsidiaries, was made known to management by others within those entities as appropriate to allow timely decisions regarding required disclosure of the information, particularly during the period in which this Quarterly Report on Form 10-Q was being prepared.

Changes in Internal Control over Financial Reporting

There was no change in the Company s internal control over financial reporting that occurred during the quarter ended June 30, 2009, that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

Part II Other Information

Item 4 Submission of Matters to a Vote of Security Holders

At the Company s Annual Meeting of Shareholders held on April 24, 2009, the following individuals were elected to the Board of Directors.

	Votes FOR	Votes WITHHELD	Not Voted
Ronald H. Dix	11,461,454	234,287	3,115,479
Thomas J. Fischer	11,284,727	411,014	3,115,479
Richard A. Meeusen	11,463,776	231,965	3,115,479
Ulice Payne, Jr.	11,086,135	609,606	3,115,479
Andrew J. Policano	11,229,879	465,862	3,115,479
Steven J. Smith	11,052,534	643,207	3,115,479
Kenneth P. Manning	11,036,389	659,352	3,115,479
John J. Stollenwerk	11,215,754	479,987	3,115,479

Item 6 Exhibits

Exhibit No.	Description
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

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

BADGER METER, INC.

Dated: July 22, 2009

By /s/ Richard A. Meeusen

Richard A. Meeusen
Chairman, President and Chief Executive Officer

By /s/ Richard E. Johnson

Richard E. Johnson
Senior Vice President Finance, Chief Financial Officer and Treasurer

By /s/ Beverly L. P. Smiley

Beverly L. P. Smiley
Vice President Controller

BADGER METER, INC.
Quarterly Report on Form 10-Q for Period Ended June 30, 2009
Exhibit Index

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