

TELEPHONE & DATA SYSTEMS INC /DE/
 Form 5
 February 07, 2006

FORM 5

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

OMB APPROVAL
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

1. Name and Address of Reporting Person *
GALLAGHER KEVIN C

2. Issuer Name and Ticker or Trading Symbol
TELEPHONE & DATA SYSTEMS INC /DE/ [TDS]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
 VP & Corp Secretary

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2005

30 N. LASALLE ST., STE. 4000
 (Street)

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

6. Individual or Joint/Group Reporting
 (check applicable line)

CHICAGO, IL 60602

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

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

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|-----------------------------------|
| Common Shares | 12/31/2005 | Â | J(2) | 2.69 A \$ (2) | 346.3 | I | By 401K plan |
| Special Common Shares (8) | 12/31/2005 | Â | J(2)(8) | 347.72 A \$ (2) | 347.72 | I | By 401K Plan |

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

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SEC 2270 (9-02)

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Underlying (Instr. 3 and 4) |
|---|--|--------------------------------------|--|--------------------------------|---|-----|--|-----------------|--|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | Title |
| Option (Right to buy) <u>(6)</u> <u>(8)</u> | \$ 91.5 | 05/13/2005 | Â | <u>J(6)(8)</u> | 9,800 | Â | Â <u>(3)</u> | 11/26/2011 | Tandem Common and Special Common Shares |
| Option (Right to buy) <u>(6)</u> <u>(8)</u> | \$ 44.58 | 05/13/2005 | Â | <u>J(6)(8)</u> | 4,010 | Â | 12/15/2003 ⁽¹⁾ | 05/13/2013 | Tandem Common and Special Common Shares |
| Option (Right to buy) <u>(6)</u> <u>(8)</u> | \$ 66 | 05/13/2005 | Â | <u>J(6)(8)</u> | 6,780 | Â | 12/15/2004 | 05/08/2014 | Tandem Common and Special Common Shares |
| Deferred Compensation <u>(4)</u> | Â | 12/31/2005 | Â | <u>J(10)</u> | 27.5 | Â | Â <u>(4)</u> | Â <u>(4)</u> | Common Shares |
| Deferred Compensation <u>(8)</u> <u>(9)</u> | Â | 05/13/2005 | Â | <u>J(8)(9)</u> | 3,154.5 | Â | Â <u>(9)</u> | Â <u>(9)</u> | Special Common Shares |
| Deferred Compensation <u>(9)</u> | Â | 12/31/2005 | Â | <u>J(10)</u> | 22.1 | Â | Â <u>(9)</u> | Â <u>(9)</u> | Special Common Shares |
| Option (Right to Buy) <u>(6)</u> <u>(8)</u> | \$ 77.36 | 05/13/2005 | Â | <u>J(6)(8)</u> | 9,440 | Â | 12/15/2005 | 04/20/2015 | Tandem Common and Special Common Shares |
| | Â | 05/13/2005 | Â | <u>J(7)(8)</u> | 1,755 | Â | 12/15/2007 | Â <u>(5)</u> | |

Restricted
 Stock Units (7)
(8)

Tandem
 Common
 and
 Special
 Common
 Shares

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| GALLAGHER KEVIN C 30 N. LASALLE ST., STE. 4000 CHICAGO, IL 60602 | Â | Â | Â VP & Corp Secretary | Â |

Signatures

Julie D. Mathews, by power
 of atty 02/07/2006
 **Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Granted under the long-term incentive plan. Reporting person was granted 7,510 shares of which 3,500 common shares were previously exercised.
- (2) Voluntary reporting of shares acquired in 2005 in the TDS 401K. The information is based on a plan statement dated 12/31/05. The number of shares fluctuates and is attributable to the price of the shares on 12/31/05.
- (3) Granted under the TDS 1998 Long Term Incentive Plan. The option is exercisable with respect to 2450 common shares on 12/15/01, 12/15/02, 12/15/03 and on 12/15/04 for a total of 9800 common shares.
- (4) Reporting person deferred 2002 bonus pursuant to the TDS 1998 Long Term Incentive Plan. The deferred bonus was 2404.371 and the employer match was 697.267 which vests ratably at a rate of 33%. 33% and 34% on 12/31/03, 12/31/04 and 12/31/05. During 2005 reporting person acquired an additional 27.5 common shares for a total of 74.1 common shares.
- (5) Restricted stock unit award pursuant to the 2004 Long-Term Incentive Plan. Stock units will become vested on December 15, 2007. Common shares were granted without consideration under the long-term incentive plan. As a result of the special common dividend, all options to purchase common shares as of May 13 under the long term incentive plan, whether vested or unvested, were adjusted into tandem options. The tandem option provides that upon exercise, the optionee purchases the number of common shares originally subject to the option plus an equal number of special common shares.
- (6) Restricted stock units for common shares were granted without consideration under the long term incentive plan. As a result of the special common stock dividend, all restricted stock units as of May 13 that are to be settled in common shares, whether vested or unvested, were adjusted to provide that such award will be settled in the number of common shares originally subject to the award plus an equal number of special common shares.
- (7) On May 13 TDS authorized a special common dividend to holders of common shares in which one special common share was distributed to all shareholders making this acquisition exempt from Section 16a-9(a).
- (8) Reporting person deferred 2002 bonus pursuant to the TDS 1998 Long Term Incentive Plan. The deferred bonus was 2404.371 and the employer match was 697.267 which vests ratably at a rate of 33%. 33% and 34% on 12/31/03, 12/31/04 and 12/31/05. Reporting person had acquired 52.9 shares as of May 13. Since the stock dividend, reporting person acquired an additional 22.1 special common shares.
- (9) Voluntary reporting of shares acquired through dividend reinvestment in 2005.
- (10)

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

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