

KOTYLO KENNETH M
 Form 5
 January 17, 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 *
 KOTYLO KENNETH M

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- Acquisitions & Corp. Devel

(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 60451

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 ⁽¹⁾	1.4 A \$ ⁽¹⁾ 295.7	D	Â	
Special Common Shares	05/13/2005	Â	J ⁽³⁾	294.7 A \$ ⁽³⁾ 295.8	D	Â	
Special Common Shares	12/31/2005	Â	J	1.1 A \$ ⁽¹⁾ 295.8	D	Â	

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

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(9-02)

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 Amount Underlying Securities (Instr. 3 and 4)
					(A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Option (Right to buy) ⁽³⁾ ⁽⁴⁾	\$ 40.1	05/13/2005	Â	J ⁽⁴⁾	3,470 Â	Â ⁽²⁾ 02/14/2013	Tandem Common and Special Common Shares 3,470
Option (Right to buy) ⁽³⁾ ⁽⁴⁾	\$ 66	05/13/2005	Â	J ⁽⁴⁾	3,660 Â	12/15/2004 05/08/2014	Tandem Common and Special Common Shares 3,660
Option (Right to Buy) ⁽³⁾ ⁽⁴⁾	\$ 77.36	05/13/2005	Â	J ⁽⁴⁾	3,621 Â	12/15/2005 04/20/2015	Tandem Common and Special Common Shares 3,621
Restricted Stock Units ⁽³⁾ ⁽⁵⁾	Â	05/13/2005	Â	J ⁽⁵⁾	794 Â	12/15/2007 Â ⁽⁶⁾	Tandem Common and Special Common Shares 794

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other

KOTYLO KENNETH M
30 N. LASALLE ST., STE. 4000 Â Â Â VP- Acquisitions & Corp. Devel Â
CHICAGO,Â ILÂ 60451

Signatures

Julie D. Mathews, by power
of atty 01/17/2006

 **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) Voluntary reporting of shares acquired through dividend reinvestment in 2005.
- (2) Granted under the TDS Long Term Incentive Plan. The option became exercisable with respect to 3435 common shares on 12/15/03 and on 12/15/04 for a total of 6870 common shares. Reporting person previously exercised 3400 shares.
- (3) 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).

Common shares were granted without consideration under the long-term incentive plan. As a result of the special common dividend, all
- (4) 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.
- (5) 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.
- (6) Restricted stock unit award pursuant to the 2004 Long-Term Incentive Plan. Stock units will become vested on December 15, 2007.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.