

PRESTON STEVEN C
Form 5
February 13, 2006

FORM 5

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

OMB APPROVAL

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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 *
PRESTON STEVEN C

(Last) (First) (Middle)

3250 LACEY ROAD, SUITE 600

(Street)

2. Issuer Name and Ticker or Trading Symbol
SERVICEMASTER CO [SVM]

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

 Director 10% Owner
 Officer (give title below) Other (specify below)
Ex. Vice President

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

6. Individual or Joint/Group Reporting

(check applicable line)

DOWNERS GROVE, IL 60515-1700

(City) (State) (Zip)

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

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)	(A) or (D)	Price	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 stock \$.01 par value	Â	Â	Â	Â	Â	Â	101,442	D	Â
Common stock \$.01 par value	Â	Â	Â	Â	Â	Â	855 ⁽¹⁾	I	by 401(k) 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 Amount of Underlying Security (Instr. 3 and 4)	Annual Share
		(A)	(D)			Date Exercisable	Expiration Date				
Stock Options (Right to buy)	\$ 13.4667	Â	Â	Â	Â	Â	02/13/1999	02/12/2007	Common stock \$0.01 par value	23	
Stock Options (Right to buy)	\$ 13.83	Â	Â	Â	Â	Â	02/08/2003	02/07/2009	Common Stock	10	
1997 Option Plan (Right to Buy)	\$ 11.2222	Â	Â	Â	Â	Â	02/13/1998	02/12/2007	Common stock \$0.01 par value	22	
1997 Option Plan (Right to Buy)	\$ 12.3467	Â	Â	Â	Â	Â	02/13/1998	02/12/2007	Common stock \$0.01 par value	23	
1997 Option Plan (Right to Buy)	\$ 14.5911	Â	Â	Â	Â	Â	02/13/2000	02/12/2007	Common stock \$0.01 par value	23	
1997 Option Plan (Right to Buy)	\$ 15.7111	Â	Â	Â	Â	Â	02/13/2001	02/12/2007	Common stock \$0.01 par value	23	
1997 Option Plan (Right to Buy)	\$ 16.8355	Â	Â	Â	Â	Â	02/13/2002	02/12/2007	Common stock \$0.01 par value	23	
Non-Qual. Stock Option (Right to Buy)	\$ 18.075	Â	Â	Â	Â	Â	01/29/2000	01/28/2009	Common stock \$0.01 par value	9	
1998	\$ 11.5	Â	Â	Â	Â	Â	12/31/2000	12/31/2009	Common	23	

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Non-Qual. Stock Option (Right to Buy)										stock \$.01 par value	
1998 Non-Qual. Stock Option (Right to Buy)	\$ 18.2583	^	^	^	^	^	02/16/1999	02/15/2008	Common Stock		4
Senior Ex. Ownership Elec. Plan (Right to Buy)	\$ 8.75	^	^	^	^	^	08/08/2001	08/07/2007	Common stock \$.01 par value		20
2000 Employee Stock Option (Right to Buy)	\$ 9.88	^	^	^	^	^	03/18/2004	03/17/2013	Common Stock		6
2000 Employee Stock Option (Right to Buy)	\$ 10.52	^	^	^	^	^	03/16/2002	03/15/2008	Common stock \$.01 par value		25
WSH Employee Stock Option (Right to Buy)	\$ 13.87	^	^	^	^	^	05/04/2000	05/03/2006	Common stock \$.01 par value		2
2003 EIP Stock Appreciation Right	\$ 10.73	^	^	^	^	^	02/13/2005	02/12/2014	Common Stock		5
2003 EIP Stock Appreciation Right	\$ 13.44	^	^	^	^	^	02/11/2006	02/10/2015	Common Stock		5

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PRESTON STEVEN C 3250 LACEY ROAD, SUITE 600 DOWNERS GROVE, IL 60515-1700	^	^	^ Ex. Vice President	^

Signatures

Sandra L. Groman by power of attorney	02/13/2006
**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) Includes 21 shares acquired through the ServiceMaster Profit Sharing and Retirement Plan during the months of March through December 2005.

(2) Exercise Vesting/Exercise Prices - 1st anniversary 20% exercisable at 110% FMV:\$12.3467 per share - 2nd anniversary 20% exercisable at 120% FMV - \$15.7111 per share - 3rd anniversary - 20% exercisable - at 130% FMV \$14.5911 per share - 4th anniversary 20% exercisable at 140% FMV \$13.4667 - 5th anniversary 20% exercisable at 150% of FMV - \$16.8355 per share FMV - Fair Market Value on Grant Date.

(3) The option is exercisable in five equal annual installments beginning on the first anniversary of the date of the grant.

(4) Option becomes exercisable 10% per year on anniversary date of the grant for a period of 8 years, the 9th anniversary the remaining 20% becomes exercisable..

(5) In 1999, ServiceMaster entered into a joint venture with Kleiner, Perkins, Caufield & Byers to develop an Internet company, We Serve Homes.com ("WSH"). A WSH option was granted in 2000. On January 11, 2002, the WSH option was converted into a ServiceMaster option at a ratio of 55.48 to 1, pursuant to a merger with a subsidiary of ServiceMaster in a transaction exempt under Rule 16b-7.

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.