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TELEPHONE & DATA SYSTEMS INC /DE/
Form SC 13D/A
June 07, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934

Telephone and Data Systems, Inc.

(Name of Issuer)

Special Common Stock

(Title of Class and Securities)

879433860

(CUSIP Number of Class of Securities)

O. Mason Hawkins
Chairman of the Board and C.E.O.
and
Andrew R. McCarroll
Vice President & General Counsel

Southeastern Asset Management, Inc.
6410 Poplar Avenue; Suite 900
Memphis, TN 38119
(901) 761-2474

(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

May 13, 2005

(Date of Event which Requires
Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this Schedule because of Sections 240.13d-1(e), 240.13d-1(f), or 240.13d-1(g), check the following box: []

CUSIP No. 879433100

13D

(1) NAMES OF REPORTING PERSONS

Southeastern Asset Management, Inc.

I.D. No. 62-0951781

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(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:
(a)
(b) X

(3) SEC USE ONLY

(4) SOURCE OF FUNDS
OO: Funds of investment advisory clients

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [X]

(6) CITIZENSHIP OR PLACE OF ORGANIZATION
Tennessee

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

: (7) SOLE VOTING POWER
: (Discretionary Accounts)
: 5,951,915 shares

: (8) SHARED OR NO VOTING POWER
:
: 3,598,500 shares (Shared)
: 2,070,800 shares (None)

: (9) SOLE DISPOSITIVE POWER
: (Discretionary Accounts)
: 8,013,715 shares

: (10) SHARED OR NO DISPOSITIVE POWER
: 3,598,500 shares (Shared)
: 9,000 shares (None)

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11,621,215 shares

(12) CHECK BOX IF THE AGGREGATE AMOUNT IN ROW 11 EXCLUDES
CERTAIN SHARES [X] See Item 5(a)

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11
20.2%

(14) TYPE OF REPORTING PERSON
IA

Note: All shares identified above are shares of the Issuer's class of Special Common Stock, and the percentage in Row 13 above relates to such class of Special Common Stock.

CUSIP No. 879433100 13D

(1) NAMES OF REPORTING PERSONS
Longleaf Partners Fund I.D. No. 63-6147721

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:
(a)
(b) X

(3) SEC USE ONLY

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(4) SOURCE OF FUNDS
OO: Funds of investment company shareholders

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []

(6) CITIZENSHIP OR PLACE OF ORGANIZATION
Massachusetts

NUMBER OF SHARES BENEFICIALLY
OWNED BY EACH REPORTING PERSON
WITH

: (7) SOLE VOTING POWER
:
: None

: (8) SHARED VOTING POWER
:
: 3,598,500 shares

: (9) SOLE DISPOSITIVE POWER
:
: None

: (10) SHARED DISPOSITIVE POWER
: 3,598,500 shares

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
3,598,500 shares

(12) CHECK BOX IF THE AGGREGATE AMOUNT IN ROW 11 EXCLUDES
CERTAIN SHARES []

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11
6.3%

(14) TYPE OF REPORTING PERSON
IV

Note: All shares identified above are shares of the Issuer's class of Special Common Stock, and the percentage in Row 13 above relates to such class of Special Common Stock.

CUSIP No. 879433100

13D

(1) NAMES OF REPORTING PERSONS
O. Mason Hawkins I.D. No. XXX-XX-XXXX

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:
(a)
(b) X

(3) SEC USE ONLY

(4) SOURCE OF FUNDS
OO: None

(5) CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []

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(6) CITIZENSHIP OR PLACE OF ORGANIZATION
Citizen of United States

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

: (7) SOLE VOTING POWER
: (Discretionary Accounts)
: None

: (8) SHARED VOTING POWER

: None

: (9) SOLE DISPOSITIVE POWER

: None

: (10) SHARED DISPOSITIVE POWER

: None

(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
None (See Item 2)

(12) CHECK BOX IF THE AGGREGATE AMOUNT IN ROW 11 EXCLUDES CERTAIN SHARES []

(13) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11
0.0%

(14) TYPE OF REPORTING PERSON
IN

Note: All shares identified above are shares of the Issuer's class of Special Common Stock, and the percentage in Row 13 above relates to such class of Special Common Stock.

Item 1. Security and Issuer

The securities to which this statement on Schedule 13D relates are the Special Common Shares (the "Securities") of Telephone and Data Systems, Inc., a Delaware corporation (the "Issuer"). The Issuer has its principal executive offices located at 30 North LaSalle Street, Chicago, Illinois, 60602.

Item 2. Identity and Background

Subparagraphs (a), (b), and (c). This statement is being filed by Southeastern Asset Management, Inc. ("Southeastern"), an investment advisor registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended. The address of its principal office is 6410 Poplar Avenue, Suite 900, Memphis, Tennessee 38119. Southeastern serves as an investment advisor to various individual clients, institutions (including qualified retirement plans), endowment funds and to Longleaf Partners Fund, a series of Longleaf Partners Funds Trust, a registered investment company organized as a Massachusetts business trust and having three series of portfolios.

The Securities of the Issuer reported in Item 5 herein were acquired on behalf of the investment advisory clients of Southeastern, including

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Longleaf Partners Fund, under sole or shared discretionary authority granted Southeastern. None of the Securities are owned by or on behalf of Southeastern or by any of its directors or officers, or any Trustees or officers of Longleaf.

This statement is also being filed by Mr. O. Mason Hawkins, Chairman of the Board and Chief Executive Officer of Southeastern, in the event he could be deemed to be an indirect beneficial owner of the Securities reported by Southeastern through the exercise of voting control and/or dispositive power over the Securities as the result of his official positions or ownership of voting securities of Southeastern. Neither Southeastern nor Mr. Hawkins owns any Securities for its or his own account and each disclaims beneficial interest in any of the Securities reported herein.

Longleaf Partners Fund and Mr. Hawkins, each of whom is a joint filer of this Schedule 13D, may be reached c/o Southeastern Asset Management, Inc., 6410 Poplar Avenue, Suite 900, Memphis, Tennessee 38119.

(d) During the last five years, neither Southeastern, Longleaf Partners Fund, nor Mr. Hawkins has been convicted in any criminal proceeding.

(e) During the last five years, neither Southeastern, Longleaf Partners Fund, nor Mr. Hawkins has been a party to any civil or administrative proceeding which resulted in a judgment, decree or final order enjoining future violations, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws, except as follows: in February 2004, Southeastern and Longleaf Partners Small-Cap Fund, a separate series of Longleaf Partners Funds Trust, were named in a Complaint filed by The MONY Group, Inc. (MONY) in the US District Court for the Southern District of New York alleging that Southeastern and the Small-Cap Fund had violated Sections 14(a) and 13(d) of the Securities Exchange Act of 1934 with respect to their activities opposing the acquisition of MONY by AXA Financial. MONY obtained a preliminary injunction against Southeastern, the Small-Cap Fund and other unaffiliated parties enjoining distribution of a duplicate copy of MONY's proxy card, a strategy Southeastern and the Small-Cap Fund's legal counsel had first reviewed with the staff of the SEC's Division of Corporate Finance (the "Staff"). The Staff of the SEC had advised Southeastern's legal counsel that such a strategy was permitted if certain conditions were satisfied. The Staff, on two occasions, also furnished the Federal courts with a letter which confirmed the Staff's position which had been given orally to Southeastern's counsel. Even though Southeastern and the Small-Cap Fund satisfied the conditions outlined by the Staff, in light of the litigation, neither of them actually distributed a duplicate of MONY's proxy card. At MONY's May 18, 2004 meeting, MONY's shareholders approved the acquisition by AXA, and MONY subsequently dismissed its lawsuit against Southeastern and the Small-Cap Fund with prejudice.

(f) Southeastern is a corporation organized and existing under the laws of the State of Tennessee; Longleaf Partners Funds Trust, of which Longleaf Partners Fund is a series, is a Massachusetts business trust. Mr. Hawkins is a citizen of the United States. The names, business addresses, and principal occupations of each director and executive officer of Southeastern, and each Trustee of Longleaf Partners Fund are set forth in Schedule I.

Item 3. Source and Amount of Funds or Other Consideration

The Securities were distributed as part of a stock dividend, which was issued on May 13, 2005. The respective investment advisory clients of Southeastern received one share of the Securities for each share of the Issuer's Common Stock held of record on April 29, 2005. All assets used to purchase the Issuer's Common Stock were assets of these respective clients and none were assets of Southeastern. In addition, none of the proceeds used to

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purchase the Common Stock were provided through borrowings of any nature.

Item 4. Purpose of Transaction

On December 27, 2004 Southeastern filed a Schedule 13D with respect to the Common Stock of the Issuer. This report was amended on February 23, 2005 after the Issuer announced its intention to distribute one Special Common Share in the form of a stock dividend for each outstanding Common Share and Series A Common Share of the Issuer. On May 13, 2005, the Special Common Shares were received by the investment advisory clients of Southeastern as part of that distribution. Southeastern hereby incorporates by reference the statements made in Item 4 of its December 27, 2004 and February 23, 2005 13D filings, as they may now be deemed to apply to the Special Common class shares held.

Item 5. Interest in Securities of the Issuer

(a) The aggregate number and percentage of Securities to which this Schedule 13D relates is 11,621,215 shares of the Special Common Stock of the Issuer, constituting approximately 20.2% of the 57,550,316 shares outstanding.

	Common Shares Held	% of outstanding Common Shares
<hr/>		
Voting Authority		
Sole:	5,951,915	10.3%
Shared:	3,598,500*	6.3%
None:	2,070,800	3.6%
 Total	 11,621,215	 20.2%

*Shares owned by Longleaf Partners Fund, a series of Longleaf Partners Funds Trust. Does not include 84,000 shares held by one non-discretionary account over which the filing parties have neither voting nor dispositive authority. Beneficial ownership is expressly disclaimed with respect to these shares.

Dispositive Authority

Sole:	8,013,715	13.9%
Shared:	3,598,500*	6.3%
None:	9,000	0.0%
 Total	 11,621,215	 20.2%

*Shares owned by Longleaf Partners Fund, a series of Longleaf Partners Funds Trust. Does not include 84,000 shares held by one non-discretionary account over which the filing parties have neither voting nor dispositive authority. Beneficial ownership is expressly disclaimed with respect to these shares.

(b) Southeastern generally has the sole power to dispose of or to direct the disposition of the Securities held for discretionary accounts of its investment clients, and may be granted the sole power to vote or direct the vote of such Securities; such powers may be retained by or shared with the respective clients for shared or non-discretionary accounts, for which Southeastern generally makes recommendations with respect thereto. Shares held by any Series of Longleaf Partners Funds Trust are reported in the "shared" category.

(c) There have been no purchases or sales of the Securities during the last sixty days.

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(d) The investment advisory clients of Southeastern have the sole right to receive and, subject to notice, to withdraw the proceeds from the sale of the Securities, and the sole power to direct the receipt of dividends from any of the Securities held for their respective accounts. Such clients may also terminate the investment advisory agreements without penalty upon appropriate notice. Southeastern does not have an economic interest in any of the Securities reported herein.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

The powers of disposition with respect to Securities owned by discretionary private accounts of Southeastern are established in written investment advisory agreements between clients and Southeastern, which are entered into in the normal and usual course of the business of Southeastern as a registered investment advisor and which are generally applicable to all securities purchased for the benefit of each such discretionary private account. There are no special or different agreements relating to the Securities of the Issuer.

The written investment advisory agreements with clients do not contain provisions relating to borrowing of funds to finance the acquisition of the Securities, acquisition of control, transfer of securities, joint ventures, or any of the other transactions listed in the instructions to Item 7 of Schedule 13D other than voting of proxies. In connection with voting, Southeastern may be allowed or directed to vote the proxies received by accounts classified as "discretionary" or "shared" accounts; such authority is generally retained by the clients for accounts classified as "non-discretionary".

Item 7. Material to be Filed as an Exhibit

Schedule I. Information with Respect to Directors and Officers of Southeastern Asset Management, Inc. and Longleaf Partners Fund.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: June 7, 2005

SOUTHEASTERN ASSET MANAGEMENT, INC.

By /s/ Andrew R. McCarroll

Andrew R. McCarroll
Vice President & General Counsel

LONGLEAF PARTNERS FUND

By /s/ O. Mason Hawkins

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O. Mason Hawkins
Trustee and Co-Portfolio Manager

O. MASON HAWKINS
(Individually)

/s/ O. Mason Hawkins

Joint Filing Agreement

In accordance with Rule 13d-1(f) under the Securities Exchange Act of 1934, the persons or entities named below agree to the joint filing on behalf of each of them of this Amendment No. 1 to Schedule 13D with respect to the Securities of the Issuer and further agree that this joint filing agreement be included as an exhibit to this Amendment No. 1 to Schedule 13D. In evidence thereof, the undersigned hereby execute this Agreement as of June 7, 2005.

Southeastern Asset Management, Inc.

By: /s/ Andrew R. McCarroll

Andrew R. McCarroll
Vice President and General Counsel

Longleaf Partners Fund

By: /s/ O. Mason Hawkins

O. Mason Hawkins
Trustee and Co-Portfolio Manager

O. Mason Hawkins, Individually

/s/ O. Mason Hawkins

SCHEDULE I

Information with Respect to Executive
Officers and Directors

The following information is disclosed for each of the directors and executive officers of Southeastern: name; business address; and present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted. Unless otherwise specified, the principal employer of each such individual is Southeastern Asset Management, Inc., having its principal executive offices located at 6410 Poplar Ave., Suite 900, Memphis, Tennessee 38119. Each individual identified below is a citizen of the United States.

To the knowledge of management of Southeastern, during the last five years, no such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), and no such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a

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result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities law or finding any violation with respect to such laws, except as follows: in February 2004, Southeastern and Longleaf Partners Small-Cap Fund, a separate series of Longleaf Partners Funds Trust, were named in a Complaint filed by The MONY Group, Inc. (MONY) in the US District Court for the Southern District of New York alleging that Southeastern and the Small-Cap Fund had violated Sections 14(a) and 13(d) of the Securities Exchange Act of 1934 with respect to their activities opposing the acquisition of MONY by AXA Financial. MONY obtained a preliminary injunction against Southeastern, the Small-Cap Fund and other unaffiliated parties enjoining distribution of a duplicate copy of MONY's proxy card, a strategy Southeastern and the Small-Cap Fund's legal counsel had first reviewed with the staff of the SEC's Division of Corporate Finance (the "Staff"). The Staff of the SEC had advised Southeastern's legal counsel that such a strategy was permitted if certain conditions were satisfied. The Staff, on two occasions, also furnished the Federal courts with a letter which confirmed the Staff's position which had been given orally to Southeastern's counsel. Even though Southeastern and the Small-Cap Fund satisfied the conditions outlined by the Staff, in light of the litigation, neither of them actually distributed a duplicate of MONY's proxy card. At MONY's May 18, 2004 meeting, MONY's shareholders approved the acquisition by AXA, and MONY subsequently dismissed its lawsuit against Southeastern and the Small-Cap Fund with prejudice.

SOUTHEASTERN ASSET MANAGEMENT, INC.

Directors

O. Mason Hawkins: Director, Chairman of the Board and Chief Executive Officer of Southeastern Asset Management, Inc.; Trustee and Co-Portfolio Manager of Longleaf Partners Fund.

G. Staley Cates: Director and President of Southeastern Asset Management, Inc.; Co-Portfolio Manager Longleaf Partners Fund.

Frank N. Stanley, III: Director and Vice President of Southeastern Asset Management, Inc.

Other Officers

James H. Barton	Vice President
John B. Buford	Vice President
Deborah L. Craddock	Vice President-Trading
Julie M. Douglas	CFO-Mutual Funds
C. T. Fitzpatrick	Vice President
Lee B. Harper	Vice President
Randy D. Holt	Vice President and Secretary
Andrew R. McCarroll	Vice President and General Counsel
E. Andrew McDermott	Vice President
John McFadden	CCO-Mutual Funds
Joseph L. Ott	Vice President and Treasurer
James E. Thompson, Jr.	Vice President
Michael J. Wittke	Legal Counsel and CCO

LONGLEAF PARTNERS FUND

The following information is disclosed for each of the trustees of Longleaf Partners Fund: name; address; and present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted. Each individual identified below is a citizen of the United States. The address of each individual for purposes of correspondence is c/o Southeastern Asset Management,

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Inc., 6410 Poplar Avenue, Suite 900, Memphis, Tennessee 38119.

To the knowledge of management of Longleaf Partners Fund, during the last five years, no such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), and no such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities law or finding any violation with respect to such laws, except as follows: in February 2004, Southeastern and Longleaf Partners Small-Cap Fund, a separate series of Longleaf Partners Funds Trust, were named in a Complaint filed by The MONY Group, Inc. (MONY) in the US District Court for the Southern District of New York alleging that Southeastern and the Small-Cap Fund had violated Sections 14(a) and 13(d) of the Securities Exchange Act of 1934 with respect to their activities opposing the acquisition of MONY by AXA Financial. MONY obtained a preliminary injunction against Southeastern, the Small-Cap Fund and other unaffiliated parties enjoining distribution of a duplicate copy of MONY's proxy card, a strategy Southeastern and the Small-Cap Fund's legal counsel had first reviewed with the staff of the SEC's Division of Corporate Finance (the "Staff"). The Staff of the SEC had advised Southeastern's legal counsel that such a strategy was permitted if certain conditions were satisfied. The Staff, on two occasions, also furnished the Federal courts with a letter which confirmed the Staff's position which had been given orally to Southeastern's counsel. Even though Southeastern and the Small-Cap Fund satisfied the conditions outlined by the Staff, in light of the litigation, neither of them actually distributed a duplicate of MONY's proxy card. At a May 18, 2004 meeting, MONY shareholders approved the acquisition by AXA, and MONY subsequently dismissed its lawsuit against Southeastern and the Small-Cap Fund with prejudice.

Trustees

O. Mason Hawkins: Director, Chairman of the Board and Chief Executive Officer of Southeastern Asset Management, Inc.; Trustee and Co-Portfolio Manager of Longleaf Partners Fund.

Chadwick H. Carpenter, Jr.: Trustee of Longleaf Partners Funds; private investor and consultant.

Margaret H. Child: Trustee of Longleaf Partners Funds; private investor and consultant.

Daniel W. Connell, Jr.: Trustee of Longleaf Partners Funds; private investor and consultant.

Rex M. Deloach: Trustee of Longleaf Partners Funds; President, Financial Insights, Inc.

Steven N. Melnyk: Trustee of Longleaf Partners Funds; private investor and consultant.

C. Barham Ray: Trustee of Longleaf Partners Funds; Chairman of the Board and Secretary, SSM Corporation.

Perry C. Steger: Chairman of the Board of Longleaf Partners Funds; President, Steger and Bizzell Engineering, Inc.

