

TELEPHONE & DATA SYSTEMS INC /DE/
Form SC 13G/A
February 23, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934

Amendment No. 1

Telephone and Data Systems, Inc.

(Name of Issuer)

Common Stock

(Title of Class and Securities)

879433100

(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)

February 18, 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) : 5,941,957 shares <hr/> : (8) SHARED OR NO VOTING POWER : 3,598,500 shares (Shared) : 2,082,000 shares (None) <hr/> : (9) SOLE DISPOSITIVE POWER : (Discretionary Accounts) : 8,014,957 shares <hr/> : (10) SHARED OR NO DISPOSITIVE POWER : 3,598,500 shares (Shared) : 9,000 shares (None)
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(11) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 11,622,457 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
 22.8%

(14) TYPE OF REPORTING PERSON
 IA

Note: All shares identified above are shares of the Issuer's class of Common Stock, and the percentage in Row 13 above relates to such class of 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
7.1%

(14) TYPE OF REPORTING PERSON
IV

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

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

(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 Common Stock, and the percentage in Row 13 above relates to such class of Common Stock.

Item 4. Purpose of Transaction

The following is added to Item 4:

On February 18, 2005, Telephone and Data Systems, Inc., a Delaware corporation (the "Issuer"), issued a press release announcing that it will 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, subject to shareholder approval of an amendment to the Issuer's Restated Certificate of Incorporation that would increase the authorized number of Special Common Shares from 20 million to 165 million. In its press release, the Issuer stated that the new Special Common Shares would provide the Issuer with greater strategic and financial flexibility and a more flexible capital structure, and that at some point in the future, the Issuer may make an offer to issue new Special Common Shares in exchange for all of the common shares of United States Cellular Corporation that are not owned by the Issuer. The Issuer stated that it currently owns approximately 82 percent of United States Cellular common stock.

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Southeastern Asset Management, Inc. ("Southeastern") views the Issuer's announcement on February 18, 2005 as a positive step and, as a result, Southeastern advised the Issuer that (i) Longleaf Partners Fund ("Longleaf") is withdrawing its shareholder proposal for the Issuer's 2005 annual meeting, which was submitted to the Issuer pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, (ii) Longleaf will not nominate any candidates to stand for election to the Issuer's board of directors at the Issuer's 2005 annual meeting, although Southeastern did suggest one board candidate to management of the Issuer for its consideration, and (iii) Southeastern and Longleaf support the Issuer's management in its efforts to rationalize the Issuer's capital structure. While Southeastern and Longleaf will continue to monitor their investment in the Issuer and reserve all rights that they may have with respect to such investment, including the right to nominate directors of the Issuer in the future, they are encouraged by the Issuer's recent actions and expect to work constructively with the Issuer's management to achieve recognition of the Issuer's value.

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: February 23, 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

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

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of February 23, 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
