

Hanley Joseph R
Form 5
January 18, 2007

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 *
Hanley Joseph R

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)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2006

Director 10% Owner
 Officer (give title below) Other (specify below)
VP-Technology Planning Service

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|-----------------------------------|
| | | | | (A) or (D) Amount Price | | | |
| Common Shares | 12/31/2006 | ∅ | J(2) | 2.4204 A \$ (2) | 284.8 | D | ∅ |
| Special Common Shares | 12/31/2006 | ∅ | J(2) | 2.5348 A \$ (2) | 285 | D | ∅ |

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 Securities (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|-----|--|-----------------|---|----------------------------|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | | |
| Option (Right to buy) | \$ 106 | Â | Â | Â | Â | Â | 12/15/2000 | 03/10/2010 | Tandem Common and Special Common Shares | 1,622 |
| Option (Right to buy) | \$ 99.44 | Â | Â | Â | Â | Â | 04/30/2002 | 04/30/2011 | Tandem Common and Special Common Shares | 356 |
| Option (Right to buy) | \$ 59.9 | Â | Â | Â | Â | Â | Â ⁽¹⁾ | 07/01/2012 | Tandem Common and Special Common Shares | 2,579 |
| Option (Right to buy) | \$ 59 | Â | Â | Â | Â | Â | 04/30/2003 | 07/05/2012 | Tandem Common and Special Common Shares | 677 |
| Option (Right to buy) | \$ 43.09 | Â | Â | Â | Â | Â | 04/30/2004 | 04/30/2013 | Tandem Common and Special Common Shares | 785 |
| Option (Right to buy) | \$ 65.96 | Â | Â | Â | Â | Â | 04/30/2005 | 04/30/2014 | Tandem Common | 1,255 |

| | | | | | | | | | | and Special Common Shares | | |
|---|---------|---|---|---|---|---|------------|------------------|--|------------------------------------|---|--------|
| buy) | | | | | | | | | | | Tandem Common and Special Common Shares | |
| Option (Right to buy) | \$ 78.1 | Â | Â | Â | Â | Â | 12/15/2005 | 04/21/2015 | | | Special Common Shares | 3,433 |
| Option (Right to buy) | \$ 38 | Â | Â | Â | Â | Â | 12/15/2006 | 06/19/2016 | | | Special Common Shares | 20,669 |
| Restricted Stock Units ⁽³⁾ | Â | Â | Â | Â | Â | Â | 12/15/2007 | Â ⁽³⁾ | | | Tandem Common and Special Common Shares ⁽³⁾ | 594 |
| Restricted Stock Units ⁽⁴⁾ | Â | Â | Â | Â | Â | Â | 12/15/2008 | Â ⁽⁴⁾ | | | Special Common Shares ⁽⁴⁾ | 1,512 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|----------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Hanley Joseph R 30 N. LASALLE ST., STE. 4000 CHICAGO, IL 60602 | Â | Â | Â VP-Technology Planning Service | Â |

Signatures

Julie D. Mathews, by power
of atty 01/18/2007

__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) 860 shares became exercisable on 12/14/02 and on 12/14/03. 859 shares became exercisable on 12/14/04
- (2) Voluntary reporting of shares acquired through dividend reinvestment in 2006.
- (3) Restricted stock unit award pursuant to the 2004 Long-Term Incentive Plan. Stock units will become vested on December 15, 2007.
- (4) Restricted stock unit award pursuant to the 2004 Long-Term Incentive Plan. Stock units will become vested on December 15, 2008.

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.