

TELEPHONE AND DATA SYSTEMS, INC.

COMPENSATION COMMITTEE CHARTER*

I. PURPOSE

The primary functions of the Compensation Committee are: to discharge the Board's responsibilities relating to the compensation of the executive officers¹ of Telephone and Data Systems, Inc. (the "Company", which term does not include United States Cellular Corporation or any of its subsidiaries), including the review of salary, bonus, long-term compensation and all other compensation; to perform all functions designated to be performed by a committee of the Board under any of the Company's Long-Term Incentive Plans; to review and recommend to the Board the Long-Term Incentive Plans and programs for employees of the Company, including TDS Telecom; and to report on executive compensation in the Company's annual proxy statement or otherwise to the extent required under any applicable rules and regulations.

II. COMPOSITION/ELIGIBILITY

The Compensation Committee will be comprised of at least two non-employee members of the Company's Board, each of whom shall be an "outside director" within the meaning of section 162(m) of the Internal Revenue Code of 1986, as amended, and a "Non-Employee Director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. The Board may appoint one or more additional members of the Committee, so long as each such additional member is an "outside director" and a "Non-Employee Director", and designate one member to be its Chair. Committee members may be replaced, and the Chair may be changed from time to time by the Board.

III. MEETINGS

The Compensation Committee will meet as often as required to fulfill its responsibilities as set forth in this Charter. The Compensation Committee may meet in person or telephonically. A quorum for the transaction of business at any meeting of the Committee shall consist of two members, unless the Committee has more than two members in which case a quorum shall consist of a majority of the members of the Committee.

IV. EXTERNAL ADVISORS

The Committee shall obtain advice and assistance from the Chief Executive Officer and the Vice President of Human Resources and from any other officer or employee of the Company, as it determines is appropriate. The Committee shall have the authority to engage advisors as it deems necessary to carry out its duties.

¹ For purposes of this Charter, "executive officers" means all officers that are employees who are or will be identified in the Company's annual proxy statement as "executive officers," including the President and CEO of TDS Telecommunications Corporation ("TDS Telecom"). The compensation of the President and CEO of United States Cellular Corporation shall be established and administered by that corporation's compensation committees.

V. FUNDING

The Company shall provide appropriate funding, as determined by the Committee, for payment of (i) any advisor retained by the Committee and (ii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall promptly report to the Board of Directors its engagement of any advisor, including the scope and terms of such engagement.

VI. OVERSIGHT RESPONSIBILITIES AND DUTIES

To fulfill its oversight responsibilities and duties, the Compensation Committee will:

1. Assure that the general compensation policies and programs and the salary structure for executive officers of the Company (i) support the Company's overall business strategy and objectives; (ii) attract and retain high quality management; (iii) link individual compensation with attainment of individual performance goals and with attainment of business unit and Company objectives; and (iv) provide competitive compensation opportunities consistent with the financial performance of the Company.
2. Evaluate the performance of the President and CEO of the Company in light of the annual and ongoing objectives for the Company and for its primary business units and the attainment of those objectives, and set the annual base and bonus compensation for the President and CEO based on such performance evaluation and compensation principles. More specifically, the Compensation Committee will determine annually the President and CEO's (a) base salary, taking into consideration: (i) the appropriate salary range for such position and responsibilities, (ii) individual performance during the preceding year, (iii) individual performance during the executive's tenure in the position, (iv) the Company's and its business units' performance during the year compared to plan and compared with that of similar companies, and (v) such other factors and circumstances as the Committee may deem relevant; and (b) bonus, taking into consideration: (i) the President and CEO's performance during the preceding year, including contributions to the Company and its business units, and achievement of individual objectives, (ii) the Company's and its business units' performance during the year compared to plan and compared with that of similar companies, (iii) the achievement of important corporate and business unit objectives for the year, and (iv) such other factors and circumstances as the Committee may deem relevant.
3. Review and approve compensation of other executive officers, reviewing management's evaluation of the performance of such executive officers, and set the annual base and bonus compensation levels for the executive officers based on such performance evaluations and compensation principles. More specifically, the Compensation Committee will determine annually each executive officer's (a) base salary, taking into consideration: (i) the appropriate salary range for the executive officer's position and responsibilities, (ii) his/her performance during the preceding year, (iii) his/her performance during the executive's tenure in the position, (iv) the Company's and its business units' performance during the year compared to plan and compared with that of similar companies, and (v) such other factors and circumstances as the Committee may deem relevant; and (b) bonus, taking into consideration: (i) his/her performance during the preceding year including

his/her contributions to the Company and its business units and his/her achievement of individual objectives, (ii) the Company's and its business units' performance during the year compared to plan and compared with that of similar companies, and (iii) such other factors and circumstances as the Committee may deem relevant.

4. Review and recommend to the Board the Long-Term Incentive Plans and programs for the employees of the Company and TDS Telecom, including changes to the Company's Long-Term Incentive Plans and programs. Determine awards to executive officers of the Company under the Company's Long-Term Incentive Plans.
5. Interpret and administer the Company's Long-Term Incentive Plans and programs, including designating which affiliates of the Company that may have employees eligible to receive grants thereunder, determining if someone is disabled, approving persons to whom an award may be transferred, selecting employees who will be granted awards, establishing performance measures and restriction periods, and determining the form, amount and timing of each grant of an award, the number of shares of stock subject to an award, the purchase price or base price per share of stock associated with the award, the exercise price of an option award, the time and conditions of exercise or settlement of the award and all other terms and conditions of the award, including, without limitation, the form and terms of the agreement evidencing the award. The Committee may delegate some or all of the administration of a Long-Term Incentive Plans or programs to the President and Chief Executive Officer or other executive officer of the Company as the Committee deems appropriate, to the extent permitted by law and the applicable Long-Term Incentive Plan or program, but not regarding any award to the President and CEO.
6. Review executive officer compensation disclosures made in the Company's annual proxy statement and annually report on executive officer compensation in the annual proxy statement or otherwise to the extent required under any applicable rules or regulations.
7. Annually review with management plans for the orderly development and the succession of executive officers.
8. Report to the Board of Directors of the Company on the Committee's actions.
9. Review and evaluate at least annually its own performance and effectiveness.
10. Perform any other activities consistent with this Charter, the Company's Bylaws, the Company's Certificate of Incorporation and governing law as the Board of Directors of the Company considers appropriate and delegates to the Compensation Committee.

** As adopted by the Board of Directors on February 21, 2006.*