

TELEPHONE AND DATA SYSTEMS, INC.
LONG-TERM COMPENSATION COMMITTEE CHARTER*

I. PURPOSE

The Board of Directors of Telephone and Data Systems, Inc. (the "Company") has established the Long-Term Compensation Committee (the "Committee") to approve all compensation for the President and CEO of the Company, including long-term (e.g., stock option) compensation; to approve long-term compensation for the President and CEO of TDS Telecommunications Corporation ("TDS Telecom"); to approve long-term compensation for all executive officers that are employees of the Company¹; to perform all functions designated to be performed by a committee of the Board under any of the Company Long-Term Incentive Plans; and to review and recommend to the Board the Long-Term Incentive Programs for the Company's employees. (The Compensation Committee of the Board of Directors develops and administers all near-term compensation for officers except for the President and CEO of the Company, and administers long-term compensation for non-executive officers, other than as provided in the Company's Long-Term Incentive Plans.)²

II. COMPOSITION/ELIGIBILITY

The Committee shall initially be comprised of the members of the Company's Board of Directors, each of whom is 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 Committee shall initially have two members and designate one member to be its Chair. 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." Committee members may be replaced, and the Chair may be changed from time to time by the Board.

III. ORGANIZATION

The Committee shall meet as often and at such time and place as the Committee shall determine. Representatives of management shall attend meetings as requested by the Chair. 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.

The Chair shall, in consultation with other Committee members, set the agenda for, and preside at, meetings of the Committee.

IV. EXTERNAL ADVISORS

The Committee shall have the authority to engage advisors as it deems necessary to carry out its duties. The Committee shall utilize the services of the Company's Vice President of Human Resources to carry out its responsibilities. The Committee shall also have authority to obtain advice and assistance from any other officer or employee of the Company.

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. FUNCTIONS

The Committee shall:

1. Approve near-term compensation policies and programs for the President and CEO of the Company, including base salary and annual bonus.
2. Assure that the compensation policies and programs for the President and CEO of the Company provide compensation that:
 - is competitive with the compensation being provided to CEO's of comparable companies,
 - incorporates appropriate financial incentives to achieve long-term financial success and important corporate performance goals, and
 - is consistent with the financial performance of the Company.
3. Determine annually the President and CEO's base salary³, taking into consideration:
 - the appropriate salary range for his position and responsibilities,
 - individual performance during the preceding year,
 - individual performance during the executive's tenure in the position,
 - the Company's and its business units' performance during the year compared to plan and compared with that of similar companies, and
 - such other factors and circumstances as the Committee may deem relevant.
4. Determine the President and CEO's annual bonus³, taking into consideration:
 - the executive's performance during the preceding year, including contributions to the Company and its business units, and achievement of individual objectives; the Company's and its business units' performance during the year compared to plan and compared with that of similar companies;
 - the achievement of important corporate and business unit objectives for the year; and
 - such other factors and circumstances as the Committee may deem relevant.
5. Review and recommend to the Board the Long-Term Incentive Programs for the Company's employees.
6. Interpret and administer the Company's Long-Term Incentive 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 Program 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 Program, but not regarding any award to the President and CEO and other persons specified in the applicable Long-Term Incentive Program.)

7. Review and approve long-term compensation grants to the President and CEO of the Company, the President and CEO of TDS Telecom and executive officers that are employees of the Company. These decisions will be made on the basis of participant and company performance, including the factors used to determine the Company President and CEO's salary and bonus. Work with the Compensation Committee and the Company Vice President of Human Resources, as appropriate, in carrying out these responsibilities.
8. Report to the Board of Directors of the Company on the Committee's actions and deliberations.
9. Review and evaluate at least annually its own performance and effectiveness.
10. Perform such other duties and responsibilities, consistent with this Charter, delegated to the Committee by the Board of the Company.

¹ For purposes of this Charter, "executive officers" means all officers that are employees, other than "assistant officers."

² For purposes of the Charter, all compensation in Company stock or stock derivatives is deemed to be long-term compensation.

³ As part of this determination, the Company's Vice President of Human Resources will annually prepare for the Committee's review an analysis of the cash compensation (salary plus bonus) paid to chief executive officers of comparable companies, including the companies in the telecommunications industry and other industries, as considered appropriate based on similar size and geography. In making these assessments, both for base salary and bonus determination, the Committee will review the numerous performance measures and financial statistics prepared by the Company.

* As adopted by the Board of Directors on December 9, 2003.

ⁱ As part of this determination, the Company's Vice President of Human Resources will annually prepare for the Committee's review an analysis of the cash compensation (salary plus bonus) paid to chief executive officers of comparable companies, including the companies in the telecommunications industry and other industries, as considered appropriate based on similar size and geography. In making these assessments, both for base salary and bonus determinations, the Committee will review the numerous performance measures and financial statistics prepared by the Company.