

TELLABS, INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

The primary purpose of the Compensation Committee (the “Committee”) is to ensure that Tellabs, Inc. (the “Corporation”) utilizes a cost-effective, competitive reward and recognition system to successfully recruit, reward, recognize and retain high-performing executives and employees, thereby enhancing the overall performance of the Corporation and the long-term value of the Corporation’s stock. The Committee’s primary duties and responsibilities are:

- To provide independent review that the reward and recognition systems of the Corporation deliver market-competitive rewards and recognition in a fiscally responsible fashion.
- To promote a reward and recognition philosophy within the Corporation that drives high levels of performance, appropriate work behaviors, exceptional ethical behaviors, appropriate risk-taking and entrepreneurial spirit.
- To review, challenge, question, and where required, approve all reward and recognition activities for certain identified executives of the Corporation and its subsidiaries.
- To evaluate the performance of the Chief Executive Officer, report to the board on such performance and ensure that an appropriate performance review process is in place for other identified executives of the Corporation and its subsidiaries.
- To provide and annually review the succession and management development processes for the CEO and senior leadership team of the Corporation
- To provide insight, guidance, and where required, approval of significant changes in rewards and/or recognition systems, human resources, and/or employee relations activities and programs.
- To review, discuss with management and approve disclosures (e.g., CD&A) to be made with respect to the reward and recognition systems and the Committee.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this document.

II. COMPOSITION

The Committee shall be comprised of three or more independent directors as determined by the Board of Directors. Each director shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee. Applicable statutes, regulations and the NASDAQ listing standards will be followed in evaluating the independence of each such director.

The members of the Committee shall be elected by the Board of Directors to serve until their successors shall be duly elected and qualified. Unless a chairperson is elected by the full Board of Directors, the members of the Committee may designate a chairperson by majority vote of the full Committee membership.

III. MEETINGS AND AUTHORITY

The Committee shall meet at least four (4) times annually in person or by telephone and more frequently if circumstances dictate.

The Committee shall have the authority to designate, and delegate duties to, such standing and ad-hoc sub-committees, or to member(s) of the Board of Directors, as it deems necessary or desirable and consistent with the Corporation's by-laws and applicable laws and regulations.

A majority of the members of the Committee shall constitute a quorum for the transaction of business, subject to the provisions of Article V, Section 5.2 of the Corporation's by-laws regarding the appointment of a substitute Committee member to act in the place of any absent or disqualified Committee member. A vote of a majority of the members and substitute members present at any Committee meeting at which a quorum is present shall be the act of the Committee.

The Committee chair shall have the authority to call a special meeting of the Committee whenever the chair deems such meeting necessary or desirable. The Committee chair shall report to the Board of Directors, as deemed appropriate by the Committee chair, the Committee's activities.

The Committee may designate a non-voting secretary for the Committee, who shall assist in the administration of meetings and prepare the minutes of such meetings and perform such other duties as requested by the chair or the Committee. The minutes of all Committee meetings shall be prepared and distributed to the Committee members and approved at subsequent meetings to be placed in the Corporation's records.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee shall:

Review Compensation Philosophy and Committee Performance

1. Review and discuss, at least annually, and update as appropriate, the total compensation philosophy, strategy and practices of the Corporation.
2. Review and evaluate, at least annually, the Committee's performance and this Charter and make recommendations to the Board of Directors with respect to updating the Charter as conditions dictate.

Review Executive Compensation and Performance Management for Identified Executives of the Corporation

1. Review at least annually the base salary, short-term and long-term incentives, perquisites, benefits and any other element of compensation or the provision of an employment agreement or change of control agreement for each of the identified executives, and approve any changes.
2. Review and discuss the Compensation Discussion and Analysis (the CD&A) required to be included in the Corporation's proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Committee (the "SEC") and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.
3. Review and discuss as necessary any other compensation-related disclosures required to be included in the Corporation's proxy statement or other public filings with management.
4. Review and approve the compensation of the named executive officers and present to the stockholders the corporation's "say on pay" proposal in the corporation's proxy statement for approval by the stockholders, on an advisory basis. The corporation shall present such "say on pay" proposal to stockholders and approval shall be obtained on an annual basis or such alternative frequency as determined by the committee and approved by stockholders.
5. Produce the annual Compensation Committee Report for inclusion in the Corporation's proxy statement in compliance with the rules and regulations promulgated by the SEC.
6. Review at least annually, corporate succession planning, management development and executive goals for the CEO and identified executives.
7. Establish, as deemed appropriate, stock ownership guidelines for the executives of the Corporation and monitor compliance therewith.

Broad-Based Reward and Recognition Programs

1. Review, approve and oversee all equity-based incentive programs (e.g., stock option grants, stock appreciation rights, etc.) and incentive compensation programs.
2. Review and approve all significant changes in reward and recognition systems, including but not limited to major changes in benefit programs.
3. Review and evaluate the Corporation's reward and recognition systems in light of its risk management practices.

V. RESOURCES AVAILABLE TO THE COMMITTEE

The Corporation, through its senior administrative and human resources officers, shall make available any and all information necessary for the Committee to fulfill the responsibilities and duties set forth above. The Corporation shall additionally make available to the Committee, at its request, third-party expertise for consultation, review and education purposes, including but not limited to experts in the field of executive compensation. In addition, the Committee shall have the sole authority to retain and terminate, at the Corporation's cost, compensation consultants, outside counsel and other advisors as deemed appropriate and at its sole discretion. The Committee shall consider applicable statutes, regulations and NASDAQ listing standards and other factors when making determinations relating to such consultants, counsel and advisors. The Committee shall have the right to approve the fees and retention terms for any advisor(s) so retained. The Committee shall annually review and evaluate such consultants, counsel and advisors.