



Valor Communications Group, Inc.

COMPENSATION COMMITTEE CHARTER

This Compensation Committee Charter (the "Charter") was adopted by the Board of Directors (the "Board") of Valor Communications Group, Inc. (the "Company") on February 8, 2005 and replaces any charter previously used by this committee.

Mandate

The Compensation Committee (the "Committee") assists the Board in its oversight of compensation for the Company's senior management, compensation for the Board of Directors, evaluation and succession planning for the Chief Executive Officer (the "CEO") and related matters. The Committee shall have direct responsibility to:

- (i) develop and approve the Company's executive compensation philosophy;
- (ii) review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board) determine and approve the CEO's compensation level based upon this evaluation;
- (iii) make recommendations to the Board with respect to director and non-CEO executive officer compensation, and incentive-compensation and equity-based plans that are subject to Board approval;
- (iv) conduct an annual performance evaluation of the Committee;
- (v) oversee CEO and executive succession planning and development;
- (vi) produce a Committee report on executive officer compensation as required by the rules and regulations promulgated by the Securities and Exchange Commission ("SEC") to be included in the Company's annual proxy statement or annual report; and
- (vii) fulfill any other responsibilities set forth in this Charter and any additional duties that may be assigned to the Committee by the Board from time to time.

Organization

Committee Members

The Committee shall be comprised of three directors. The members and Chair of the Committee shall be appointed by the full Board on an annual basis and may be re-appointed or replaced at the Board's discretion at any time. Each Committee member shall be familiar with executive compensation issues and best practices and will undertake to keep current on developments in this field while serving on the Committee. Each Committee member shall satisfy the independence requirements of the New York Stock Exchange Listed Company

Manual Section 303A and Securities Exchange Act of 1934 (the "Exchange Act") Rule 10A-3, unless the Company avails itself of any applicable exemption allowed under such rules and regulations. The Company shall make any required disclosures relating to the use of any such exemptions. The Committee may designate one or more subcommittees, each subcommittee to consist solely of members of the Board who satisfy the independence requirements of New York Stock Exchange Listed Company Manual Section 303A and Exchange Act Rule 10A-3, at least one of whom shall be a member of the Committee.

Committee Meetings

The Chair of the Committee shall be responsible for calling meetings of the Committee, developing the meeting agenda, providing reading materials to Committee members relative to agenda items and chairing the meetings.

The Committee shall meet at least twice a year. Meetings may be in person or by conference call. A majority of the Committee members must be in attendance to constitute a quorum. The vote of a majority of the total number of members of the Committee at a meeting at which a quorum is present shall be the act of the Committee. The Committee may also act by unanimous written consent. The Committee shall keep minutes of its meetings and report regularly to the full Board on the Committee's activities. Such reports shall include, without limitation, the minutes required hereunder.

Professional Advisors

The Committee shall have sole authority to retain and terminate any executive compensation consultant or consulting firm engaged to assist in the evaluation of director, CEO or executive officer compensation, including the sole authority to approve such consultant's or consulting firm's fees and other retention terms. The Committee shall also have the authority to retain other professional advisors that the Committee believes necessary or appropriate to carry out its duties. The Company shall provide funding to cover the professional fees of any such advisors that have been approved by the Committee.

The Committee may consult with Company management on compensation issues and may delegate to management, where appropriate, the duty to work with and/or supervise the day-to-day activities of independent consultants and advisors retained by the Committee.

Responsibilities

Executive Compensation Philosophy and Programs

In consultation with the Board, the CEO and senior management, the Committee shall review and approve the Company's executive compensation philosophy, including the balance between or mix of base salary, cash, equity-based incentive compensation or other compensation components for the CEO, other executive officers and the Board. In so doing, the Committee shall establish and regularly review and update:

- i) an appropriate peer group of companies for the purposes of comparing compensation levels and practices; and

- ii) key measures that the Committee will use in assessing performance for the purposes of incentive compensation awards to the CEO and other members of the senior management team.

Evaluation and Compensation of the CEO

At the start of each year, the Committee shall determine, review and approve corporate goals and objectives relevant to the compensation of the CEO, consistent with the terms of any existing contracts between the CEO and the Company. At the end of the year, the Committee shall evaluate the performance of the CEO in light of the agreed upon goals and objectives and shall determine and approve the compensation level (including base salary, incentive compensation and any other component of compensation for the CEO). In addition, in determining the long-term incentive component of CEO compensation, the Committee should consider, without limitation, the Company's performance and relative shareholder, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years.

The Committee shall also negotiate and approve all formal employment or other contracts with the CEO.

Compensation of Other Executive Officers

The Committee shall review approve corporate goals and objectives relating to the compensation of executive officers other than the CEO and review the CEO's evaluation of the performance of the executive officers in light of these goals and objectives. The Committee shall review, approve and make recommendations to the Board with respect to non-CEO executive officer salary levels, incentive awards and other compensation.

The Committee shall also review and approve all formal employment agreements or other contracts with executive officers of the Company negotiated by the CEO, or any other arrangements for which authority has not been delegated to management.

Incentive-Compensation and Equity-Based Plans

The Committee shall approve the Company's incentive-compensation and equity based plans that are subject to Board approval, including the performance measures to be applied in determining incentive awards. The Committee shall also review and make recommendations with respect to the adoption or modification of any equity-based plans for Company employees for approval by the Board and company stockholders, unless reserved by the Board through plan provisions or applicable rules and regulations. The Committee shall also oversee the administration of these plans to ensure consistency with the Committee's compensation philosophy and policies with respect to plan participation.

Retirement Programs and Other Benefits

The Committee shall review and make recommendations to the Board for approval with respect to the types and structures of employee retirement plans for the CEO, executive officers and other employees. The Committee shall also establish and periodically review Company policies with respect to perquisites and other non-cash benefits for executive officers.

Other Compensation Programs

The Committee shall periodically review the operation of the Company's broad-based programs and overall compensation programs for key employees and consider their effectiveness in promoting key Company objectives and stockholder value.

Report on Executive Compensation and Other Regulatory Compliance Matters

The Committee shall be responsible for the production of the annual compensation committee report on executive compensation to be included in either the Company's annual proxy statement or annual report in accordance with applicable SEC rules and regulations.

In consultation with senior management, the Committee shall oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility the Committee may approve awards (with or without ratification of the Board) as may be required to comply with applicable tax law, including providing certification that performance goals have been attained for the purposes of Section 162(m) of the Internal Revenue Code of 1986.

CEO Succession Planning

The Committee shall work with the CEO to develop succession plans for the Chief Executive Office for emergency situations and over the long term. The Committee, in conjunction with the CEO, shall update the entire Board with respect to executive development and succession planning initiatives.

Director Compensation

The Committee shall annually review the Company's practices regarding amounts paid as compensation to non-management Board members and shall make recommendations to the full Board with respect to any changes or modifications to the directors' compensation program.

In making its recommendations, the Committee shall consider director compensation policies and practices at the Company's principal competitors and other comparable companies to ensure that the compensation (both direct and indirect) paid to the Company's directors is reasonable and appropriate.

Committee Self-Assessment

The Committee is responsible for developing and conducting an annual self-assessment of its performance. The Committee will work with the Nomination and Governance Committee to design and coordinate the annual self-assessment in conjunction with the overall Board assessment process. The Committee shall report to the full Board on the results of its assessment each year and shall make any appropriate recommendations to further enhance the Committee's performance.

Other Matters

The Committee shall also fulfill any other responsibilities that may be assigned to the Committee by the Board from time to time.

Charter Modifications/Updating

The Committee shall review this charter regularly and may recommend to the Board from time to time any proposed changes to the charter and to any other documents related to the responsibilities of the Compensation Committee.