

**CHARTER FOR THE
COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS
OF
CARRIER ACCESS CORPORATION**

1. Purpose.

The purpose of the Compensation Committee of the Board of Directors (the “*Board*”) of Carrier Access Corporation (the “*Company*”) shall be to:

- provide oversight of the Company’s compensation policies, plans and benefits programs;
- assist the Board in discharging its responsibilities relating to (i) oversight of the compensation of the Company’s Chief Executive Officer (the “*CEO*”) and other executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934), and (ii) approving and evaluating the executive officer compensation plans, policies and programs of the Company; and
- assist the Board in administering the Company’s equity compensation plans for its employees.

The compensation programs for the Company’s executive officers shall be (i) designed to attract, motivate and retain talented executives responsible for the success of the Company, (ii) determined within a competitive framework and (iii) based on the achievement of the Company’s overall financial results and individual contributions.

In furtherance of these purposes, the Compensation Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

2. Membership and Organization.

A. Composition. The Compensation Committee members shall be appointed by, and shall serve at the discretion of, the Board. The Compensation Committee shall consist of no fewer than two members of the Board. The Board may designate one member of the Committee as its chair. The Compensation Committee may form and delegate authority to subcommittees when appropriate. Members of the Compensation Committee must meet the following criteria:

- the independence requirements of The NASDAQ Stock Market, Inc.;
- the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended; and

- the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

B. Meetings and Reports. It is anticipated that the Compensation Committee will meet at least four times each year and at such other times deemed necessary to fulfill its responsibilities. The Compensation Committee may establish its own meeting schedule, which it will provide to the Board, and shall make regular reports to the Board. The CEO may not be present during deliberations or voting regarding CEO compensation. The Compensation Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

C. Compensation. Members of the Compensation Committee shall receive such fees, if any, for their service as Compensation Committee members as may be determined by the Board in its sole discretion.

3. Responsibilities and Duties.

Executive and Other Compensation

- The Compensation Committee shall annually review and approve for the CEO and the executive officers of the Company (i) the annual base salary, (ii) the annual incentive bonus, including the specific goals and amount, (iii) equity compensation, (iv) any employment agreement, severance arrangement and change in control agreement/provision, (v) any signing bonus or payment of relocation costs and (vi) any other benefits, compensation or arrangements. One of the Committee's objectives shall be to use compensation to align the interests of the executive officers with the interests of the Company's stockholders, thereby encouraging management to maximize stockholder value.
- Specifically with respect to the CEO, the Compensation Committee shall review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate his performance in light thereof, and consider factors related to the performance of the Company, including accomplishment of the Company's long-term business and financial goals.
- The Compensation Committee shall act as administrator, as defined in such plans, of the Company's equity compensation plans for its employees.
- The Compensation Committee shall provide oversight of the Company's overall compensation plans and benefits programs. The Compensation Committee shall also make recommendations to the Board with respect to improvements or changes to such plans or the adoption of new plans when appropriate.
- The Compensation Committee shall evaluate on a periodic basis the competitiveness of (i) the compensation of the CEO and the executive officers of the Company and (ii) the Company's overall compensation plans.

Related Duties and Authority

- The Compensation Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

- The Compensation Committee may consult with the Company's Human Resources department and, when appropriate, with outside consultants to assist in the evaluation of executive officer compensation and may approve the consultant's fees and other retention terms. The Compensation Committee may also obtain advice and assistance from internal or external legal, accounting or other advisors.
- The Compensation Committee shall review and approve a report on executive compensation for inclusion in the Company's annual proxy statement that complies with the rules and regulations of the Securities and Exchange Commission and any other applicable rules and regulations.
- The Compensation Committee shall perform such other duties as the Board may direct from time to time.