

ESCHELON TELECOM, INC.

COMPENSATION COMMITTEE

Charter

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Eschelon Telecom, Inc. (the “Company”) shall have the responsibility, authority and duties described in this Charter.

Organization

This Charter governs the activities of the Committee. The Committee shall be comprised of at least three “independent” directors as defined by the National Association of Securities Dealers, Inc., the Securities and Exchange Commission and applicable law, including at least two directors who constitute “outside directors” within the meaning of Internal Revenue Code Section 162(m). The members of the Committee shall be appointed annually by a majority vote of the entire Board of Directors. The Board shall designate one member as Chair of the Committee.

Purpose

The Committee discharges the Board’s responsibilities relating to compensation of the Company’s executives and produces an annual report on executive compensation for inclusion in the Company’s proxy statement. The Committee approves the design of, assesses the effectiveness of, and administers executive compensation programs in support of stockholder interests.

Meetings

The Committee shall hold meetings as deemed necessary or desirable by the Chair of the Committee. In addition to such meetings of the Committee as may be required to perform the functions described under “Duties and Powers” below, the Committee shall meet at least quarterly to discuss any matters that the Committee believes should be discussed. The Committee may, at its discretion, meet in executive session with or without the presence of management.

Duties and Powers

The Committee has the responsibility and authority to supervise and review the affairs of the Corporation as they relate to total compensation and benefits. The following shall be the principal recurring functions of the Committee in carrying out its responsibilities:

- Review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the performance of the

Chief Executive Officer in light of those goals and objectives and set the level of the Chief Executive Officer's compensation based on this evaluation.

- Determine the base and incentive compensation of the other executive officers and senior officers of the Corporation with a rank of Vice President or above.
- Make recommendations to the Board with respect to equity-based compensation plans.
- Administer the Corporation's stock option, stock incentive, and other stock compensation plans as required by Rule 16b-3 under the Securities Exchange Act of 1934, as amended.
- Prepare the compensation committee report required to be included in the proxy statement for the Corporation's annual meeting of stockholders and periodically report to the Board on the Committee's activities.
- Maintain minutes or other records of meetings and activities of the Committee.
- Report the Committee's activities to the Board on a regular basis and make such recommendations with respect to such activities as the Committee or the Board may deem necessary or appropriate.
- Review the Committee's performance of these duties on at least an annual basis.

Resources and Authority

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to retain and terminate special counsel and other experts or consultants. The Committee shall have the sole authority to retain and terminate a compensation consultant or expert to assist in the evaluation of Chief Executive Officer, senior executive officer or director compensation, including the sole authority to determine and approve funding and other retention terms of such consultant or expert.

Operating Procedures

Formal actions to be taken by the Committee shall be by unanimous written consent or by a majority of the persons present (in person or by conference telephone) at a meeting at which a quorum is present. A quorum shall consist of at least 50% of the members of the Committee.