



## CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Approved September 24, 2004

As permitted by the Bylaws of MRV Communications, Inc. (the "Company"), the Board of Directors ("Board") of the Company has established a standing Compensation Committee ("Committee") whose authority and responsibilities are described by this Charter.

### ***Purposes of Committee***

The purpose of the Committee is to assist the Board by:

- recommending and administering policies governing the Company's compensation programs and recommending to the full board appropriate grants under the Company's equity-based plans;
- assisting the Board in its oversight of the development, implementation and effectiveness of the Company's policies and strategies relating to human resources;
- reviewing and recommending to the Board changes (if any) to the compensation of the Company's Chief Executive Officer ("CEO") and other executive officers; and
- preparing any report on executive compensation required by the rules and regulations of the Securities and Exchange Commission (the "SEC"), The Nasdaq Stock Market ("Nasdaq"), and any other applicable regulatory authority.

### ***Membership of the Committee***

#### ***Appointment and Removal***

- The Board shall annually appoint the Committee's Chair and members, based on the recommendations of the Nominating Committee. The Committee's members shall serve until a successor is duly elected or the member is removed or resigns.
- A member of the Committee shall be automatically removed if (1) the member is no longer a director of the Company, (2) is determined by the Board to no longer be "independent" under the listing standards of Nasdaq and, if applicable, the Sarbanes-Oxley Act, or (3) is ineligible because of other rules or requirements.
- Committee members may otherwise be removed or replaced by vote of the Board.

#### ***Number and Qualifications***

- The Committee will be comprised of at least three directors. The members must be "independent" as that term is defined under the listing standards of Nasdaq and, if applicable, the Sarbanes-Oxley Act or other rules and regulations of the Securities and Exchange Commission.

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### ***Committee Structure and Operations***

- The Committee will be governed by the same rules regarding meetings, actions without meetings, notice, waiver of notice, and quorum and voting requirements that are applicable to the Board. The Committee is authorized to adopt its own rules of procedure so long as such rules are consistent with any provision of this Charter, the Bylaws of the Corporation, or the laws of the State of Delaware.
- The Committee shall meet, in person or by telephone conference call, as often as its members or its Chair deem necessary or desirable, generally at least twice per year. The affirmative vote of a majority of the members present at a meeting at which a quorum is present shall constitute action of the Committee. The Committee may also act by unanimous written consent in lieu of meeting. The Committee may invite such members of management and other persons to its meetings as it may deem desirable or appropriate.
- The Committee shall report regularly to the Board summarizing the Committee's actions and any significant issues considered by the Committee.

### ***Committee Duties and Responsibilities***

The following are the duties and responsibilities of the Committee:

#### ***Compensation***

- In consultation with senior management, to make recommendations to the Board as to the Company's general compensation philosophy and to oversee the development and implementation of compensation programs;
- To evaluate the performance of the CEO in light of Board-approved goals and objectives, and to recommend to the Board the CEO's compensation level based on this evaluation. In making the recommendation regarding the long-term incentive component of CEO compensation, the Committee shall consider, among other factors, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at the Company's competitors and other comparable companies, and the awards given to the CEO in past years;
- To make recommendations to the board regarding the compensation (including any new compensation programs) of the Other executive officers, following its review of performance evaluations of the Other executive officers; and
- To review and make recommendations to the Board with respect to the Company's incentive compensation plans and equity-based plans. To oversee these plans (including guidelines for the issuance of options and other forms of equity-based compensation to all employees of the Company other than the Company's CEO and the Other executive officers), and to discharge any responsibilities imposed on the Committee by these plans.

#### ***Benefits, Perquisites, Agreements and Other***

To periodically review, as it deems appropriate:

- Benefits and perquisites provided to the Company's CEO and the other executive officers; and
- Employment agreements, severance arrangements and change in control agreements and provisions relating to the Company's CEO and the other executive officers.

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### ***Management Discussions***

To discuss with management periodically, as it deems appropriate:

- Reports from management regarding the development, implementation and effectiveness of the Company's policies and strategies relating to human resources; and
- Reports from management regarding the Company's regulatory compliance with respect to compensation matters.

### ***Committee Reports***

The Committee shall produce the following reports and provide them to the Board:

- An annual report of the Committee on executive compensation for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.
- An annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this charter. The performance evaluation shall also include a review of the adequacy of this charter and shall recommend to the Board any revisions the Committee deems necessary or desirable, although the Board shall have the sole authority to amend this charter. The performance evaluation shall be conducted in such manner as the Committee deems appropriate.

### ***Other Duties***

To perform any other activities required by applicable law, rules or regulations, including the rules of the SEC and any stock exchange or market on which the Company's securities may be listed from time to time, and perform such other activities that are consistent with this charter, the Company's Bylaws and governing instruments, as the Committee or the Board deem necessary or appropriate.

### ***Resources and Authority of the Committee***

The Committee shall have the authority, to the extent it deems necessary or appropriate, to select and retain special counsel or other experts or consultants, including sole authority to approve the fees and retention terms, to assist in the discharge of the Committee's duties and responsibilities. The Company will provide for appropriate funding, as determined by the Committee, for payment of compensation to any special counsel or other experts or consultants employed by the Committee.

### ***Miscellaneous***

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. This Charter, and any amendments thereto, shall be displayed on the Company's website and a printed copy of such shall be made available to any shareholder of the Company who requests it.