

tw telecom inc.

COMPENSATION COMMITTEE CHARTER

Purpose

The Compensation Committee (the “Committee”) is appointed by the Board of Directors to aid the Board of Directors in meeting its responsibilities relating to oversight and determination of compensation of the Company’s executive officers. Among other things, the Committee will make recommendations to the Board regarding [director and] executive compensation and will administer the Company’s equity incentive plans and any other executive benefit plans.

Committee Membership

The Committee will be composed entirely of directors who satisfy the definition of “independent” under the listing standards of the Nasdaq Stock Market (NASDAQ). All Committee members shall also be “non-employee directors” as defined by Rule 16b-3 under the Securities Exchange Act of 1934 and “outside directors” as defined by Section 162(m) of the Internal Revenue Code. The Committee members will be appointed by the Board and may be removed by the Board in its discretion. The Committee will have the authority to delegate any of its responsibilities to subcommittees or to one of its members, as the Committee may deem appropriate, to the extent permitted by applicable law.

Meetings

The Committee will meet as often as its members deem necessary to perform the Committee’s responsibilities.

Committee Authority and Responsibilities

The Committee will have the authority, to the extent it deems necessary or appropriate, to retain a compensation consultant to assist in the evaluation of director, Chief Executive Officer (CEO) or senior executive compensation. The Committee shall have sole authority to retain and terminate any such consulting firm, including sole authority to approve the firm’s fees and other retention terms. The Committee shall also have authority, to the extent it deems necessary or appropriate, to retain legal or other advisors. The Company will provide for appropriate funding, as determined by the Committee, for payment of compensation to any consulting firm or other advisors employed by the Committee.

The Committee will make regular reports to the Board and will propose any necessary action to the Board. The Committee will review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval. The Committee will annually evaluate the Committee’s own performance.

The Committee will:

- Determine, or recommend to the Board, the compensation and terms of employment of the Chief Executive Officer (CEO). In determining or recommending such compensation, the Committee will:
 - Review and approve the Company's goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine or recommend the CEO's compensation package based on this evaluation, and
 - Consider the Company's performance, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years when determining or recommending the long-term component of the CEO's compensation.
- Determine, or recommend to the Board, non-CEO executive officer compensation, including incentive-compensation plan awards. The CEO may be present at meeting for deliberations on non-CEO executive officer compensation, but he or she may not vote.
- Oversee any Company employee benefit plan, incentive compensation plan, equity-based compensation plan, profit sharing plan or any similar plan, including determining and approving awards to executive officers under any incentive or equity-based compensation plan.
- Review and make recommendations to the Board regarding executive compensation and benefit plans and programs.
- Review and discuss with management the Compensation Discussion and Analysis.
- Recommend to the Board the inclusion of the Compensation Discussion and Analysis in the Company's annual proxy statement.

The Committee may delegate to the Company's Employee Benefits Committee the day-to-day administration and interpretation of the Company's equity incentive plans and its employee Stock Purchase Plan, the company's welfare benefit plans and 401(k) Plan and may delegate to the chief executive officer or another senior officer the authority to make equity-based awards and other incentive awards to non-executive employees; provided that the Committee will make all equity-based awards and non-equity incentive awards to all officers subject to Section 16(b) and Section 162m.