

Compensation Committee Charter

Purpose

To review and report to the board of directors (the “Board”) of AboveNet, Inc. (together with its subsidiaries, the “Company”) regarding the performance and development of the Company’s management in achieving corporate goals and objectives, and to assure that senior executives of the Company are compensated effectively in a manner consistent with the strategy of the Company, competitive practices and the requirements of the appropriate regulatory bodies. Toward that end, the Compensation Committee (the “Committee”) shall oversee the Company’s compensation and personnel policies, programs and plans, including those regarding management development, and review and/or approve employee compensation and benefit programs as appropriate.

Committee Membership

The Committee shall be comprised of two or more directors, each of whom shall meet (a) the independence requirements of the New York Stock Exchange in effect from time to time applicable to compensation committee members; (b) the “non-employee director” standard within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and (c) the “outside director” standard within the meaning of Section 162(m) of the Internal Revenue Code, as amended. The members of the Committee and the Committee chairperson shall be appointed by the Board and shall serve at the discretion of the Board.

Committee Authority and Responsibilities

The activities of the Committee are developed from year to year by the Committee in consultation with management and as the Committee otherwise deems appropriate.

The Committee shall have the following powers and responsibilities:

1. Review of Plans - Review and approve (or as appropriate recommend for approval to the Board) the establishment of or any material change in any incentive, pension or profit-sharing, stock option or stock-based award plan.
2. CEO Compensation – Annually review and approve corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer’s performance in light of the corporate performance goals and objectives, and, either as a committee, or together with the other independent directors of the Company (as determined by the Board), shall determine and approve the compensation and other terms of employment of the Company’s Chief Executive Officer.
3. Compensation of other Executive Officers – Annually approve or make recommendations to the Board with respect to the executive officers who are not the Chief Executive Officer, and incentive compensation and equity-based plans that are subject to Board approval. The Committee shall also review generally the Company’s executive compensation programs to ensure the attraction, retention and appropriate reward of its executive officers, to motivate their performance in the achievement of the Company’s business objectives, and to align their interests

with the long-term interests of the Company's stockholders.

4. Other Officers - Establish and approve the salaries and other short-term incentives of the elected and appointed officers of the Company (not otherwise covered above) and review generally the Company's executive compensation programs to ensure the attraction, retention and appropriate reward of the officers, to motivate their performance to achieve the Company's business objectives, and to align the interest of these officers with the long-term interests of the Company's stockholders.
5. Non-Officer Bonuses - Approve the Company-wide bonus plans to be applicable to employees of the Company.
6. Director Compensation - Establish and approve (with the concurrence of the full Board) cash and equity compensation for the members of the Board. The Committee shall review periodically director compensation and director compensation practices at companies of comparable size as well as the Company's peer group of competitors. In its review, the Committee shall consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels. The Committee may develop other policies from time to time regarding director compensation.
7. Equity Plans - Administer and make awards under the Company's equity incentive plans in effect from time to time.
8. Long-Term Incentive Plans - Establish annual or other periodic goals under long-term incentive plans of the Company, and review and approve awards under such plans.
9. SEC Reports - Prepare the compensation committee report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement. The Committee shall also review the adequacy of annual proxy statement disclosures related to director and officer compensation.
10. Outside Consultants - Hold sole authority to (a) retain and/or terminate compensation consultants to be used to assist the Committee in the evaluation of director, CEO or other senior executive compensation; and (b) approve such consultants' fees and other retention terms.
11. Employment and Severance Agreements - Review and approve all employment agreements, severance agreements, retention agreements and change in control agreements and any other special or supplemental benefits with respect to the Company's executive officers.
12. Executive Perquisites - Establish, review and monitor compliance with policies and procedures related to executive perquisites and director and officer stock transactions and review and approve all executive perquisite plans and programs and all material modifications thereto.
13. Charter Review - Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval.
14. Performance Evaluation - Review the Committee's own performance annually.

The Committee shall undertake additional activities within the scope of its primary functions as the Committee or the Board may from time to time determine.

Meetings, Reporting and other Operating Matters

The operation of the Committee shall be subject to the Company's bylaws and the Delaware General Corporation Law, each as in effect from time to time. The Committee shall meet as needed. The Committee may invite to its meetings any director, officer of the Company or such other person as it deems appropriate in order to assist it in performing its responsibilities. The Committee shall report its recommendations and all material activities to the Board from time to time, or when so requested by the Board. The Committee may form and delegate authority to subcommittees when it deems appropriate.