

**COMPENSATION AND PERSONNEL COMMITTEE CHARTER OF  
ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.  
and  
ALASKA COMMUNICATIONS SYSTEMS HOLDINGS, INC.**

**I. Purpose**

The Compensation and Personnel Committee (the "Committee") of the Board of Directors (the "Board") of Alaska Communications Systems Group, Inc. (the "Company"), on behalf of the Board, shall discharge the Board's responsibilities relating to Company compensation plans, policies and procedures including: (i) evaluation of director and executive officer compensation and performance; (ii) approval of equity and cash incentive programs for all employees of the Company; (iii) oversight of succession planning for directors, executive officers and other management, as appropriate; and (iv) production of an annual executive compensation report to be included in the Company's proxy statement.

**II. Composition**

*Membership.* The Committee shall consist of at least three directors, all of whom shall satisfy the eligibility requirements of the Nasdaq Stock Market ("NASDAQ") and shall be "independent" in accordance with all applicable laws and regulations, including the independence requirements of the federal securities laws, NASDAQ and the Internal Revenue Code. The members of the Committee shall be appointed by the Board in accordance with the Company's bylaws and shall serve at the discretion of the Board for such term as the Board may decide or until any such Committee member is no longer a member of the Board. In its appointments to the Committee, the Board may give preference to directors with specific knowledge of executive compensation principles and/or experience in developing executive compensation plans.

All Committee members shall also be "non-employee directors" as defined by Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and "outside directors" as defined by Section 162(m) of the Internal Revenue Code, as amended. Notwithstanding the foregoing membership requirements, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action is taken.

*Chair.* The Chair of the Committee shall be chosen by the Board Chair, with input from the Nominating and Corporate Governance Committee, and subject to confirmation by the Board. In the absence of that designation, the members of the Committee will select the Chair by majority vote. Where the Committee Chair is not present for a meeting, the meeting will be chaired by a member selected by the Committee Chair or, in the absence of that selection, the person selected by the members present.

*Subcommittees.* The Committee may form and delegate authority to subcommittees as appropriate to administer the Company's compensation and benefit programs.

### **III. Meetings**

Subject to Section II above, the Chair of the Committee shall preside at each meeting and, in consultation with the other members of the Committee and the Company's management, shall establish the agenda for each meeting. The Committee shall meet at least once a year or more frequently as necessary to carry out its responsibilities under this Charter.

### **IV. Authority and Responsibilities**

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

1. determine and approve the terms and conditions of any new, extended or amended executive employment, severance, change in control, or similar agreement, including, but not limited to, cash and equity compensation, benefits and severance payments;
2. oversee, in conjunction with the Board and Company management, as appropriate, the administration of the compensation and benefit programs of the Company previously approved by the shareholders or the Committee;
3. determine and approve annual goals and objectives for the Company's Chief Executive Officer (the "CEO") and evaluate performance of such goals and objectives in consultation with the other independent members of the Board;
4. determine and approve the form and amount of all compensation to be paid or awarded (including but not limited to annual base salaries, annual and long-term cash or equity incentives and grants or vesting of long-term equity compensation) to the CEO in consultation with the other independent members of the Board; and any other employee or officer of the Company or any of its subsidiaries who, due to the nature of his or her role or responsibilities, the Committee deems appropriate to include within its purview (collectively, the "Executives");
5. the Committee may consider the recommendations of the CEO in determining the compensation of the Executives other than the CEO; the CEO may not be present during the voting for or deliberations about the CEO's compensation but may be present for the voting or deliberations regarding the compensation of the other Executives;

6. annually review and approve the corporate goals and objectives relevant to each Executive's compensation, review each Executive's performance in light of these goals and objectives, review the procedures for evaluation of the Executives, and review the results of such evaluations on an annual basis;
7. review, at least biennially, the Company's Executive cash and equity compensation and benefits programs and levels of executive compensation relative to market and industry benchmarks;
8. establish and periodically review policies and programs concerning perquisite benefits, and non-cash or other benefits for the Executives;
9. periodically review and make recommendations to the Board regarding the fees, equity awards and benefits payable to non-management directors of the Company for their service on the Board and on committees of the Board;
10. work with Company management to develop and implement succession plans for executive officers and other key positions in the Company in consultation with the Board;
11. review, approve, or make recommendations to the Board as appropriate regarding the Company's equity compensation and Executive cash incentive programs; alignment between Executive incentive plan performance goals and the Company's corporate objectives; and with respect to Executives' individual terms of equity compensation, for the purpose of identifying any legal, accounting, taxation, or other related matters (including material amendments) in connection with the institution or amendment thereof; discharging any responsibilities imposed on the Committee by any of these plans, and overseeing the activities of the individuals and committees responsible for administering these plans;
12. review, and recommend to the Board inclusion of, the executive compensation disclosures made in the Company's annual proxy statement or annual report on Form 10-K, including the Compensation Discussion & Analysis contained therein, and prepare the Compensation Committee report to be included in the annual proxy statement or annual report on Form 10-K;
13. annually review and discuss with management the Company's compensation policies and practices as applied to employees generally to assess whether any risks arising from such policies and practices are reasonably likely to have a material adverse effect on the Company; and annually review and discuss with management the relationship between the Company's risk management policies and practices, corporate strategy and compensation policies and practices;

14. establish, or recommend to the Board, stock ownership guidelines for Executives and the Board and monitor compliance with such guidelines;
15. approve, or recommend to the Board, the creation or revision of any clawback policy allowing the Company to recoup compensation paid to employees;
16. advise the Board on management proposals to shareholders on executive compensation matters, including advisory votes on executive compensation and frequency of such votes, and proposals received from shareholders on executive compensation matters. The Committee shall oversee management's engagement with shareholders and proxy advisory firms on executive compensation matters; and the Committee shall review the results of such votes and consider any implications in connection with the Committee's ongoing determinations and recommendations regarding the Company's executive compensation policies and practice;
17. conduct a self-evaluation of its performance and submit a formal report to the Board and provide such other reports as may be requested by the Board or as are required to ensure that the Board remains fully informed of any changes to the Company's compensation or personnel practices;
18. review this Charter annually to determine its adequacy and recommend any changes to the Board for approval; and
19. perform any other activities required by applicable law, rules or regulations, including the rules of the Securities and Exchange Commission and any exchange or market on which the Company's capital stock is traded, and perform any other activities consistent with this Charter and the Company's certificate of incorporation and bylaws as the Committee or the Board deem appropriate.

## **V. Resources**

In connection with carrying out its duties and responsibilities under this Charter the Committee shall have the sole authority to retain or obtain advice from a compensation consultant to assist in the evaluation of director, CEO or Executive compensation or the terms of any equity compensation plan or arrangement of the Company, and shall have the authority to retain or obtain advice or assistance from internal or external legal, accounting or other advisors, as appropriate. In its sole discretion, the Committee shall have the authority to authorize such consultant's or advisors' fees and terms of engagement or retention, and the Company shall provide the appropriate funding, as determined by the Committee, for the payment of reasonable compensation to such compensation consultants, counsel or any other advisors. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other advisor it so retains. Notwithstanding

the foregoing, the Committee shall select or receive advice from a compensation consultant, legal counsel (other than in-house legal counsel), accountant or other consultant or advisor only after an independence assessment is conducted by the Committee in accordance with the NASDAQ listing standards.

## **VI. Delegation of Duties**

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to subcommittees or any committee member, except that it shall not delegate its responsibilities for any matters that involve Executive or director compensation or any matters where it has determined such compensation is intended to comply with Section 162(m) of the Code by virtue of being approved by a committee of "outside directors" or is intended to be exempt from Section 16(b) under the Exchange Act pursuant to Rule 16b-3 by virtue of being approved by a committee of "non-employee directors."

The Committee shall be entitled to delegate its responsibilities with respect to the administration of the incentive compensation, equity compensation, deferred compensation, non-executive cash incentive compensation and employee pension and welfare benefit plans as consistent with applicable law, who may also utilize the services of third-party administrators, record keepers, consultants, and other service providers.