

**THE FAIRCHILD CORPORATION**  
**Compensation Committee Charter**

**1. Purpose**

The main objective of the Compensation and Stock Option Committee (“Committee”) of the Board of Directors of The Fairchild Corporation (“Corporation”) is to oversee the administration of the compensation for the officers of the Corporation. This includes the Chairman and Chief Executive Officer and the President, Directors of the Board and all the other officers of the Corporation. It does not include assistant officers of the Corporation or officers of subsidiaries unless they are also officers of the Corporation.

In addition the Committee oversees the compensation policies in general of the Corporation.

The compensation of the officers and Directors of the Board of the Corporation includes base salaries, incentive compensation, bonuses, consulting fees, retainer fees, stock options and any other compensation in cash or in kind but excludes reimbursement for expenses needed for the everyday execution of business and benefits such as group health insurance that are made available to all employees.

**2. Committee Membership**

- 2.1 The Committee will be composed of at least three directors, all of whom satisfy the definition of “independent” under the listing standards of the New York Stock Exchange (NYSE).
- 2.2 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.
- 2.3 The Committee members will be appointed by the Board and may be removed by the Board in its discretion.
- 2.4 The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided the subcommittees are composed entirely of independent directors.

**3. Meetings**

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

#### 4. Committee Authority and Responsibilities

- 4.1 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.
- 4.2 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.
- 4.3 The Committee shall also have authority, to the extent it deems necessary or appropriate, to retain other advisors.
- 4.4 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.
- 4.5 The Committee will make regular reports to the Board and will propose any necessary action to the Board.
- 4.6 The Committee will review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval. The Committee will annually evaluate the Committee's own performance.
- 4.7 The Committee, to the extent it deems necessary or appropriate, will:
  - **Annual Report:** Produce an annual report on executive compensation for inclusion in the proxy statement as the Compensation Committee Report.
  - **CEO Compensation:** 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 have sole authority to determine the CEO's compensation level based on this evaluation.
  - **Factors Considered in Determining CEO Compensation:** Consider the Company's performance and relative shareholder return, 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 the long-term component of the CEO's compensation.
  - **Non-CEO Compensation:** Make recommendations to the Board with respect to non-CEO compensation, incentive-compensation plans and equity-based plans.
    - **General Guidelines Regarding Non-CEO Compensation:**

**Chairman and President:** Committee members review the compensation of the Chairman of the Board (if different than the CEO) and President and make recommendations to the Board for its approval.

**Other Officer Compensation:** The Chairman of the Board recommends to the Committee the proposed compensation for all other Officers of the Corporation. Subsequently the Committee recommends the proposed compensation to the Board of Directors for approval unless delegated in accordance with the Corporation's Bylaws. All compensation for the officers and directors of the Corporation requires the approval of the Board of Directors of the Corporation.

**Board Compensation:** The Chairman of the Board recommends to the Committee the retainer fees, committee fees, consulting fees and any other compensation regarding members of the Board of Directors of the Corporation. Subsequently, the Committee makes its recommendation to the Board of Directors of the Corporation.

**Other Benefits:** The Chairman of the Board recommends to the Committee policies regarding the compensation of the officers of the Corporation, such as stock options, incentive compensation, annual bonuses and bonuses for extraordinary performance, agreement for stay pay and change of control benefits. Subsequently, the Committee makes its recommendation to the Board of the Corporation. Likewise, the Chairman of the Board shall recommend to the Committee for its approval the compensation policies and procedures applicable to the various operating and staff functions of the Corporation.

This Charter was approved and adopted by the Corporation's Board of Directors on May 11, 2004.