

**CHARTER OF THE COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
AIR TRANSPORT SERVICES GROUP, INC.**

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1. **Statement of Purpose.** The purpose of the Compensation Committee (the “Committee”) is to discharge the responsibilities of the Board of Directors (the “Board”) of Air Transport Services Group, Inc. (the “Company”)<sup>1</sup> relating to compensation of the Company’s directors and specified employees and to take such other actions within the scope of this Charter as the Committee deems necessary or appropriate.
  
2. **Composition and Qualification.** The Committee will be comprised of three or more directors, each of whom shall satisfy the independence requirements of the NASDAQ Stock Market (“NASDAQ”) and all other laws, rules and regulations and listing requirements applicable to director independence for purposes of serving on the Compensation Committee. In addition, at least two members of the Committee shall also be (i) “non-employee directors” (“Non-Employee Directors”) within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) “outside directors” (“Outside Directors”) within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. The members of the Committee will be appointed by and serve at the discretion of the Board based on the recommendations of the Nominating and Governance Committee. The Board will also elect one of the members to be the Chairperson of the Committee. The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee consisting of one or more members. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of at least two members who are both Non-Employee Directors and Outside Directors.
  
3. **Specific Responsibilities and Duties.** The Board delegates to the Committee the express authority to do the following, to the fullest extent permitted by applicable law and the Corporation’s Certificate of Incorporation (the “Certificate of Incorporation”), the Amended and Restated Bylaws (the “Bylaws”) and Corporate Governance Guidelines:
  - (a) **Compensation Policies.** Review, evaluate and make recommendations to the full Board with respect to the Company’s overall compensation policies, and establish performance based incentives that support and reinforce the Company’s long-term strategic goals, organizational objectives and stockholder interests.
  
  - (b) **Chief Executive Officer (“CEO”) Compensation and Goals.** Review and approve goals and objectives relevant to the CEO’s compensation, evaluate the CEO’s performance in light of those goals and objectives, and, based on such evaluation, approve the CEO’s compensation and compensation arrangements (including, but not limited to, base salary, short-term and long-term incentive awards, equity-related awards, participation in any deferred compensation and retirement plans and arrangements, benefits and perquisites). The CEO shall not be present during voting or deliberations with respect to the CEO’s compensation.
  
  - (c) **Other Executive Officers.** Consider and approve the compensation arrangements for the other executive officers of the Company. Such compensation arrangements shall include, but not be limited to, such officers’ base salaries, short-term and long-term incentive awards, equity-related awards, participation in any deferred compensation or retirement plans or arrangements, benefits and perquisites.
  
  - (d) **Other Senior Officers and Employees.** Receive and evaluate the performance target goals for the senior officers and employees of the Company (other than executive officers) under

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<sup>1</sup> For purposes of this Charter, references to the Company include the Company’s subsidiaries where appropriate.

any short-term and long-term incentive plans or programs in which they participate and review periodic reports from the CEO as to the performance and compensation of such senior officers and employees.

- (e) **Incentive Compensation Plans and Programs.** Periodically review the Company's existing executive compensation plans, programs and arrangements and make recommendations to the Board regarding the adoption of any new compensation or incentive plans, programs or arrangements, or changes to existing plans, programs or arrangements. Oversee the administration of such plans and programs and make all such decisions and determinations with respect to the grant of stock options, stock appreciation rights, restricted stock and restricted stock units, performance units and other awards under such plans and programs.
  - (f) **Employment and other Agreements.** Determine whether the Company should enter into employment agreements, including change in control or severance agreements, with the CEO or any of the other executive officers or other senior executives of the Company and approve the terms and conditions of any such employment agreements.
  - (g) **Board.** Set and review the compensation for the Board and committee members.
  - (h) **Succession Planning.** In consultation with the CEO, monitor and make recommendations to the Board with respect to succession planning for the CEO and other members of executive management.
  - (i) **Annual Report.** Prepare the annual Compensation Committee report, as required by applicable rules of the Securities and Exchange Commission, stating that the Compensation Committee discussed the Compensation Discussion and Analysis ("CD&A") with management and, based on that discussion, recommended to the Board of Directors that the CD&A be included in the Company's annual report on Form 10-K and, as applicable, the Company's proxy statement.
  - (j) **Say-On-Pay Voting.** Oversee all matters relating to stockholder voting on executive compensation ("say-on-pay" votes), including the frequency of such votes.
  - (k) **Review and Publication of Charter.** Review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval on an annual basis. Publish the Charter as required by the rules and regulations of the Securities and Exchange Commission, the listing standards of the NASDAQ and as otherwise deemed advisable by the Committee.
  - (l) **Other Actions.** Perform any other activities consistent with this Charter, the Bylaws and governing law as the Committee or the Board deems necessary or appropriate.
  - (m) **Compensation and Risk.** The Committee shall consider and discuss with management and the Board the Company's compensation practices and policies for all employees as they relate to risk management and risk taking incentives.
4. **Meetings.** The Committee will meet with such frequency, and at such times as its Chairperson, or a majority of the Committee, determines. A special meeting of the Committee may be called by the Chairperson and will be called promptly upon the request of any two Committee members. The agenda of each meeting will be prepared by the Chairperson and circulated to each member prior to the meeting date. Unless the Committee or the Board adopts other procedures, the provisions of the Bylaws and Corporate Governance Guidelines applicable to meetings of Board committees will govern meetings of the Committee. Minutes of each meeting will be kept with the regular corporate records. Unless all of the directors were in attendance at the meeting, following each of its meetings, the Compensation Committee shall deliver a report, either oral or written, of such meeting to the Board, including a description of all actions taken by the Compensation Committee at the meeting.

5. **Reliance; Experts; Cooperation.**

- 5.1 Retention of Independent Counsel and Advisors.** The Committee has the authority, in its sole discretion, to retain or obtain the advice of compensation consultants, legal counsel or other advisers (each, an “Adviser”), and the Committee shall be directly responsible for the appointment, compensation and oversight over the work of any such Adviser retained by the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any Adviser retained by the Committee. The Committee may select, or receive advise from, an Adviser, other than legal counsel who is employed by the Company, only after taking into account the factors set forth in NASDAQ Listing Rule 5605(d)(3), as such rule may be amended or superseded from time to time.
- 5.2 Reliance Permitted.** In carrying out its duties, the Committee may act in reliance on management, the independent public accountants, internal auditors, and outside advisors and experts, as it deems necessary or appropriate.
- 5.3 Investigations.** The Committee has the authority to conduct any investigation it deems necessary or appropriate to fulfilling its duties.
- 5.4 Required Participation of Employees.** The Committee shall have access to the independent public accountants, the internal auditors, internal and outside counsel, and anyone else in the Company, and may require, in accordance with any protocol that may be established by the Board, any officer or employee of the Company or the Company’s outside counsel or independent public accountants to attend a meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee.

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