

**TEJON RANCH CO.
COMPENSATION COMMITTEE CHARTER**

1. Members. The Compensation Committee shall be appointed by the Board of Directors and shall consist of at least three members, all of whom shall be independent directors. One member shall be designated as chairperson. For purposes hereof, the term “independent” shall mean a director determined by the Board to be independent pursuant to the New York Stock Exchange’s compensation committee independence rules. Additionally, members of the Compensation Committee must qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and as “outside directors” for purposes of Section 162(m) of the Internal Revenue Code.

2. Purpose, Duties and Responsibilities. The purpose of Compensation Committee is to analyze, evaluate and make recommendations to the Board with respect to compensation of the Company’s top managerial and executive officers and directors and approve the annual report on executive compensation for inclusion in the Company’s proxy statement. The duties and responsibilities of Compensation Committee include the following:

- (a) Oversee the Company’s overall compensation structure, policies and programs, and assess whether the Company’s compensation structure establishes appropriate incentives for management and employees.
- (b) Review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer (“CEO”), evaluate the CEO’s performance in light of those goals and objectives, and recommend to the Board the CEO’s compensation.
- (c) Review and approve corporate goals and objectives relevant to the compensation of other top managerial and executive officers, evaluate their performance in light of those goals and objectives, and recommend to the Board the compensation of the top managerial and executive officers, in each case after consideration of the recommendations of the CEO.
- (d) Administer and make recommendation to the Board with respect to the Company’s incentive compensation and equity-based compensation plans and grants of awards thereunder.
- (e) Review and recommend to the Board the design of other benefit plans pertaining to top managerial and executive officers.
- (f) Oversee the assessment of the risks related to the Company’s compensation policies and programs applicable to officers and employees, and review the results of this assessment.

- (g) Review and recommend to the Board employment agreements and severance arrangements for top managerial and executive officers, including change-in-control provisions, plans or agreements.
- (h) Approve, amend or modify the terms of any compensation or benefit plan that does not require shareholder approval, if delegated to the Committee by the Board.
- (i) Assess the results of the Company's most recent advisory vote on executive compensation. The Compensation Committee will be conducting this assessment to provide disclosure about whether and if so, how consideration of the advisory vote results has affected the Company's executive compensation decisions and policies.
- (j) Review the compensation of directors for service on the Board and its committees and recommend changes in compensation to the Board.
- (k) Review periodically succession plans relating to positions held by senior executive officers.
- (l) Annually evaluate the performance of the Compensation Committee and the adequacy of the Committee's charter.
- (m) Perform such other duties and responsibilities as are consistent with the purpose of the Compensation Committee and as the Board or the Committee deems appropriate.

3. Subcommittees. The Compensation Committee may delegate to a subcommittee of the Compensation Committee consisting of not less than two members of the committee the responsibility to review specific issues, meet with management on behalf of the Committee regarding such issues, and prepare recommendations or reports for review by the Committee.

4. Outside advisors. The Compensation Committee, after conducting an assessment of independence, will have the authority to retain advisors, at the expense of the Company, such as outside counsel, compensation experts and other advisors as it determines appropriate to assist it in the full performance of its functions, including sole authority to retain and terminate any advisor used to assist the committee in the evaluation of director, CEO or senior executive compensation, and to approve the consultant's fee and other retention term.

The Compensation Committee will annually review an assessment of any potential conflicts of interest raised by the work of compensation consultants, whether retained by the Compensation

Committee or management, who are involved in determining or recommending executive or director compensation.

5. Meetings. The Compensation Committee will meet as often as may be deemed necessary or appropriate, in its judgment, either in person or telephonically, and at such times and places as the Compensation Committee determines. The majority of the members of the Compensation Committee constitute a quorum. The Compensation Committee will report regularly to the full Board with respect to its activities.