

Compensation Committee Charter

Purpose

The purpose of the Compensation Committee (the "Committee") of the Board of Directors of Midway Games Inc. (the "Company") shall be (1) to discharge the responsibilities described below, and (2) to administer the Company's stock option and any other stock incentive plans.

Committee Membership and Procedure

The Committee shall consist of no fewer than two members. Each member of the Committee shall satisfy the independence requirements of the New York Stock Exchange and, if the Board of Directors deems it appropriate, each member shall meet the definition of "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934, and "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986. The Board shall appoint the members of the Committee annually, considering the recommendations of the Nominating Committee, and shall designate the Chairman of the Committee. The members of the Committee shall serve until their successors are appointed and qualify. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to such new member(s) satisfying the above requirements.

Except as expressly provided in this Charter or the by-laws of the Company or the corporate governance principles of the Company, the Committee shall fix its own rules of procedure. This Charter must be posted on the Company's website.

Committee Authority and Responsibilities

- The Committee shall review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives and either as a committee, or together with other independent directors (as directed by the Board) determine and approve the CEO's compensation level based on this evaluation. The Committee, either as a committee, or together with other independent directors (as directed by the Board) shall determine the CEO's compensation under the Company's equity-based compensation plans.
- In determining the long-term incentive component of CEO compensation, the Committee should consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years, as well as the other components of the CEO's compensation package and those of CEOs at comparable companies.
- The Committee shall advise the Board on CEO succession plans and, when appropriate, evaluate candidates to become successor CEO, in accordance with the corporate governance principles of the Company, making recommendations regarding such candidates to the Board.
- The Committee shall review and approve corporate goals and objectives relevant to the compensation of the other senior officers of the Company, evaluate the performance of these senior officers in light of those goals and objectives and recommend to the Board the compensation level for these senior officers based on this evaluation. The Committee shall make recommendations to the Board regarding the equity compensation of these senior officers, considering the Company's performance and relative stockholder return,

goals for participants, the value of incentive-compensation and equity compensation awards to senior officers at comparable companies, and the awards given to the Company's senior officers in past years, as well as the other components of the senior officers' compensation package and those of senior officers at comparable companies.

- The Committee shall review periodically with the CEO the succession plans relating to positions held by the other senior officers and make recommendations to the Board with respect to the selection and development of individuals to occupy senior offices.
- The Committee shall make recommendations to the Board with respect to compensation, incentive-compensation plans and other benefit plans, including performance or operating goals for participants in such plans, of senior officers other than the CEO.
- The Committee shall administer, approve and ratify awards under equity-based incentive-compensation plans adopted by the Board, including, stock option plans and other equity-based benefit plans for employees other than the CEO or other senior officers, including amendments to the awards made under any such plans, and review and monitor awards under such plans.
- The Committee shall review and approve, when and if appropriate, and recommend to the Board, any employment agreements, termination arrangements and special or supplemental benefits for senior officers.
- The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of CEO or senior officer compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- The Committee shall make reports to the Board.
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- The Committee shall produce a report on executive compensation as required by the Securities and Exchange Commission to be included in the Company's annual proxy statement.
- The Committee shall annually review its own performance.