

**TECH/OPS SEVCON, INC
CHARTER OF
COMPENSATION COMMITTEE**

PURPOSE:

The purpose of the Compensation Committee is to consider all compensation-related matters, including fringe benefits, etc., for key executives and Board members. The Committee will also periodically review Company-wide programs and practices regarding general employee compensation, benefits and policies.

MEMBERSHIP:

The Compensation Committee shall be comprised of no less than three members, all of whom shall be “independent directors” as determined in accordance with the most restrictive applicable NASDAQ, SEC or statutory definitions then in effect.

RESPONSIBILITIES:

The functions of the committee are as follows and may be varied from time to time as appropriate under the circumstances:

- To review and recommend to the Board of Directors all compensation-related matters, including fringe benefits, etc., for the Chief Executive Officer, other Executive Officers, and the Board itself.
- To administer and supervise the Company’s equity compensation plans, to make recommendations for grants *or, to the extent authorized by the Board of Directors to make* grants under those plans, and to review and recommend to the Board of Directors any major revisions to the Company’s health care and other significant employee programs.
- To review and approve any individual employment terms of Officers or Employees which may create liabilities to the Company beyond those normal for the employment levels concerned.
- To review and approve the annual Compensation Committee report, which should include at least the information subject to disclosure in accordance with the applicable requirements of SEC Regulation S-K with respect to all plan and non-plan compensation awarded to, earned by, or paid to, all Executive Officers covered by the report.

- To review and approve the Company's disclosures in accordance with the applicable requirements of SEC Regulation S-K with respect to disclosure of all plan and non-plan compensation awarded to, earned by, or paid to, Executive Officers.

The Chairman of the Compensation Committee may authenticate, by his signature, all compensation matters decided by the Board.

POLICIES:

Notwithstanding any contradictory provisions or possible interpretations of existing stock option plans, it shall be the policy of the Compensation Committee to recommend that the Company seek stockholder approval of any material modification of such plans, *except that* the Committee may approve inducement grants to new employees without pursuing explicit stockholder approval. No new plans shall be adopted except upon the recommendation of the Committee, and unless otherwise exempt under applicable NASDAQ and SEC requirements, shall be subject to stockholder approval.

In the event that the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement, the Company's Chief Executive Officer and Chief Financial Officer shall be directed by the Committee in accordance with applicable law, to reimburse the Company for any bonus or equity-based compensation they received from the Company, or profits they realized from the sale of Company stock, during the year before the initial public release or filing of the incorrect statement.

No extensions of credit in the form of personal loans may be made to Directors or Executive Officers by the Company where prohibited by law. Management shall promptly report to the Committee the extension of any permissible loans.