

PERFORMANCE TECHNOLOGIES, INC.

Compensation Committee Charter

Purpose

The Compensation Committee (the “Committee”) of the Board of Directors has responsibility for establishing, implementing and continually monitoring adherence with the Company’s compensation philosophy for compensating its Executive Officers. The Committee ensures that the total compensation paid to its Executive Officers is fair, reasonable and competitive.

Composition

Size: The Board shall determine the size of the Compensation Committee and preferably it will have at least three members.

Qualifications: Each year, the Board will affirmatively determine the independence of each Committee member with the Nasdaq Listing Standards as well as each possessing business and executive management experience.

Appointment and Removal: The Board shall select all Compensation Committee members and the Committee Chairman from among its members. Each Committee member will serve at the discretion of the Board for such term as the Board may decide or until such Committee member is no longer a Board member.

Duties and Responsibilities

The duties and responsibilities of the Committee shall include the following:

1. *Establish executive compensation philosophy, policies and programs.* The Committee will review the competitiveness of the Company’s executive compensation programs to ensure (a) that the Company maintains its ability to attract and retain superior Executive Officers; (b) that compensation provided to Executive Officers remains competitive relative to the compensation paid to similarly situated executives in peer companies; (c) the motivation of Executive Officers to achieve the Company’s business objectives; and (d) the alignment of the interests of Executive Officers with the long-term interests of the Company’s stockholders.
2. *Monitor trends in executive compensation.* The Committee will review trends in executive compensation, oversee the development of new compensation plans, and, when necessary, approve the revision of existing plans.
3. *Review and approve executive officer compensation.* The Committee makes all decisions related to the compensation of the Executive Officers. Each year, the Company establishes a plan with certain goals and objectives for the fiscal year. The Committee will review and approve, at least annually, these corporate goals

and objectives relevant to the compensation of the President and Chief Executive Officer. The Chief Executive Officer annually reviews the performance of each Executive Officer other than himself. The conclusions reached and recommendations in connection with these reviews are presented to the Committee for its consideration.

4. *Short-Term Incentive Compensation plans.* Annually, the Committee determines the compensation plans for Executive Officers related to achievement of the Company's short-term goals and objectives.
5. *Equity-based plans.* The Committee shall approve all grants of stock options and other equity-based awards to Executive Officers, subject to the terms and conditions of applicable plans.
6. *Administer other compensation plans.* The Committee administers all of the Company's other compensation plans adopted by the Board for Executive Officers that contemplate administration by the Committee.
7. *Executive development and succession.* The Committee will review and discuss with the Board plans for executive officer development and corporate succession plans for the CEO and other Executive Officers.
8. *Oversee regulatory compliance.* The Committee will, in consultation with appropriate officers of the Company, oversee regulatory compliance with respect to compensation matters, including overseeing any compensation programs intended to preserve tax deductibility; and, as may be required, establishing performance goals and determining whether performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
9. *Review employment agreements and severance arrangements.* The Committee will review and approve any proposed employment agreement and any proposed severance or retention plans or agreements applicable to any Executive Officer of the Company. The Committee shall review and approve any severance or other termination payments proposed to be made to any Executive Officer of the Company.
10. *Board reports.* The Committee will report its activities to the Board at least annually in such manner and at such times as the Committee or the Board deems appropriate.
11. *Other Delegated Duties or Responsibilities.* The Committee will perform any other duties or responsibilities delegated to the Committee by the Board from time to time.

Meetings

The Committee will meet as frequently as necessary to carry out its responsibilities under this Charter. The Committee Chairman will, in consultation with the other members of the

Committee and appropriate officers of the Company, establish the agenda for each Committee meeting. Any Committee member may submit items to be included on the agenda. Committee members may also raise subjects that are not on the agenda at any meeting. The Committee Chairman or a majority of the Committee members may call a meeting of the Committee at any time. A majority of the number of Committee members selected by the Board will constitute a quorum for conducting business at a meeting of the Committee. The act of a majority of Committee members present at a Committee meeting at which a quorum is in attendance will be the act of the Committee, unless a greater number is required by law, the Company's certificate of incorporation or its by-laws. The Committee Chairman will supervise the conduct of the meetings and will have other responsibilities as the Committee may specify from time to time.

The Committee may request any officer or other employee of the Company, or any representative of the Company's legal counsel or other advisors, to attend a meeting or to meet with any members or representatives of the Committee. Any individual whose performance or compensation is to be discussed at a Committee meeting should not attend such meeting unless specifically invited by the Committee.

Delegation

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee or, to the extent permitted by applicable law, to any other body or individual. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (a) "non-employee directors" within the meaning under Rule 16b-3 of the Securities Exchange Act of 1934, and (b) "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code.

Resources and Authority

The Committee shall have appropriate resources and authority to discharge its responsibilities, including, without limitation, appropriate funding, in such amounts as the Committee deems necessary, to compensate any consultants or any other advisors retained by the Committee. The Committee will have the sole authority to retain and terminate compensation consultants to assist in the evaluation of director or executive officer compensation and the sole authority to approve the fees and other retention terms of such compensation consultants. The Committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities.

Compensation Committee Report

The Committee, with the assistance of management and any outside advisors the Committee deems appropriate, shall prepare a report for inclusion in the Company's proxy statement relating to the Company's annual meeting of stockholders.

Annual Review

At least annually, the Committee will (a) review this Charter with the Board and recommend any changes to the Board and (b) evaluate its own performance against the requirements of

this Charter and report the results of this evaluation to the Board. The evaluation will include establishment of the goals and objectives of the Committee for the upcoming year. The Committee will conduct its review and evaluation in such manner as it deems appropriate. Consistent with the Nasdaq Listing Standards, this Charter will be included on the Company's website.