

CHARTER OF THE COMPENSATION COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
BTU INTERNATIONAL, INC. (THE “COMPANY”)

1. Organization and Governance of the Committee. There shall be a committee of the Board of Directors (the “Board”) to be known as the Compensation Committee (the “Committee”). The Committee shall be composed of at least 3 directors, each of whom shall satisfy the listing requirements of the Nasdaq Stock Market and who shall be appointed by the Board. Members of the Committee may be removed at the Board's discretion.

2. Statement of Purpose and Responsibilities. The Committee has direct responsibility to perform the following duties:

- Assist the Board in developing and evaluating potential candidates for executive positions (including the CEO) and oversee the development of executive succession plans. Assist the Board in developing goals and objectives of the CEO in appropriate relationship to corporate goals and objectives, evaluate the performance of the CEO in relation to his or her goals and objectives, and determine, subject to approval of the full Board, the fixed, variable, short term and long term compensation levels of the CEO.
- Assist the CEO in his or her development of goals and objectives of other executive officers, receive the evaluations by the CEO of performance in relation to their goals and objectives, and approve the recommendations of the CEO with respect to the fixed, variable, short term and long term compensation levels of the other executive officers.
- Develop with the CEO the succession plan for his or her office and assist him or her with the development of succession plans for other executive officers.
- Produce a compensation committee report on executive compensation for inclusion in the Company's annual proxy statement in accordance with the proxy rules.
- Review and assess the adequacy of this charter and submit any changes to the Board for approval;
- Report its actions and any recommendations to the Board on a periodic basis;
- Annually perform, or participate in, an evaluation of the performance of the Committee, the results of which shall be presented to the Board; and
- Review such other matters as the Board or the Committee shall deem appropriate.

3. Powers of the Compensation Committee. In order to fulfill its role, the Committee shall have the power to:

- Adopt, administer, amend or terminate compensation plans applicable to any class of employees of the Company and/or any subsidiary of the Company; provided that no adoption, amendment or termination of any compensation plan under which stock may be issued, or in which a member of the Board may be a participant shall be effective unless the same shall be approved by the Board and, to the extent required by law, by the stockholders; provided, further, that no adoption, amendment or termination of any compensation plan may be made that violates this or any other committee charter of the Company; and
- When it is determined by the Committee that a consulting firm (or other expert) is to assist in the assessment of the CEO or other senior executive officer compensation, the Committee shall have the authority to retain and terminate such firm or experts and have the authority to approve the consulting firm or other expert's fee and other retention terms. The Committee shall also have the authority to retain legal, accounting or other experts that it determines to be necessary to carry out its duties and to determine compensation for such advisors.