

**CHARTER OF THE CORPORATE GOVERNANCE
AND NOMINATING COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
BTU INTERNATIONAL, INC. (THE "COMPANY")**

1. Organization and Governance of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee (the "Committee") of the Company shall consist of not less than two members appointed by the Board of Directors (the "Board") who shall satisfy the listing requirements of the Nasdaq Stock Market.

2. Statement of Purpose. The purposes of the Committee are (i) to identify individuals qualified to become members of the Board, (ii) to recommend that the Board select the director nominees for the next annual meeting of shareholders, (iii) to develop and recommend to the Board a set of corporate governance principles applicable to the Company and (iv) to oversee the evaluation of the board and its dealings with management and appropriate committees of the board.

3. Goals and Responsibilities of the Committee. The responsibilities of the Committee shall include the following:

- Identify individuals qualified to become board members, consistent with criteria approved by the board, receive nominations for such qualified individuals, recommend that the Board select the director nominees for the next annual meeting of shareholders, taking into account each candidate's ability, judgment and experience and the overall diversity and composition of the Board;
- Establish a policy under which stockholders of the Company may recommend a candidate to the Committee for consideration for nomination as a director;
- Recommend to the Board qualified individuals to serve as committee members on the various Board committees. The Committee shall review and recommend committee slates annually and shall recommend additional committee members to fill vacancies as needed;
- Clearly articulate to each director what is expected, including reference to the Company's corporate governance principles and directors' basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials;
- Develop and recommend to the full Board a set of corporate governance principles applicable to the Company. Such principles shall address the following subjects: (i) director qualification standards, (ii) director responsibilities, (iii) director access to management and, as necessary and appropriate, independent advisors, (iv) director compensation, (v) management succession and (vi) annual performance evaluation of the board. The Committee shall review the principles on an annual basis, or more frequently if appropriate, and recommend changes as necessary;

- Review the Company's practices and policies with respect to directors, including retirement policies and compensation for non-employee directors, the size of the Board, the ratio of employee directors to non-employee directors, the meeting frequency of the Board and the structure of Board meetings and make recommendations to the Board with respect thereto;
- Review the functions, duties and composition of the committees of the Board and compensation for committee members and make recommendations to the Board with respect thereto;
- In concert with the Board, review the Company policies with respect to significant issues of corporate public responsibility, including contributions;
- Recommend to the Board or to the appropriate committee thereto processes for annual evaluations of the performance of the Board, the Chairman of the Board and the CEO and appropriate committees of the board;
- Consider and report to the Board any questions of possible conflicts of interest of Board members;
- Review, periodically, with the Chairman of the Board and the CEO the succession plans relating to positions held by elected corporate officers, and make recommendations to the Board with respect to the selection of individuals to occupy these positions;
- Provide for new director orientation and continuing education for existing directors on a periodic basis;
- 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; and
- Annually perform, or participate in, an evaluation of the performance of the Committee, the results of which shall be presented to the Board.

4. Powers of the Committee on Directors and Corporate Governance. In order to fulfill its role, the Committee shall have the sole authority to retain and terminate a search firm to assist in the identification of director candidates, and have the authority to approve the search firm's fees 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.