

KAYDON CORPORATION COMPENSATION COMMITTEE CHARTER

Organization

There shall be a standing committee of the Board of Directors to be known as the Compensation Committee. The Compensation Committee shall be comprised of not less than three (3) independent directors. For purposes of this Charter, an “independent director” is any Director who fulfills the NYSE requirements for an “independent director”.

Members of the Committee shall be appointed annually by the Board of Directors at its annual meeting or as necessary to fill vacancies in the interim. The Board may remove any member of the Committee at any time. The Board shall designate one of the Committee Members as Chairman; if the Chair is not present at any meeting, the members may designate a Chair. The committee shall hold meetings (in person or by telephone conference) as necessary. A majority of the Committee members shall constitute a quorum for the transaction of business. The action of a majority of those present at a meeting, at which a quorum is present, shall be the act of the Committee. The Committee shall have the authority to delegate any duties or responsibilities to any subcommittee.

Statement of Policy

The primary function of the Compensation Committee is to consider and make recommendations to the Board concerning the compensation programs, benefits and awards for the Corporation.

Responsibilities

1. Consider and make recommendations to the Board regarding the selection and retention of all elected officers of the Corporation, including the Chief Executive Officer, and other key employees as appropriate.
2. Undertake studies and make recommendations to the Board concerning the compensation of non-employee Board members.
3. Administer, interpret, make grants and awards, adopt rules and recommend to the Board amendments of the Corporation’s 1999 Long Term Stock Incentive Plan.
4. Consider, make recommendations and approve bonus awards with respect to elected officers and aggregate payments to other participants in the Corporation’s incentive compensation program.

5. Consider and make recommendations to the Board concerning the total compensation package (including, but not limited to base pay, bonus awards, perquisites, other remuneration), the structure and award formulae, and calculation and performance targets for the Corporation's incentive compensation program for all elected officers.
6. Produce the annual proxy statement compensation committee report on executive compensation as required by the SEC and review and approve other proxy compensation disclosures.
7. Oversee selection of outside consultants to review the Corporation's executive compensation program as appropriate; and to meet privately with such consultants without management present if desired.
8. Consider recommendations for major changes in compensation, benefits and/or retirement plans that have application to significant numbers of the Corporation's total employees and which may require approval of the Board.
9. Retain independent outside advisers including consultants, accountants and legal counsel as needed, the expenses of which shall be borne by Kaydon, and including sole authority to retain and terminate any compensation consultant to be used to evaluate director, CEO or senior executive compensation, including sole authority to approve fees and terms of retention.
10. 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 the other independent directors, determine and approve the CEO's compensation level based on this evaluation.
11. Keep minutes of each meeting held and report to the Board periodically. This report shall include a review of any recommendations or issues that arise with respect to executive compensation and any other matters the Committee deems appropriate or is requested to be included by the Board.
12. Conduct an annual performance evaluation of the Compensation Committee.
13. Annually review and assess this Charter and recommend any proposed changes to the Board for approval.