

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS
OF TAYLOR DEVICES, INC.**

Purpose

The primary purpose of the committee is to have direct responsibility to:

- Review and approve the company's overall compensation philosophy and the corporate goals and objectives within such philosophy;
- In conjunction with the other independent directors, (as directed by the board), evaluate the CEO and executive officers performance in light of those goals and objectives;
- Together with the other independent directors, (as directed by the board), determine and approve the CEO's compensation based on this evaluation;
- Review and approve executive officer (non-CEO) compensation, incentive compensation plans and equity-based plans.

Composition

At least two members. The committee shall consist of at least two directors. The board shall designate a committee member as the chairperson of the committee, or if the board does not do so, the committee members shall appoint a committee member as chairperson by a majority vote of the authorized number of committee members.

Independence. All committee members shall be independent as defined in the Nasdaq listing standards, as they may be amended from time to time (the "listing standards"). In addition, all committee members shall qualify as "non-employee directors" within the meaning of SEC Rule 16b-3.

Appointment. Subject to any requirements of the listing standards, the board may appoint and remove committee members in accordance with the company's bylaws. Committee members shall serve for such terms as may be fixed by the board, and in any case at the will of the board whether or not a specific term is fixed.

Duties and Responsibilities

Compensation goals. The committee shall review and approve at least annually the company's overall compensation philosophy and the corporate goals and objectives within such philosophy.

Determination of Executive Officer Compensation. The committee shall:

- Evaluate at least annually the performance of the company's executive officers in light of the corporate goals and objectives. For purposes of this charter, "executive officers" mean the individuals classified by the company as officers for purposes of SEC rules under Section 16 of the Securities Exchange Act of 1934.
- At least annually, together with the other independent directors (as directed by the board), in light of the corporate goals and objectives and the performance evaluations, determine and approve the compensation of the CEO, including individual elements of salary, bonus, supplemental retirement, incentive and equity compensation. At least annually, determine and approve executive officer (non-CEO) compensation, incentive compensation plans and equity-based plans.
- Review, as the committee considers appropriate in setting executive officer compensation, company performance and relative shareholder return, compensation at comparable companies, past years' compensation to the company's executive officers, and other relevant factors.
- Review and approve all employment agreements, separation and severance agreements, and other compensatory contracts, arrangements, perquisites and payments with respect to the CEO, and review and make recommendations to the board regarding all such agreements, contracts, arrangements, perquisites and payments with respect to other executive officers.
- In any deliberations or voting to determine the compensation of the CEO, the CEO must not be present; however, in any deliberations regarding the compensation of other executive officers, the committee may elect to invite the CEO to be present but not vote.

Non-employee director compensation. The committee shall recommend to the board of directors compensation programs for non-employee directors, committee chairpersons and committee members, consistent with any applicable requirements of the listing standards for independent directors and including consideration of cash and equity components of this compensation.

Equity plan awards. The committee shall grant stock options, restricted stock and other discretionary awards under the company's stock option and other equity incentive plans, and otherwise exercise the authority of the board of directors with respect to the administration of the company's stock-based and other incentive compensation plans. Grants or awards to the CEO shall require the approval of the independent directors. The committee may delegate to one or more officers designated by the committee the authority to make grants of options and restricted stock to eligible individuals other than directors and officers, provided that the committee shall have fixed the exercise price or a formula for determining the exercise price for each grant, approved the vesting schedule, authorized any alternative provisions as are necessary or desirable to facilitate legal compliance or to ensure the effectiveness or tax-qualified status of the award under the laws of countries outside the U.S. when grants are made to non-U.S. employees, approved the form of documentation evidencing each grant, and determined the number of shares or the basis for determining such number of shares by position, compensation level or category of personnel. Any officer to whom such authority is delegated shall regularly report to the committee the grants so made.

Evaluate and approve stock and incentive plans. The committee shall periodically review and make recommendations to the board concerning the company's stock and incentive compensation plans. The committee shall approve all equity arrangements and plans, and amendments to these arrangements or plans that may be exempt from the general requirement of the listing standards to obtain stockholder approval of equity arrangements, plans and amendments, or for which approval by the committee is otherwise appropriate or required under applicable laws or listing standards.

Committee report and CD&A for proxy statement. The committee shall after each fiscal year prepare a committee report on executive compensation for distribution among the entire Board of the Company, including a discussion of the committee's compensation policies applicable to executive officers.

Other functions. The committee may perform any other activities consistent with this charter, the company's corporate governance documents and applicable listing standards, laws and regulations as the committee or the board considers appropriate.

Annual performance review. The committee shall evaluate its own performance as a committee and this charter on an annual basis.

Meetings, reports and resources

Meetings. The committee shall meet as often as it determines is necessary, but not less than annually. The committee may also hold special meetings or act by unanimous written consent as the committee may decide consistent with the company's bylaws. The committee may meet in separate executive sessions with other directors, the CEO and other company employees, agents or representatives invited by the committee.

Procedures. The committee may establish its own procedures, including the formation and delegation of authority to subcommittees, in a manner not inconsistent with this charter, the company's bylaws and other corporate governance documents, applicable laws or regulations, or the listing standards. The chairperson or majority of the committee members may call meetings of the committee. A majority of the authorized number of committee members shall constitute a quorum for the transaction of committee business, and the vote of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee, unless in either case a greater number is required by this charter, the bylaws or the listing standards. The committee shall keep written minutes of its meetings and deliver copies of the minutes to the corporate secretary for inclusion in the corporate records.

Reports. The committee shall provide to the board at an appropriate time, before the preparation of the company's proxy statement for its annual meeting, the report of the compensation committee that must be included in the proxy statement. The committee shall also report to the board annually the results of the annual review by the committee of its own performance. The committee shall further report to the board on the major items covered by the committee at each committee meeting, and provide additional reports to the board as the committee may determine to be appropriate.

Committee access and information. The committee is at all times authorized to have direct, independent and confidential access to the company's other directors, management and personnel to carry out the committee's purposes. The committee is authorized to obtain at the company's expense compensation surveys, reports on the design and implementation of compensation programs for the company's directors, officers and employees, and other data and documentation as the committee considers appropriate.

Committee advisers and funding. The committee shall have sole authority to retain at the company's expense and terminate any compensation consulting firm, independent counsel or other advisers to the committee and to approve the related fees and other retention terms.

Reliance on others. Nothing in this charter is intended to preclude or impair the protection provided in Section 717 of the New York Business Corporation Law for good faith reliance by members of the committee on reports or other information provided by others.