



MECHANICAL TECHNOLOGY INCORPORATED

GOVERNANCE AND NOMINATING COMMITTEE CHARTER

I. Purpose

The Governance and Nominating Committee shall assist the Board of Directors (the “Board”) of Mechanical Technology Incorporated (the “Company”) in fulfilling its responsibilities regarding governance and nominating matters related to the Company, specifically as it relates to the Board membership capabilities and corporate ethics.:

II. Structure and Operations

Composition and Qualifications

The Committee shall consist of at least two directors as determined by the Board, each of whom is to be free of any relationship that, in the opinion of the Board, would interfere with his or her exercise of independent judgment. Committee members shall meet the independence requirements of the NASDAQ Stock Market, as well as all applicable laws and regulations.

All members of the Committee shall be generally acquainted with both the MTI and peer group corporate Governance and Nominating practices and issues, and have experience in the areas of the Committee’s responsibilities.

The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Bylaws of the Corporation, or (c) the laws of the state of New York.

Appointment and Removal

The members of the Committee shall be appointed by the Board. Members may be replaced by the Board at any time, but shall otherwise serve until their successor has been named. The chairperson of the Committee shall be elected by the committee on a three year term basis.

Delegation to Subcommittees

In fulfilling its responsibilities, the Governance and Nominating Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Governance and Nominating Committee and, to the extent not expressly reserved to the Governance and Nominating Committee by the Board or by applicable law, rule or regulation, to any other committee of directors of the Company appointed by it, which may or may not be composed of members of the Governance and Nominating Committee.

III. Meetings

The Committee shall meet at least once a year in February or March at the call of the Chair. Additional meetings may occur as any member of the Committee requests or its Chair deems advisable.

Any director of the Company who is not a member of the Governance and Nominating Committee may attend meetings of the Governance and Nominating Committee; provided, however, that any director who is not a member of the Governance and Nominating Committee may not vote on any matter coming before the Governance and Nominating Committee for a vote. The Governance and Nominating Committee also may invite to its meetings any member of management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Governance and Nominating Committee may meet in executive session, as the Governance and Nominating Committee deems necessary or appropriate

The Committee shall be governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

IV. Responsibilities and Duties

The following functions shall be common recurring activities of the Governance and Nominating Committee in carrying out its purpose set forth in Section I of this Charter. These functions should serve as a guide with the understanding that the Governance and Nominating Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions.

The Governance and Nominating Committee shall have the following duties and responsibilities, in addition to any others that may be assigned by the Board from time to time:

1. Develop and recommend to the Board corporate governance policies for the Company and to address governance matters.
2. Identify and evaluate individuals qualified to become members of the Board.
3. Review the suitability of each director for continued service when his or her term expires.
4. Review and recommend the nomination of Board members.
5. Make recommendations to the Board regarding the size and composition of the Board and develop and recommend to the Board criteria (such as independence, experience relevant to the needs of the Company, leadership qualities, diversity and stock ownership) for the selection of individuals to be considered for election or re-election to the Board.
6. Recommend to the Board any changes in number, authority and duties of Board committees and the chairs and members who should serve thereon.
7. Periodically evaluate and report to the Board on the performance and effectiveness of the Committee.
8. Develop and implement an procedure for periodically evaluating the performance of the Board
9. Periodically review this Charter and recommend changes to the Board as needed.

The Governance and Nominating Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern within the purpose of the Governance and Nominating Committee that the Governance and Nominating Committee deems appropriate. The Compensation Committee shall have the sole authority to retain and terminate any search firm engaged to assist in identifying director candidates, and to retain and terminate any outside

counsel or other advisers as the Committee may deem appropriate in its sole discretion, including the authority to approve the fees payable to such search firm, counsel or advisers and any other terms of retention.

Documents/Reports

The Governance and Nominating Committee will report regularly to the Board (i) following meetings of the Governance and Nominating Committee, (ii) with respect to such other matters as are relevant to the Governance and Nominating Committee's discharge of its responsibilities, (iii) with respect to such recommendations as the Governance and Nominating Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Governance and Nominating Committee designated by the Governance and Nominating Committee to make such report.

The Committee will maintain minutes and other records of meetings and activities of the Governance and Nominating Committee, as appropriate under applicable law.

General

The Committee will perform any other activities consistent with this Charter, the By-Laws of the Company, and any applicable law, rules or regulations as the Governance and Nominating Committee or the Board deems necessary or appropriate.

V. Performance Evaluation

The Governance and Nominating Committee shall periodically perform a review and evaluation of the performance of the Governance and Nominating Committee and its members, including a review of adherence of the Governance and Nominating Committee to this Charter. The Governance and Nominating Committee shall conduct such evaluation and review in such manner as it deems appropriate.