

PERCEPTRON, INC.

CHARTER FOR THE MANAGEMENT DEVELOPMENT, COMPENSATION AND STOCK OPTION COMMITTEE OF THE BOARD OF DIRECTORS

(As Amended and Restated through November 12, 2007)

I. PURPOSE

The primary purpose of the Management Development, Compensation and Stock Option Committee (the “Management Development Committee”) is to:

1. Review the Company’s compensation programs and policies generally.
2. Establish and administer the Company’s compensation programs and policies for the Chief Executive Officer (“CEO”) and other officers of the Company.
3. Evaluate the performance of the CEO and the other officers of the Company.
4. Make recommendations to the Board of Directors regarding the compensation of members of the Board of Directors.
5. Administer the Company’s stock-based compensation plans.
6. Produce a compensation committee report on executive compensation as required by the SEC to be included in the Company’s annual proxy statement.
7. Monitor the Company’s succession planning.

II. AUTHORITY

The Management Development Committee shall have such authority as is required to fulfill its responsibilities and duties set forth in this charter, including, but not limited to, the following:

1. Authority to establish the compensation of the CEO and other officers of the Company, including the establishment of cash incentive, profit-sharing or bonus plans.
2. Authority to administer the Company’s stock-based compensation plans.
3. Authority to engage, and determine funding for, independent counsel and other advisors, without Board approval, to advise or assist in the performance of its duties.

4. Authority to meet with and seek any information it requires from employees or external parties. Employees and external parties will be directed to cooperate and comply with the Management Development Committee's requests.

III. COMPOSITION

Appointment.

The members of the Management Development Committee shall be appointed annually by the Board of Directors at its annual meeting or as necessary to fill vacancies in the interim.

Membership.

The Management Development Committee shall consist of three or more members.

Qualifications.

The Management Development Committee members shall be required to meet the following minimum requirements:

1. Each member shall be an "independent director" as determined by applicable rules of the Nasdaq Stock Market ("Nasdaq").
2. Each member shall be a "Non-Employee Director" as set forth in Rule 16b-3 of the Securities Exchange Act of 1934.
3. Each member shall be an "outside director" for purposes of Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended.

Chairman of the Management Development Committee.

Unless a Chair is appointed by the Board of Directors, the members of the Management Development Committee may designate a Chair.

IV. MEETINGS

Number of Meetings.

The Management Development Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter.

Executive Sessions.

The Management Development Committee shall meet in separate executive sessions to discuss any matters that the Management Development Committee believes should be discussed privately. The Management Development Committee shall meet in separate executive sessions to deliberate with respect to, and vote on, the CEO's compensation.

V. FUNDING

The Company shall provide appropriate funding to the Management Development Committee, as determined by the Management Development Committee, for payment of:

1. Any independent counsel or advisors employed by the Management Development Committee.
2. Ordinary administrative expenses of the Management Development Committee that are necessary or appropriate in carrying out its duties.

VI. DUTIES AND RESPONSIBILITIES

To fulfill its oversight responsibilities and duties, the Management Development Committee shall perform any activities consistent with this charter, the Company's Bylaws and governing law, as the Management Development Committee or the Board deems necessary or appropriate. Specifically, the Management and Development Committee shall:

Review Compensation Programs.

1. Review, at least annually, the Company's compensation programs and policies for employees generally, including cash compensation, incentive, profit-sharing and bonus plans, stock-based compensation plan, retirement plans and other employee benefits and plans.
2. Make recommendations to the Board of Directors and/or management, as appropriate, with respect to the adoption of new or revisions to existing compensation programs and policies, as required by law or deemed necessary by the Management Development Committee.

Officer Compensation.

3. Review and approve the compensation of the CEO and other officers. The CEO shall not be present during voting or deliberations with respect to the review and approval of CEO compensation.
4. Review and approve management contracts and severance arrangements for the CEO and other officers.

Officer Evaluation.

5. Review and approve annually corporate goals and objectives relevant to the compensation of the Company's CEO and other officers and evaluate their performance in light of those goals and objectives.

Director Compensation.

6. Review at least annually the compensation for service on the Board of Directors and recommend to the Board appropriate director compensation based on such review and such other factors as the Committee deems appropriate and in the best interests of the Company.

Compensation Committee Report on Executive Compensation.

7. Prepare an annual report on executive compensation for inclusion in the annual proxy statement in compliance with applicable rules and regulations of the Securities and Exchange Commission (“SEC”).

Review and Administration of Stock-based Compensation Plans.

8. Review and make recommendations to the Board of Directors with respect to the adoption of new or revision of existing stock-based compensation plans.
9. Exercise all rights, authority and functions of the Board of Directors under all of the Company’s stock-based compensation plans, including without limitation, the authority to interpret the terms of any plan and to grant options and make stock awards, provided, however, that, except as otherwise expressly authorized to do so by a plan or resolution of the Board of Directors, the Management Development Committee shall not be authorized to amend any such plan. To the extent permitted by applicable law and the provisions of a given plan, the Management Development Committee may delegate to one or more executive officers of the Company the power to grant options and make stock awards to employees of the Company or any subsidiary of the Company who are not directors or executive officers of the Company.

Management Succession.

10. Review at least annually and make recommendations to the Board of Directors regarding management succession.
11. Recommend CEO candidates to the Board.

VII. REPORTING

The Management Development Committee shall have the following reporting responsibilities:

1. Maintain minutes of all Management Development Committee meetings and submit such minutes to the Board of Directors.
2. Satisfy its annual reporting requirements as set forth under “Duties and Responsibilities–Compensation Committee Report on Executive Compensation.”
3. Report periodically to the Board of Directors, as it deems appropriate concerning the activities of the Management Development Committee.

VIII. ANNUAL REVIEW

The Management Development Committee shall conduct:

1. On an annual basis, a review and assessment of the adequacy of this charter, and
2. On a periodic basis as the Management Development Committee may determine, an evaluation of the Management Development Committee’s performance in carrying out the duties and responsibilities under this charter.

Based on this annual review, the Management Development Committee shall recommend to the Board of Directors any changes in the authority, responsibilities or duties of the Management Development Committee.