

KADANT INC.

Compensation Committee of the Board of Directors

Charter

Statement of Purpose

The purpose of the Compensation Committee is to:

- discharge the responsibilities of the Board of Directors relating to compensation of the Company's directors, executive officers and such other employees as the Committee from time to time determines;
- assist the Board of Directors and management in the creation and implementation of employee compensation and incentive programs and policies, other than employee benefit plans, that will enable the Company to attract, retain and motivate competent personnel; and
- prepare and review the report of the Compensation Committee required to be included in the Company's proxy statement in connection with the annual meeting of stockholders.

Membership, Structure and Procedures

1. Number. The Compensation Committee shall consist of at least two members of the Board of Directors.
2. Selection and Qualifications. Members of the Compensation Committee shall be appointed by the Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee. In appointing members of the Committee, the Board of Directors shall comply with all laws, regulations and rules applicable with respect to the qualifications of such members, including as to the independence of such members. Each member of the Compensation Committee shall be an "independent director" as determined in accordance with the applicable rules of the stock exchange on which the Company's equity securities are then listed, including the enhanced independence requirements of such stock exchange with respect to Compensation Committee members, and shall be an "outside director" as determined in accordance with Section 162(m) of the Internal Revenue Code. The Board of Directors shall affirmatively determine the independence of any director chosen to serve on the Compensation Committee, and in connection with such determination, shall consider all factors specifically relevant to determining whether a director has a relationship to the Company that is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including but not limited to (a) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director and (b) whether such director is affiliated with the Company or any of its

subsidiaries or their affiliates. The Board of Directors may remove members of the Compensation Committee from such committee, with or without cause.

3. Chair. Unless the Board of Directors elects a Chair of the Compensation Committee, the Compensation Committee shall elect a Chair by majority vote.
4. Compensation. The compensation of Compensation Committee members shall be as determined by the Board of Directors.
5. Meetings. The Compensation Committee shall meet as often as it deems necessary in order to perform its responsibilities. Meetings of the Compensation Committee may be called by the Chairman of the Board of Directors, the Chair of the Compensation Committee, or by a majority of the members of the Compensation Committee. Notice of any meeting of the Compensation Committee shall be given in the same manner as meetings of the Board of Directors, as provided in the Company's by-laws. Members of the Compensation Committee may participate in meetings of the committee by means of conference telephone or other communications equipment, in accordance with the Company's by-laws. A majority of the total number of members of the Compensation Committee shall constitute a quorum for the transaction of business. The vote of a majority of the members present shall be necessary for the approval of any action or determination. Any action or determination of the Compensation Committee may be taken without a meeting if all members of the committee consent in writing or by electronic transmission, in accordance with the Company's by-laws. Records of the Compensation Committee's meetings shall be kept by the Company's Secretary, unless another individual shall be designated by the committee.
6. Subcommittees. The Compensation Committee may form and delegate authority to one or more subcommittees (including (a) a subcommittee consisting of a single member) and (b) a subcommittee consisting of at least two members, each of whom qualifies as a "non-employee director," as such term is defined from time to time in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder), as it deems appropriate from time to time under the circumstances.

Authority and Responsibilities

General

The Compensation Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management and others, in accordance with its business judgment.

Compensation Matters

1. CEO Compensation. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to the compensation of the Company's chief executive officer, evaluate the chief executive officer's performance in light of those goals and objectives, and set the chief executive officer's compensation level based on this

evaluation. The Chairman of the Compensation Committee shall communicate to the chief executive officer the Committee's evaluation of the officer's performance.

2. Executive Officer Compensation. The Compensation Committee shall annually review and approve executive officer (including the chief executive officer) compensation, including salary, bonus and incentive compensation levels; deferred compensation; executive perquisites; equity compensation (including awards to induce employment); severance arrangements; change-in-control benefits and other forms of executive officer compensation. The Compensation Committee shall meet without the presence of executive officers when approving the chief executive officer's compensation but may, in its discretion, invite the chief executive officer to be present during approval of other executive officer compensation.
3. Plan Recommendations and Approvals. The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to incentive-compensation plans and equity-based plans. In addition, the Compensation Committee shall approve any plans or amendments adopted pursuant to an exemption from the stockholder approval requirements of Section 303A.08 of the NYSE Listed Company Manual.
4. Equity Incentive Plan Administration. The Compensation Committee shall exercise all rights, authority and functions of the Board of Directors under all of the Company's stock option, stock incentive, employee stock purchase and other equity-based plans, including without limitation, the authority to interpret the terms thereof, to grant options thereunder and to make stock awards thereunder; provided, however, that, except as otherwise expressly authorized to do so by a plan or resolution of the Board of Directors, the Compensation Committee shall not be authorized to amend any such plan. The Compensation Committee shall approve all equity compensation grants to be made in reliance on an exemption from the stockholder approval requirements of Section 303A.08 of the NYSE Listed Company Manual, including those for inducement grants.
5. Director Compensation. The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to director compensation.
6. Review and Discussion of Compensation Discussion and Analysis; Recommendation to Board. The Compensation Committee shall review and discuss annually with management the Company's "Compensation Discussion and Analysis" required by Item 402(b) of Regulation S-K (the "CD&A"). The Compensation Committee shall consider annually whether it will recommend to the Board that the CD&A be included in the Company's Annual Report on Form 10-K, proxy statement on Schedule 14A or information statement on Schedule 14C.
7. Compensation Committee Report on Executive Compensation. The Compensation Committee shall review and prepare for inclusion in the Company's proxy statement relating to the annual meeting of stockholders the report described in Item 407(e)(5) of Regulation S-K.

8. Compensation Recovery Policies. The Compensation Committee shall approve, or recommend for approval by the Board of Directors, the implementation or revision of any compensation recovery or “clawback” policies of the Company and oversee the administration of such policies.
9. Additional Responsibilities. The Compensation Committee shall take such other action with respect to compensation matters and have such other duties as may be delegated from time to time by the Board of Directors.

Officers and Organizational Structure

The Compensation Committee will consider, periodically review, discuss with management and make recommendations to the Board of Directors with respect to the organizational structure of, and changes in, the officers and senior management of the Company and management succession planning, including policies and principles for chief executive officer selection and performance review, as well as policies regarding succession in the event of an emergency or the retirement of the chief executive officer.

Other Powers and Responsibilities

1. Reports to Board. The Compensation Committee shall report regularly to the Board of Directors.
2. Charter. The Compensation Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.
3. Independent Advisors. The Compensation Committee may, in its sole discretion, retain and terminate any compensation consultant, independent legal or other advisors, as the Compensation Committee deems necessary or appropriate to carry out its responsibilities, and shall have authority to approve the consultant’s or advisor’s fees and other retention terms. Such independent advisors may be the regular advisors to the Company. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such consultants and advisors as established by the Compensation Committee. The Compensation Committee shall select any such compensation consultant, legal counsel or other advisor only after taking into consideration all factors relevant to that person or entity’s independence from management, including the factors specified in Section 303A.05(c)(iv) of the NYSE Listed Company Manual.
4. Investigations. The Compensation Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Compensation Committee or any advisors engaged by the Compensation Committee.
5. Annual Self-Evaluation. At least annually, the Compensation Committee shall evaluate its own performance.