

SUPERCONDUCTOR TECHNOLOGIES INC.

COMPENSATION COMMITTEE CHARTER

Responsibilities

The Compensation Committee of the Board of Directors of Superconductor Technologies Inc. (the "**Compensation Committee**") will be responsible for overseeing and, as appropriate, making recommendations to the Board regarding the annual salaries and other compensation of the Executive Officers of Superconductor Technologies (STI), STI's general employee compensation and other policies, providing assistance and recommendations with respect to the compensation policies and practices of STI.

In particular, the Compensation Committee will:

- On an annual basis, without the participation of the Chief Executive Officer, (i) review and approve the corporate goals and objectives with respect to compensation for the Chief Executive Officer, (ii) evaluate the Chief Executive Officer's performance in light of the established goals and objectives, and (iii) set the Chief Executive Officer's annual compensation, including salary, bonus, incentive and equity compensation.
- On an annual basis, review and approve (i) the evaluation process and compensation structure for STI's other senior executives, and (ii) the Chief Executive Officer's evaluation of the performance and his recommendations concerning the annual compensation, including salary, bonus, incentive and equity compensation, of other company executive officers, and (iii) the recruitment, retention and severance programs for STI senior executives and (iv) review the compensation structure for the Board of Directors.
- On an annual basis, and more frequently as matters are brought to the attention of the Compensation Committee, review and oversee STI's policies relating to the compensation of, and other matters relating to (ie. review the 401k plan), its employees.
- As appropriate, make recommendations to the Board with respect to executive incentive-compensation plans and equity-based plans and administer any incentive plans and bonus plans that include senior officers. Stock option grants are made by the Options Committee, for non-senior officers, but are ratified by the Compensation Committee in its compensation review.
- Assist the Board in developing and evaluating potential candidates for senior officer positions, including the Chief Executive Officer, and oversee the development of executive succession plans.
- Review an annual report on executive compensation for inclusion in STI's proxy statement.

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Compensation Committee Composition

The Compensation Committee shall be comprised solely of “independent” directors in accordance with the then current rules of the SEC and NASDAQ. An independent director cannot have any relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. For example, an independent director generally cannot receive payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current or any of the past three fiscal years, other than (i) compensation for board or board committee service and (ii) payments arising solely from investments in the company's securities. “Independence” also requires a three-year cooling-off period for directors who are or were employees of STI, or of its independent auditors and for family members of the above. If future SEC or NASD rules require a more limited definition of “independent,” then this charter will be deemed amended when so required to conform with any additional limitations. The Compensation Committee's chairperson shall be designated by the full Board or, if it does not do so, the Compensation Committee members shall elect a chairperson by vote of a majority of the Compensation Committee.

Policies and Procedures.

In carrying out its responsibilities, the Compensation Committee believes its policies and procedures should remain flexible in order to be able to best react to changing conditions, and to help ensure that the corporate accounting and reporting practices of STI meet or exceed all applicable legal and business standards. However, the Compensation Committee will:

- Investigate any matter brought to its attention within the scope of its duties.
- Obtain the approval of the full Board of Directors of this Charter and review and reassess this Charter at least annually or as conditions dictate.
- Meet in an executive session at least annually near the end of STI's fiscal year, and more frequently as circumstances dictate.
- Be governed by majority vote of its members.
- Report its actions and any recommendations to the Board after each Compensation Committee meeting and review its performance as a committee on an annual basis.

The Compensation Committee shall have the authority to obtain advice and seek assistance from internal and external legal, accounting and other advisors such as consultants and shall determine the extent of funding necessary for the payment of compensation to such persons.

Approved by the Board of Directors and the Compensation Committee as of May 25, 2004.

Robert P. Caren
Chairman, Compensation Committee

John D. Lockton
Chairman of the Board of Directors