

ESPEY MFG. & ELECTRONICS CORP.

NOMINATING COMMITTEE CHARTER

I. PURPOSE

The Nominating Committee, composed of three (3) directors, all of whom shall be “independent directors” as defined in the by-laws of the Company, shall identify and recommend to the Board of Directors (the “Board”) individuals for nomination to fill vacancies in, and for renomination to, positions as directors of the Company.

II. Appointment and Removal

The members of the nominating committee shall be appointed by the Board, which shall also designate a chairman of the nominating committee. Nominating committee members shall serve until their successors are duly elected and qualified or until their resignation or removal. The members of the nominating committee may be removed, with or without cause, by a majority vote of the Board.

III. MEETINGS

The nominating committee shall meet as frequently as circumstances dictate. Meetings may be called by the Chairman of the Board of the Committee or by any member of the nominating committee. Meetings of the nominating committee may be held telephonically.

The Committee may invite to its meetings such persons it deems appropriate in order to carry out its responsibilities. The nominating committee may also exclude from meetings of the nominating committee any persons it deems appropriate in order to carry out its responsibilities.

IV. RESPONSIBILITIES AND DUTIES

The Committee may consult with the Company’s attorneys in carrying out its responsibilities and shall have the authority to retain experts and search firms as it deems appropriate, including the authority to approve the fees payable to such parties. The nominating committee shall have the following functions in carrying out its responsibilities as set forth in Section I of this Charter:

1. Establish criteria for the selection of new directors to serve on the Board.
2. Identify individuals believed to be qualified as candidates to serve on the Board and recommending to the Board of Directors the candidates for all director positions to be filled by the Board or by the shareholders at an annual or special meeting in accordance with the Company’s by-laws. In identifying candidates for the Board, the nominating committee shall take into account all factors that it considers appropriate, including, without limitation: (a) ensuring that the Board consists of individuals with various and

relevant career experience, relevant technical skills, industry knowledge and experience, financial expertise (including experience that could qualify a director as a “financial expert” as that term is defined by the rules of the SEC), local or community ties, (b) individual qualifications such as strength of character, familiarity with the Company’s business and industry, independence and ability to work collegially, (c) recommendations from the Company’s Chief Executive Officer, which may include recommendations for Board membership by other senior members of management. It is anticipated that the nominating committee will consider the extent to which a particular candidate would fill a present need on the Board.

3. Making recommendations to the Board as to whether the Board should adopt age or term limits or other retirement policies.
4. Evaluate candidates for nomination to the Board, including those recommended by shareholders.
5. Conduct appropriate inquiries into the backgrounds and qualifications of possible candidates.
6. Consider matters of independence, possible conflicts of interest of members of the Board and executive officers and whether candidates for the Board have special interests that might impair their ability to represent the interests of all shareholders or interact collegially with the other directors.
7. Maintain minutes or other records of meetings and activities of the nominating committee and reporting regularly to the Board concerning the meetings and activities of the nominating committee.

V. ANNUAL PERFORMANCE EVALUATION

The nominating committee shall, periodically, perform a self-review and evaluation as to its performance and the performance of its members. The nominating committee shall make recommendations to the Board concerning such improvements to and amendments of this Company’s certificate of incorporation as the nominating committee considers necessary, appropriate or valuable to the Company.

November 12, 2004