

CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF EMAGIN CORPORATION
(as revised on September 12, 2012)

This charter governs the operations of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of eMagin Corporation (the "Company"). At least annually, the Committee shall review and reassess this charter and recommend any proposed changes to the Board for its approval. The Company shall make this charter available on its website at www.emagin.com.

Role of the Compensation Committee

The purpose of the Compensation Committee is to oversee the Company's executive compensation strategy, oversee the administration of its executive compensation and its equity based compensation plans, review and approve the compensation of the Company's CEO, and oversee the Company's compensation plan for the Board of Directors.

Composition of the Compensation Committee

1. The Compensation Committee shall consist of at least two Board members, all of whom meet the requirements for independence under the SEC rules and NYSE Amex listing standards.
2. Prospective members shall be recommended by the Nominating and Governance Committee, if one exists, and shall be appointed by the Board.
3. One member shall be designated by the Board as the Committee Chair. The Chair will preside at all committee meetings, review the proposed agenda for each committee meeting and report to the Board a summary of actions taken at each Committee meeting.

Meetings

The Committee shall meet at least one time per year or more frequently as circumstances require. The Committee may have in attendance at meetings members of management, consultants, or others it deems necessary in order to provide the information necessary to carry out its duties.

Committee Duties and Responsibilities

The duties and responsibilities of the Committee are as follows:

1. With respect to Executive Compensation Strategy, the Committee shall:
 - (a) Periodically review and approve the Company's executive compensation strategy and principles to ensure that they are aligned with the Company's business strategy and objectives, shareholder interests, desired behaviors and corporate culture.
 - (a) Periodically review the Company's executive compensation plans to ensure that they are consistent with the Company's executive compensation strategy and principles.
2. With respect to Compensation and Equity Based Compensation Plans for the Board of Directors, the Committee shall:
 - (a) Review and approve the adoption of, and changes to, the Company's compensation and its equity based compensation plans for Directors.

- (b) Oversee the administration of all of the Company's compensation and its equity based compensation plans for Directors.
- (c) Periodically assess the effectiveness of the Company's executive compensation and its equity based compensation plans for Directors.

3. With respect to CEO Compensation, the Committee shall:

Annually review and recommend board approval of goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's individual elements of total compensation based on this evaluation. In determining the long-term incentive component of the CEO compensation, the Committee in its discretion may consider such factors as it considers relevant including, the Company's performance and relative shareholder return, the value of similar incentives awards to chief executive officers at comparable companies, and awards given to the CEO in past years.

4. With respect to Executive Officers, the Committee shall:

Oversee the compensation of the Company's executive officers. In this oversight role, the Committee will review and if appropriate approve the recommendations made by the CEO of the individual elements of total compensation paid to the executive officers.

5. The Committee shall review and make recommendations concerning long-term incentive compensation plans, including the use of stock options and other equity-based plans. Except as otherwise delegated by the Board, the Committee will act on behalf of the Board to administer equity-based and employee compensation plans, and as such will discharge any Board responsibilities imposed on the Committee under those plans, including making and authorizing grants, in accordance with the terms of those plans.

6. Administrative Responsibilities

- (a) Review and discuss with management the Company's Compensation Discussion and analysis (CD&A), recommend to the Board of Directors based on this review and these discussions whether the CD&A should be included in the Company's annual report and proxy statement, and prepare an annual Compensation Committee Report of Executive Compensation for inclusion in the Company's annual proxy statement in accordance with applicable Securities and Exchange Commission rules and guidelines.
- (b) Engage and obtain advice and assistance from internal or external experts or advisors, in its discretion.
- (c) Prepare and recommend to the Board a committee charter, periodically review and reassess the adequacy of the charter, and as appropriate recommend changes to the charter.
- (d) Establish, and periodically review, an annual schedule of agenda items for the Committee's meetings.