

**PARAGON TECHNOLOGIES, INC.
BOARD OF DIRECTORS**

COMPENSATION COMMITTEE CHARTER

I. PURPOSE

The primary function of the Compensation Committee is to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities with respect to all types of compensation of the directors, officers, and employees of the Corporation.

The Compensation Committee's compensation policies with respect to the Corporation's executive officers are based on the principles that compensation should be reflective of the financial performance of the Corporation, align the interests of the Corporation's management with the interests of its stockholders, and that a portion of executive officers' compensation should provide long-term incentives. The Compensation Committee seeks to have executive compensation set at levels that are sufficiently competitive so that the Corporation may attract, retain, and motivate high quality executives to contribute to the Corporation's success. In assessing overall compensation for executive officers, the Compensation Committee considers the Corporation's performance and industry position, general industry data, and the recommendations of third-party consultants.

II. COMPOSITION

The Compensation Committee shall consist of two or more independent members of the Board of Directors. Every member of the Compensation Committee shall be an "outside director" as such term is used in U.S. Internal Revenue Regulation 1.162-27 (e), as modified or supplemented from time to time; provided, that one (but no more than one) member of the Compensation Committee may be a non-independent director, provided that the Board determines the appointment of such non-independent director to the Compensation Committee is in the best interests of the Corporation and its stockholders.

The members of the Compensation Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until their successors shall be duly elected and qualified. Unless a Chairman of the Compensation Committee is elected by the full Board, the members of the Compensation Committee may designate a Chairman of the Compensation Committee by majority vote of the full Compensation Committee Membership.

III. MEETINGS

The Compensation Committee shall meet at least once each year, or more frequently as circumstances dictate. A majority of the members of the Compensation Committee shall constitute a quorum for the transaction of business. Minutes of each meeting of the Compensation Committee should be recorded by the Secretary to the Compensation Committee. Approval by a majority of the members present at a meeting at which a quorum is present shall constitute approval by the Compensation Committee.

The Compensation Committee may also act by unanimous written consent without a meeting. The Compensation Committee should meet at least annually with the Chief Executive Officer of the Corporation.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Compensation Committee shall:

A. coordinate the Board's role in establishing performance criteria for the Chief Executive Officer and evaluate his performance annually;

B. review and recommend to the Board the annual salary, bonus, equity awards, stock options, and other benefits, direct and indirect, of the Corporation's Chief Executive Officer;

C. review the salaries, bonuses, and benefits of the Corporation's executives, as established by the Chief Executive Officer, and, upon the recommendation of the Chief Executive Officer and taking into consideration such other factors as the Committee believes appropriate, recommend to the Board equity awards, stock options, and other incentive compensation for Corporation employees;

D. review and recommend to the Board the terms of any employment agreement executed by the Corporation with an executive officer of the Corporation;

E. review and recommend to the Board new executive compensation programs; review annually the operation of the Corporation's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s); establish and periodically review policies for the administration of executive compensation programs; and take steps to ensure that the Corporation's executive compensation programs comport with the Compensation Committee's compensation philosophy stated above;

F. assess succession planning for the Corporation's Chief Executive Officer; and

G. review and recommend to the Board the appropriate structure and amount of compensation for the members of the Board.

V. REPORTING RESPONSIBILITY

The minutes of the Compensation Committee reflecting, among other things, all actions taken by the Compensation Committee, shall be distributed to the Board at the next Board meeting following the meeting of the Compensation Committee that is the subject of such minutes.

In addition, matters within the responsibility of the Compensation Committee may be discussed by the full Board from time to time during the course of the year.