Corporate Governance Guidelines

The Board of Directors (the "Board") and the Nominating /Corporate Governance Committee of Armstrong Logistic Inc. (the "Company") has established the following guidelines for the conduct and operation of meetings and deliberations of the Board. These guidelines will be reviewed periodically by the Board and the Nominating/Corporate Governance Committee and may be amended or modified from time to time.

1. **Duty of Loyalty**: Each director owes a duty of loyalty to the Company, is expected to act in the best interests of the Company and its shareholders as a whole, and to comply with the Gigatronics Code of Ethics.
2. **Conduct of Board Meetings**: The conduct of meetings of the Board will be governed as follows:
    a. **Selection of Agenda Items for Board Meetings**: The Chairman of the Board in consultation with the CEO shall establish the agenda for each Board meeting. Each Board member shall be free to suggest the inclusion of item(s) on the agenda. The Board shall review the Company's long-term strategic plans and the big-picture challenges faced by the Company in executing on these plans during at least one board meeting per year.
    b. **Board Materials Distributed in Advance**: Information and data concerning the Company, its financial affairs and strategic plan is important to the Board's understanding and decision making process. Accordingly, there will be made available in advance of each meeting of the Board appropriate written material relating to substantive agenda items. Management will make every attempt to see that this material is as brief as possible while still providing sufficient content and the desired information. Highly sensitive subjects may be discussed at the meeting without advance distribution of written materials.
    c. **Presentations**: As a general rule, information on specific subjects should be made available to the board members well in advance of each meeting so that the Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. On those occasions for which the subject matter is too sensitive to put in writing, the presentations will be discussed at the meeting.
    d. **Management Presentations**: The Board encourages the Company's management to, from time to time, bring managers into the Board meetings who (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) represent managers with future potential that management believes should be given exposure to the Board.
    e. **Regular Attendance of Non-Directors at Board Meetings**: The Board is comfortable with the regular attendance at each Board meeting of non-Board members who are members of the Company's Executive Staff except during Executive Sessions of the Board.

3. **Executive Sessions of Independent Directors**: The independent (see paragraph 6.c for definition of independent) directors of the Board shall meet separately as a group at least once every other Board meeting, but not less than once a quarter. (These meetings may occur on the same day as regularly scheduled board meetings, but the non-independent members of the Board shall not attend.) The Chairman of the Board shall assume the responsibility of chairing the regularly scheduled meetings of the independent directors and bear such further responsibilities that the independent directors as a whole might designate from time to time.
4. **Access to Company Personnel**: Each member of the Board shall have complete and open access to the Company's personnel. Board members shall use their judgment to be sure that contact with Company personnel is not distracting to the operation of the Company and that such contact be coordinated, to the extent reasonably practicable, with the Chief Executive Officer or the Chairman of the Board.
5. **Access to Advisors**: The Board and each committee thereof shall have the authority to obtain advice, reports, or opinions from internal and external counsel and other advisors as they may deem necessary, without a requirement to consult with, or obtain approval from, any officer of the Company in advance.
6. **Composition of the Board**:
    a. **Size of the Board**: It is the sense of the Board to have approximately six members, but the Board will evaluate its size from time to time.
    b. **Mix of Inside and Outside Directors**: There must be a majority of independent directors on the board, and it is preferable that there be no more than one inside director.
    c. **Board Definition of What Constitutes Independence for Outside Directors**: An Independent Director is one who satisfies the applicable independence requirements of The Nasdaq National Market, Inc. ("Nasdaq") or the exchange on which the Company's securities are traded and the rules and regulations of the Securities and Exchange Commission (the "Commission") at all times during which the Company's securities are publicly traded.
    d. **Former Chief Executive Officer's Board Membership**: When a Chief Executive Officer or any other employee director no longer holds such position, such director shall offer his or her resignation from the Board at the same time. Notwithstanding paragraph 6.c, a former Chief Executive Officer serving on the Board shall be considered an inside director for purposes of corporate governance until a period of three years has elapsed since holding a management position.
    e. **Board Membership Criteria**: The Nominating and Corporate Governance Committee is responsible for reviewing with the Board on a periodic basis, as necessary, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board.
    f. **Selection of New Director Candidates**: The Board itself should be responsible, in fact as well as procedure, for selecting its own members and determining and reviewing their qualifications. The Board delegates the screening process involved to the Nominating

and Corporate Governance Committee with the direct input from the Chairman of the Board and the Chief Executive Officer.

7. **Board Compensation Review**: The Compensation Committee shall have the responsibility for recommending to the Board compensation for non-employee directors. The Board believes that the amount of director compensation should be fair and competitive in relation to director compensation at other companies with businesses similar in size and scope to the Company; the type and amount of compensation should align directors' interest with the long-term interests of shareholders; and the structure of the compensation program should be simple, transparent and easy for shareholders to understand. The Compensation Committee shall review the annual retainer fee as well as other compensation for non-employee directors with the full Board no less frequently than every other year.
8. **Assessing the Board's Performance**: The Nominating and Corporate Governance Committee is responsible to report annually to the Board an assessment of the Board's performance, decision making process, and procedures. The committee's purpose is to increase the effectiveness of the Board. In addition, the Board shall conduct an annual self-evaluation to determine whether the Board and its committees are functioning effectively. The Nominating and Corporate Governance Committee report and the Board self-evaluation shall be discussed by the full Board. These assessments should be of the Board's and the various committees' contributions as a whole and specifically review areas where the Board and/or the management believes a better contribution could be made in the short and long-term perspective. The purpose should be to increase the effectiveness of the Board and of each committee as a whole as well as their individual members.
9. **Committees of the Board**: The committee structure of the Board shall at least consist of an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The Board shall convene other committees, as it deems appropriate.
    a. **Assignment and Rotation of Committee Members**: It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that such a rotation should be mandated as a policy since there may be reasons to maintain an individual director's committee membership for a longer period.
    b. **Frequency and Length of Committee Meeting**: The committee chairman, in consultation with the committee members, will determine the frequency and length of the meetings of the committee in adherence to the committee charter.
    c. **Committee Agenda**: The chairman of the committee, in consultation with the appropriate members of the management and staff, will develop the committee's agenda. Each committee shall issue a schedule of agenda subjects to be discussed for the ensuing year at the beginning of each fiscal year (to the degree these can be foreseen). This forward agenda will also be shared with the full Board.
    d. **Committee Charter**: Each committee, unless otherwise directed by the Board, shall develop a charter for approval by the Board. The charter will set forth the principles, policies, objectives, and responsibilities of the committees. The charters will provide that each committee will meet to review its performance at least once a year. The

membership of the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee shall each consist of three or more directors, each of whom shall satisfy the independence requirements set forth above in paragraph 6c. Furthermore, in the case of the Audit Committee, the members shall satisfy the financial literacy and experience requirements of Section 10A of the Securities Exchange Act of 1934, the Nasdaq National Market, Inc. ("Nasdaq"), and other regulatory requirements. The members of these committees will also meet the other membership criteria specified in the respective charters for these committees. Committee members will be appointed by the Board upon recommendation by the Nominating and Governance Committee of the Board, in accordance with the charter and principles of the committee.

10. **Selection of the Chairman of the Board**: The Chairman of the Board shall be selected from the group of Independent Directors by a majority vote of all Directors. The Chairman may be replaced at any time by a majority vote of all Directors.
11. **Director Responsibilities**: The fundamental role of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. In fulfilling that responsibility, the directors should be able to rely on the honesty and integrity of the Company's senior management and expert legal, accounting, financial, and other advisors.
12. **Directors Who Materially Change Their Present Responsibilities**: It is not the sense of the Board that Directors who retire or change their principal occupation should necessarily leave the Board. There should, however, be an opportunity for the Board to review the continued appropriateness of Board membership under these circumstances. As such, Directors shall use their best efforts to promptly notify the Chairman of the Board and the Chairman of the Nominating/Corporate Governance Committee of any changes in job position, board service, or other changes in circumstances that may impact the Director's service on the Board or the Company's business reputation.
13. **Other Board Seats**: A Director should engage in discussion with the Chairman of the Board prior to accepting an invitation to serve on an additional public company board.
14. **Term Limits**: Subject to the Articles of Incorporation of the Company, directors shall serve one year terms. There is currently no limitation on the number of terms a director may serve. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As such, the Nominating/Governance Committee and the Chairman of the Board will review each director's continuation on the Board annually. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.
15. **Director Nomination Policy**: Attached to these guidelines as Exhibit A is the Director Nomination Policy for director nominees to the Board which has been adopted by the Nominating/Corporate Governance Committee (the "Nomination Policy"). The Nomination

Policy sets the minimum traits, abilities, and experience that the Board looks for in determining candidates for election to the Board.

16. **Strategic Plan**: Every year the Board shall review and approve a multi-year strategic plan and a one-year operating plan for the Company.
17. **Board Interaction with Intuitional Investors, the Press, Etc**. The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is expected that Board members will do so only with the knowledge of management, and in most instances, at the request of management. In particular, any discussions with the media (e.g., press, TV, etc.) concerning the Company should be first channeled through the CEO, whenever practicable. The Company's directors should not accept any gift of value which indicates an intent to influence improperly the normal business relationship between the Company and any supplier, customer, or competitor. Any discrepancy of the foregoing policies should be reviewed by the Board via the Nominating and Corporate Governance Committee.
18. **Formal Evaluation of the Chief Executive Officer**: The Compensation Committee should submit to the independent directors annually at the close of the fiscal year an evaluation of the Chief Executive Officer. After review, amendment, and agreement by the independent directors, the evaluation should be communicated to the Chief Executive Officer by the independent directors. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term objectives, development of management, etc. The independent director's final evaluation will be used by the Compensation Committee when considering and recommending to the Board the compensation of the Chief Executive Officer.

19. **Orientation and Continuing Education**: Subject to fiscal constraints the Committee shall provide directors with access to internal and external orientation programs and continuing education programs to ensure that they have sufficient information about the Company and their duties.