

ARMSRTONG LOGISTIC INC.

COMPENSATION COMMITTEE CHARTER

Introduction

This charter governs the operations of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Giga-tronics Incorporated (the “Company”). The Committee shall review the adequacy of this charter at least annually and recommend any proposed changes to the Board for its approval.

Membership of Committee

The Committee shall be composed of such number of directors appointed by the Board, each of whom shall (a) satisfy the applicable independence requirements of The Nasdaq Stock Market and the rules and regulations of the Securities and Exchange Commission, subject to the phase-in rules that may be applicable, (b) be a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 (the “Exchange Act”), and (c) be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code.

The Committee shall be appointed by the Board, upon recommendation of the Corporate Governance and Nominating Committee of the Board, if one exists. The chairperson of the Committee shall be appointed by the Board. Committee members shall serve until their successors are duly appointed and qualified or until their earlier removal by the Board at any time.

The Committee may form and delegate any of its responsibility to subcommittees as it deems necessary or appropriate in its sole discretion.

Meetings and Consultants

The Committee shall meet as often as it shall determine, but not less frequently than annually. The Committee shall have the authority to select, retain and terminate any compensation consultants, outside legal counsel and other advisors (“Consultants”) as it deems necessary or appropriate in its sole discretion. The Committee may invite Consultants, as well as any officer, director or employee of the Company, to attend meetings of the Committee or to meet with any members of the Committee. The Committee shall have the sole authority to approve the fees and retention terms relating to such Consultants, which fees shall be borne by the Company.

Purposes of the Committee

The Committee shall discharge the overall responsibility of the Board relating to executive and director compensation, produce an annual compensation report for inclusion in the Company’s proxy statement and perform any other tasks that the Board may prescribe from time to time or as required by applicable laws, rules or regulations. All powers of the Committee are subject to the Company’s articles of incorporation, by-laws and applicable law.

Authority and Responsibilities

The Committee shall have the following authority and responsibilities:

- To assist the Board in developing and evaluating potential candidates for executive positions, including chief executive officer, and to oversee the development of executive succession plans.
- To review on an annual basis the corporate goals and objectives with respect to compensation for the chief executive officer and make recommendations to the Board for approval. The Committee shall evaluate at least once a year the chief executive officer's performance in light of these established goals and objectives and based upon these evaluations shall make a recommendation to the Board for the chief executive officer's compensation, including, as applicable, salary, bonus, incentive and equity compensation. The full Board shall review the Committees recommendations and set the Chief Executive Officers Compensation.
- To review and approve on an annual basis the evaluation process and compensation structure for the Company's officers. The CEO shall evaluate the performance of each of the Company's executive officers and shall review with the Compensation Committee his evaluations and recommendations for any executive officer compensation changes, including, as applicable, salary, bonus, incentive and equity compensation,. When the Committee and the CEO reach agreement regarding executive officer performance and compensation, the Committee shall make its recommendation to the full board for their approval.
- To review the Company's incentive compensation and any stock-based plans and recommend changes in such plans to the Board as needed. The Committee shall have and shall exercise all the authority of the Board with respect to the administration of such plans;
- To review Board and committee compensation and benefits, including all forms of cash or stock-based compensation provided to members of the Board, and recommend any proposed changes to the Board for approval;
- To review executive officer compensation for compliance with Section 16 of the Exchange Act and Section 162(m) of the Internal Revenue Code, as in effect from time to time, and other applicable laws, rules and regulations;
- To review Company compensation and benefit plans and practices and make recommendations as necessary.
- To review and approve non-routine employment agreements, severance arrangements and change in control agreements and provisions when, and if, appropriate, as well as any special supplemental benefits;
- To review major organizational and staffing matters;
- To prepare and publish an annual executive compensation report in the Company's proxy statement;
- To report regularly to the Board on the Committee's activities; and

- To perform any other activities consistent with this charter, the Company's articles of incorporation and by-laws and applicable law, as the Committee or the Board deems appropriate.
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