

GIGA TRONICS INC  
Form DEF 14A  
July 30, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Additional Materials

Soliciting Material Pursuant to Sec. 240.14a-11(c) or sec. 240.14a-12

**GIGA-TRONICS INCORPORATED**  
**(Name of Registrant as Specified In Its Charter)**

N/A  
**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

Fee not required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Giga-tronics Incorporated

5990 Gleason Drive

Dublin, California 94568

(925) 328-4650

investors@gigatronics.com

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To be held on September 20, 2018**

To Our Shareholders:

The Annual Meeting of Shareholders of Giga-tronics Incorporated will be held at the Giga-tronics executive offices, 5990 Gleason Drive, Dublin, California on Thursday, September 20, 2018 at 9:30 a.m., local time, for the following purposes:

1. To elect five directors, as nominated by the Board of Directors, to hold office until the 2019 Annual Meeting of Shareholders.
2. To ratify the appointment of Armanino LLP as our Independent Registered Public Accounting Firm for the fiscal year ending March 30, 2019.
3. To approve on an advisory basis the compensation of our named executive officers.
4. To approve the 2018 Giga-tronics Incorporated Equity Incentive Plan.
5. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on July 26, 2018 will be entitled to vote at this meeting, or any adjournment of this meeting.

**IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE ANNUAL MEETING REGARDLESS OF THE NUMBER YOU HOLD. PLEASE DATE, SIGN, VOTE AND RETURN YOUR PROXY PROMPTLY IN THE ENCLOSED, PREPAID ENVELOPE.**

By Order of the Board of Directors,

/s/ William J. Thompson

Chairman of the Board of Directors

**Your vote is very important.  
Even if you plan to attend the meeting,**

**PLEASE VOTE YOUR PROXY PROMPTLY.**

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**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on September 20, 2018: The proxy statement and annual report on Form 10-K are available online at [www.gigatronics.com](http://www.gigatronics.com) under “Investor Relations”.**

Dublin, California

July 30, 2018

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**PROXY STATEMENT**

**FOR THE**

**ANNUAL MEETING OF SHAREHOLDERS**

**Giga-tronics Incorporated**

**5990 Gleason Drive**

**Dublin, California 94568**

This proxy statement is submitted by the board of directors (the “Board”) of Giga-tronics Incorporated, a California corporation (“Giga-tronics” or the “Company”), in connection with the solicitation of proxies for use at the Annual Meeting of Shareholders to be held at 9:30 a.m. on Thursday, September 20, 2018, at the Giga-tronics executive offices, 5990 Gleason Drive, Dublin, California, in accordance with the notice to shareholders, and at any adjournments thereof.

Our Board has fixed July 26, 2018 as the record date for the Annual Meeting. Only shareholders of record at the close of business on the record date are entitled to notice of and to vote at this meeting. Holders of outstanding shares of our preferred stock are entitled to vote with holders of our common stock as a single group. A majority of the shares of common stock and preferred stock on an as-converted basis will constitute a quorum for the transaction of business at the Annual Meeting. On the record date, there were 10,418,953 shares of Giga-tronics common stock and 71,934 shares of Giga-tronics preferred stock issued and outstanding. Each common share outstanding on the record date is entitled to one vote as to each matter to be acted on at this meeting. Each preferred share outstanding on the record date is entitled to 100 votes as to each matter to be acted on at the meeting. However, each shareholder will be entitled to cumulate votes in the election of directors provided that notice of an intention to cumulate votes is given at this meeting by such shareholder before voting for the election of directors. Under cumulative voting, a shareholder is allowed one vote per share multiplied by the number of directors to be elected and may cast the total number of votes for one nominee or may distribute the total number of votes among as many nominees as the shareholder chooses. Five directors will be elected at this meeting.

Shares represented by properly executed proxies received by Giga-tronics will be voted at the Annual Meeting according to the instructions on the proxies. It is intended that shares represented by proxies received by Giga-tronics which are not marked to the contrary will be voted **FOR** all proposals included in the notice of this meeting.

Any person giving a proxy in the form accompanying this proxy statement has the power to revoke it at any time before its exercise. A shareholder giving a proxy may revoke it before its exercise by filing with the Secretary of Giga-tronics either an instrument revoking the proxy or a duly executed proxy bearing a later date. A proxy will be revoked automatically if the shareholder who executed it is present at the Annual Meeting and votes in person. Attendance at this meeting will not, in and of itself, constitute the revocation of a proxy. The granting of a proxy will give the proxy holder authority to cumulate votes if cumulative voting is elected.

The approximate date on which this Proxy Statement and the accompanying form of proxy will be sent to Giga-tronics shareholders is August 15, 2018.

The Annual Report of Giga-tronics for its fiscal year ended March 31, 2018 will be mailed with this Notice of Annual Meeting and Proxy Statement to all shareholders entitled to notice of and to vote at the Annual Meeting.

Abstentions and “broker non-votes” are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

In the election of directors, the five candidates receiving the highest number of affirmative votes will be elected. Abstentions and broker “non-votes” will have no effect on the voting outcome with respect to the election of directors. The affirmative vote of the holders of a majority of shares of capital stock (that is, shares of common stock and preferred stock on an as-converted basis), present in person or represented by proxy and entitled to vote, is required with respect to (i) the ratification of the selection of our Independent Registered Public Accounting Firm, (ii) the approval of the advisory vote on the compensation of our named executive officers and (iii) the approval of the 2018 Equity Incentive Plan. An abstention is treated as present and entitled to vote and therefore has the effect of a vote against these three matters. A non-vote will have no effect on the vote for these matters unless the number of shares voted in favor is less than a majority of the required quorum, in which case a non-vote would have the effect of a vote against these matters.

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The costs of solicitation of proxies, including the printing, handling and mailing of the proxy material, will be paid by Giga-tronics. Copies of solicitation material will be furnished to brokerage houses, fiduciaries and custodians to be forwarded to beneficial owners of shares held in their names, and Giga-tronics will reimburse them for their expenses. The solicitation of proxies through this proxy statement may be supplemented by telephone, email or personal solicitation by directors, officers or other regular employees of Giga-tronics. No additional compensation will be paid to directors, officers or other employees for such services. Giga-tronics has retained Alliance Advisors to solicit proxies for a fee of approximately \$20,000, which includes the estimated fees for related printing services.

The executive offices of Giga-tronics is located at 5990 Gleason Drive, Dublin, California 94568, and the telephone number at that location is (925) 328-4650. Emails can be addressed to investors@gigatronics.com.

## PROPOSAL 1

### ELECTION OF DIRECTORS

At the Annual Meeting, five directors (the entire board of directors) are to be elected to serve until the next annual meeting and until their successors are elected and qualified. The nominees of the Board for election as directors are listed below.

<b>Name</b>	<b>Age</b>	<b>Positions and Offices Held with Company</b>	<b>Director Since</b>
William J. Thompson	53	Director, Chairman of the Board	2011
Gordon L. Almquist	68	Director	2012
Lutz P. Henckels	77	Director, Executive Vice President and Interim Chief Financial Officer	2011
John R. Regazzi	63	Chief Executive Officer and Director	2006
Jamie Weston	53	Director	2016

The following is additional information about each of the nominees as of the date of this proxy statement, including their business experience, director positions held currently or at any time during the last five years, involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused our Board to determine that each nominee should serve as one of our directors.



**William J. Thompson**, age 53, has served as Chairman of the Board of Directors since August 2016 and has been a member of our Board since 2011. Dr. Thompson served as our Acting Chief Executive Officer from August 2016 until June 2017. Dr. Thompson is a Managing Member of Alara Capital AVI II and was Director of Research for Jacobi Capital Management. Dr. Thompson co-founded Circadiant Systems (acquired by JDS Uniphase Corporation), a venture capital backed test and measurement company that designed and manufactured instrumentation for optical communication. Dr. Thompson also served as a Member of Technical Staff at Lucent Technologies where he designed analog RF optoelectronic components for high speed optical communication, and as a researcher with the University of Maryland. Dr. Thompson graduated *summa cum laude* with a Bachelor of Science in Physics from University of North Carolina at Charlotte and holds a Ph.D. in Physics from Stony Brook University. He graduated as a Palmer Scholar with an MBA in Finance from the Wharton School of the University of Pennsylvania.

Dr. Thompson's extensive knowledge and experience with RF and the test and measurement industry, and his valuable insight and knowledge in financial matters qualifies him to serve as a director of Giga-tronics Incorporated.

*Member: Compensation Committee, Nominating and Governance Committee (Chair), and Audit Committee*

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**John R. Regazzi**, age 63, has served as a member of our Board since 2006. He has been our Chief Executive Officer since February 2018. Previously he was appointed Co-Chief Executive Officer in June 2017 and Chief Technology Officer in August 2016. From 2006 to August 2016, he was the President and Chief Executive Officer of the Company. Prior to that, Mr. Regazzi held the following positions within the Giga-tronics Instrument Division: President and General Manager, Vice President of Operations, and Vice President of Engineering. Mr. Regazzi also serves as the Company's Secretary. Prior to Giga-tronics Mr. Regazzi was with Hewlett Packard and Keysight for 22 years in various design and management positions associated with their microwave sweeper and synthesizer product lines. Mr. Regazzi holds a Bachelor of Science in Electrical Engineering from Rutgers University and a Master of Science in Electrical Engineering from Lehigh University.

Mr. Regazzi's current role as Chief Executive Officer, his RF and Microwave expertise, and his depth of experience in engineering and manufacturing management qualifies him to serve as a director of Giga-tronics Incorporated.

**Gordon L. Almquist**, age 68, has served as a member of our Board since 2012. Mr. Almquist has more than 30 years of experience in senior financial management roles at public and private technology companies. From August 2009 until his retirement in June 2016, Mr. Almquist served as the Vice President and Chief Financial Officer of Keyssa, Inc. (formerly known as WaveConnex, Inc.), a semiconductor technology company headquartered in Campbell, CA. Prior to Keyssa, he held similar positions at Strix Systems, where he was also a co-founder, and publicly-traded companies including Vertel Corporation and 3D Systems Corporation. Mr. Almquist also served on the board of directors for CAP Wireless (acquired by TriQuint Semiconductor in 2013). Mr. Almquist is a certified public accountant (inactive) in the State of California and holds a bachelor's degree in business administration (accounting) from California State University, Northridge.

Mr. Almquist's expertise and knowledge of financial and audit matters and public company experience qualifies him to serve as a director of Giga-tronics Incorporated.

*Member: Audit Committee (Chair), and Compensation Committee*

**Lutz P. Henckels**, age 77, has served as a member of our Board since 2011. Dr. Henckels is a managing member of Alara Capital AVI II. He was appointed the Executive Vice President and interim Chief Financial Officer of Giga-tronics in February 2018. Prior to joining Giga-tronics, Dr. Henckels was Chairman and Chief Executive Officer of HiQ Solar which produces solar inverters for the commercial market from May 2013 to December 2017. Dr. Henckels has over 40 years' experience serving as Chief Executive Officer of the private and public technology companies HiQ Solar, SyntheSys Research (acquired by Tektronix/Danaher), LeCroy Corporation, and HHB Systems. Dr. Henckels is the recipient of the first John Fluke Sr. Memorial Award, along with David Packard, Joe Keithley, and Alex D'Arbeloff. The John Fluke Sr. Memorial Award was established in 1986 to honor executives who have led their companies with innovative engineering or business management. Dr. Henckels holds a Bachelor of Science and Master of Science in Electrical Engineering and PhD in Computer Science from the Massachusetts Institute of

Technology. He graduated Eta Kappa Nu and Tau Beta Pi, and is also a graduate of the OMP program of Harvard Business School. Dr. Henckels has been a director of multiple publicly traded companies, including Ikos, Inframetrics, and LeCroy.

Dr. Henckels current role as Executive Vice President and acting Chief Financial Officer provides valuable insight and perspective on strategic and business matters. Dr. Henckels' knowledge and experience in the technology industry qualifies him to serve as a director of Giga-tronics Incorporated.

*Member: Nominating and Governance Committee*

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**Jamie Weston**, age 53, has served as a member of our Board since 2016. Mr. Weston is a Managing Director at Spring Mountain Capital (“SMC”) private equity group and has been with the firm since 2011. SMC is the largest investor in Alara Capital AVI II, the Company’s largest shareholder. Mr. Weston was previously a Partner at The Wicks Group of Companies, a private equity firm with close to \$1 billion under management, focused on selected segments of the information, education, and media industries. During his 15 years at Wicks, he was an integral part of its investment and management activities, and served on the board of directors of many of its portfolio companies. While at Wicks, he directly structured and negotiated more than 20 acquisitions and divestitures and worked on more than 40 additional closed transactions. Prior to Wicks, Mr. Weston worked at IBJ Whitehall Bank & Trust Company and National Westminster Bancorp, where he completed leveraged financings. Mr. Weston received his M.B.A. from Fordham University and graduated cum laude from Drew University with a B.A. in Economics.

Mr. Weston’s extensive knowledge and experience as a board member of multiple companies and his knowledge of financial matters qualifies him to serve as a director of Giga-tronics Incorporated.

*Member: Compensation Committee (Chair), Nominating and Governance Committee, and Audit Committee*

There are no family relationships between any of our directors or executive officers. The Board has determined that Messrs. Almquist and Weston, are independent under the independence standards of The Nasdaq Stock Market. Mr. Regazzi and Mr. Henckels are not independent under this standard because of their employment with the Company. Mr. Thompson is not independent under this standard because he served as co-CEO of the Company in 2017.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE ELECTION OF ALL NOMINEES NAMED IN PROPOSAL 1. THE PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED IN THE ABSENCE OF INSTRUCTIONS TO THE CONTRARY.**

**INFORMATION ABOUT THE BOARD  
AND COMMITTEES OF THE BOARD**

**Meetings**

There were 38 meetings of the Board during the fiscal year ended March 31, 2018. During the fiscal year, each director attended 75% or more of the aggregate number of meetings of the Board and meetings of Board committees of which the director was a member. Directors are expected to attend the Annual Meeting except for good cause, and all but one of the directors attended the Annual Meeting in 2017.

**Committees**

The Giga-tronics Board has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee.

*Audit Committee*

The Audit Committee consists of directors Gordon L. Almquist (Chairman), William J. Thompson, and Jamie Weston. While Mr. Almquist and Mr. Weston, are considered to be independent under the director independence standards of the Nasdaq Stock Market applicable to audit committee members, Mr. Thompson is not considered to be independent under this standard because he was the Company's co-Chief Executive Officer from August 2016 to June 2017. The Audit Committee serves to monitor the effectiveness of the independent audit, as well as the Company's accounting, financial controls and financial reports. The Audit Committee must pre-approve all non-audit services provided by the Independent Registered Public Accounting Firm. The Audit Committee held four meetings during the past fiscal year. For fiscal 2018, the Board has determined that Gordon L. Almquist, as the financial expert, had:

(i) an understanding of generally accepted accounting principles and financial statements;

(ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

(iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities;

(iv) an understanding of internal control over financial reporting; and

(v) an understanding of audit committee functions.

Therefore, the Board determined that Mr. Almquist is the Audit Committee's financial expert for purposes of the Nasdaq Stock Market rules and requirements of the Sarbanes-Oxley Act of 2002.

During the 2018 fiscal year, the Audit Committee met four times.

The charter of the Audit Committee is available on the Company's website at <http://investor.gigatronics.com/governance.cfm> .

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### *Compensation Committee*

The Compensation Committee consists of directors Jamie Weston (Chairman), Gordon L. Almquist and William J. Thompson. Mr. Weston and Mr. Almquist are independent under the independence standards of the Nasdaq Stock Market but Mr. Thompson is not because he served as the Company's Acting Chief Executive Officer during 2016 and 2017. The Compensation Committee formulates recommendations to the Board regarding levels of compensation for management. In addition, in order to recognize the expected future contributions of key employees and provide an additional incentive for them to remain with Giga-tronics over the long-term, the Compensation Committee awards options to purchase shares of our common stock and other forms of equity awards. The Compensation Committee reviews and approves all stock options and executive compensation.

The Compensation Committee did not engage any compensation consultants in determining or recommending executive officer compensation for fiscal 2018. During the 2018 fiscal year, the Compensation Committee did not conduct any meetings.

The Compensation Committee charter is available on the Company's website at <http://investor.gigatronics.com/governance.cfm>.

### Nominating and Governance Committee

The Nominating and Governance Committee (the "Nominating Committee") consists of directors Jamie Weston (Chairman), William J. Thompson, and Lutz P. Henckels. While Mr. Weston is considered to be independent under the director independence standards of the Nasdaq Stock Market, Mr. Henckels is not considered to be independent under this standard because he became the Company's Acting Chief Financial Officer in February 2018. Mr. Thompson is not for the reasons described above. The purpose of the Nominating Committee is to recommend persons for membership on the Board, to establish criteria and procedures for the selection of new directors, and to evaluate and recommend to our Board any revisions to our corporate governance guidelines. The Nominating Committee made no recommendations with respect to nominees for the 2018 Annual Meeting and instead, the nominees, each of whom is currently a director, were selected by our Board. In addition, while the Nominating Committee generally makes recommendations concerning committee membership to our Board, in July 2018, our Board recomposed the members of our Compensation Committee without a separate recommendation from the Nominating Committee.

The Nominating Committee has no formal process for identifying and evaluating candidates. Existing directors identify suitable candidates as the need arises. The Board's policy is to consider any director candidate nominated or recommended by a shareholder in the same manner that it would consider a candidate nominated by the Board or

Nominating Committee. In the past year, the Company did not receive any recommendations for director candidates from any shareholders. Shareholder recommendations should be submitted in writing to the Company by mail at its main office at least 120 days in advance of the anniversary date of the mailing of notice of the previous year's annual meeting and should include sufficient biographical information (including all information that would be required to be disclosed in a proxy statement for a shareholder meeting at which directors are to be elected) for the committee to make an initial evaluation of the candidate's qualifications. The Company has never engaged or paid a fee to a third party search firm in connection with the nomination of a candidate for director.

The Nominating Committee considers the following criteria in proposing nominations for director to the full Board: independence; high personal and professional ethics and integrity; ability to devote sufficient time to fulfilling duties as a director; impact on diversity of the Board, including skills and other factors relevant to the Company's business; overall experience in business, education, and other factors relevant to the Company's business. At a minimum, the Nominating Committee must be satisfied that each nominee, both those recommended by the Nominating Committee and any recommended by shareholders, meets the following minimum qualifications:

The nominee should have a reputation for integrity and honesty.

The nominee should have demonstrated business experience and the ability to exercise sound judgment.

The nominee should have an understanding of the Company and its industry.

The nominee should have the ability and willingness to act in the interests of the Company and its shareholders.

The nominee should not have a conflict of interest that would impair the nominee's ability to fulfill the responsibilities of a director.

The Nominating Committee has adopted a Code of Ethics applicable to all directors, officers and employees. The Company will provide to any person without charge, upon request, a copy of such Code of Ethics upon written request mailed to the Company at its main office, to the attention of the Corporate Secretary. The Nominating Committee has no formal policy on the consideration to be given to diversity in the nomination process, other than to seek candidates who have skills and experience that are appropriate to the position and complementary to those of the other board members or candidates.

The Nominating Committee charter is available on the Company's website at <http://investor.gigatronics.com/governance.cfm> .



### **Board Leadership Structure**

The positions of Chairman of the Board and Chief Executive Officer are currently held by different persons. The Board believes that having a separate chairman helps enable the Board to maintain an independent perspective on the activities of the Company and executive management. Periodically, the Board assesses the roles and the Board leadership structure to ensure the interests of the Company and the shareholders are best served.

### **Board Risk Oversight**

The Company's senior management manages the risks facing the Company under the oversight and supervision of the Board. While the full Board is ultimately responsible for risk oversight at the Company, the Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to risk in the areas of financial reporting and internal controls. Other general business risks such as economic and regulatory risks are monitored by the full Board.

### **Compensation of Directors**

For fiscal year 2018, no directors other than the Acting Chief Executive Officer, Acting Chief Financial Officer and the Audit Committee Chair received cash payment for their services as employees and directors. The Compensation to the Acting Chief Executive Officer was related to earnings in capacity of Acting Chief Executive Officer. The Compensation to the Acting Chief Financial Officer was related to some consulting services prior to his becoming the Company's Acting Chief Financial Officer in February 2018. The Audit Committee Chair, who is not employed by Giga-tronics, received annual director's fees of \$89,900 consisting of \$44,000 in cash fees; a restricted share award of 26,000 common shares; an option grant for 11,000 common shares which vests at the rate of 20% per year; and \$25,000 in cash for consulting fees. From time to time, Giga-tronics makes discretionary grants of options to purchase shares of its common stock to directors in consideration for services they provide to Giga-tronics as members of the Board. For fiscal year 2018 no directors other than the Audit Committee Chair received a discretionary grant of options. The restricted stock award described above vested fully on March 31, 2018.

The following table summarizes compensation paid to directors (other than Mr. Regazzi, whose compensation in all capacities is included in the Executive Compensation Table that follows) in fiscal year 2018.

### **Director Compensation**

Name	Fees		Restricted Stock Awards (2) (\$)	Change in Pension Value and Non-qualified Deferred Compensation		Total (\$)
	Earned or Cash Paid (\$)	Option Awards (1) (\$)		Value and Non-qualified Deferred Compensation	All Other Compensation (3) (\$)	
Gordon L. Almquist	\$44,000	\$3,740	\$17,160	—	\$25,000	\$89,900
John R. Regazzi	—	\$—	\$—	—	\$—	\$—
Lutz P. Henckels	—	\$—	\$—	—	\$25,000	\$25,000
Jamie Weston	—	\$—	\$—	—	\$—	\$—
William J. Thompson	—	\$—	\$—	—	\$—	\$—

- The value for stock option awards in the table above represents grant date fair value of stock option awards. For option awards, the dollar amount for each individual varies depending on the number of options granted, the fair value of such options, and the vesting terms of such options. See Note 1 of the audited consolidated financial statements for the fiscal year ended March 31, 2018 for information on the assumptions used to calculate the grant date fair value of option awards and the expense recognized under ASC 718. At March 31, 2018, Mr. Henckels held options to purchase 405,500 shares of common stock, Mr. Thompson held options to purchase 44,000 shares of common stock, Mr. Almquist held options to purchase 71,500 shares of common stock, and Mr. Weston held no options.
- (2) Restricted shares were granted in lieu of cash compensation for fiscal year 2018 with the weighted average grant date fair value of \$0.66 per share.
- (3) Consulting Fees in fiscal year 2018 were \$25,000 for Mr. Almquist and \$25,000 for Mr. Henckels. Does not include compensation earned by Mr. Thompson for services as Acting CEO, which are included in the executive compensation table.

Giga-tronics has entered into indemnification agreements with all of its officers and directors.

### **Communications with Directors**

The Company does not have a formal process for shareholders to send communications to the Board or to specific individual directors. Shareholders may send communications to the full Board or to individual directors at the Company's offices at 5990 Gleason Drive, Dublin, California 94568. Communications will be forwarded unopened to the director to whom it is addressed or to the Chairman of the Board if addressed to the Board. The Board believes that this informal process is adequate to ensure that shareholder communications are received by the intended recipients.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers, and holders of more than 10% of Giga-tronics' common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission, or SEC. Officers, directors, and greater than 10% shareholders are required by SEC regulations to furnish Giga-tronics with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms received by Giga-tronics, or written representations from certain reporting persons, we believe that during the fiscal year ended March 31, 2018, the Company's officers, directors and greater than 10% shareholders timely complied with all applicable filing requirements except as follows: Mr. Almquist filed a Form 4 untimely reporting three transactions (the receipt of a stock option award, the receipt of a restricted stock award and the acquisition of the Company's Series E Senior Convertible Voting Perpetual Preferred Stock ("Series E Shares"); Mr. Henckels filed three Form 4s untimely reporting three transactions (the receipt of a restricted stock award, the cancelation of a restricted stock award and the acquisition of Series E Shares, Mr. Regazzi filed two Form 4s untimely reporting two transactions (the receipt of a restricted stock award and the acquisition of Series E Shares) and Ms. Oduozor filed one Form 4 untimely reporting the receipt of a restricted stock award.

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**INFORMATION ABOUT EXECUTIVE OFFICERS**

The following table sets forth information concerning the Company's executive officers.

<b>Name</b>	<b>Age</b>	<b>Position</b>
John R. Regazzi	63	