

**COMARCO, INC.**  
**COMPENSATION COMMITTEE CHARTER**

**I. PURPOSE**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors is to assist the Board in regards to (i) discharging the Board’s responsibilities with respect to the compensation and benefits of the Company’s executive officers and directors, including designing (in consultation with management and the Board, as appropriate), evaluating the compensation plans, policies and programs of the Company and, where it determines appropriate, recommending for approval such compensation plans, policies and programs to the Board, and (ii) producing or reviewing reports or disclosures with respect to executive compensation required to be included in the Company’s proxy material in accordance with the applicable rules and regulations of the Securities and Exchange Commission (“SEC”) or the Nasdaq Stock Market, Inc. (“NASDAQ”). The Committee shall establish compensation programs that are designed to encourage high performance and accountability and promote the alignment of employee interests and the interests of the Company’s stockholders.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time, consistent with the Company’s bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise, shall be executed and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee, including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder, shall be at the Committee’s sole discretion.

**II. COMPOSITION AND QUALIFICATIONS**

The Committee shall be comprised of three or more members of the Board of Directors, each of whom is determined by the Board of Directors to be “independent” under the rules of the NASDAQ and the SEC. Additionally, no director may serve unless he or she (i) is a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (ii) satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

**III. APPOINTMENT AND REMOVAL**

The members of the Committee shall be appointed by the Board of Directors and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The Board of Directors may, at any time, remove any member of the Committee, with or without cause, and fill the vacancy created by such removal. The Committee’s Chairman shall be designated by the full Board, comprising a majority of independent directors, or the full Committee.

#### **IV. MEETINGS AND PROCEDURES**

The Committee shall meet on a regularly scheduled basis at least once annually and more frequently if the Committee deems necessary or desirable. The Chairman, or in his or her absence, a member designated by the Chairman, shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings, so long as they are not inconsistent with any provisions of the Company's certificate of incorporation, bylaws or this Charter. Notwithstanding the foregoing, a majority of the members of the Committee shall constitute a quorum for the transaction of business, and if a quorum is present, any action approved by at least a majority of the members present shall represent the valid action of the Committee. The Committee may included or exclude from its meetings any persons it deems appropriate. Notwithstanding the foregoing, the Chief Executive Officer may not be present during deliberations relating to or voting on his or her compensation. The Committee shall report regularly to the Board of Directors (i) following meetings of the Committee, (ii) with respect to those matters that are relevant to the Committee's discharge of its responsibilities, and (iii) with respect to those recommendations that the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman of the Committee or any other member of the Committee designated by the Committee to make such report. Additionally, the Committee Chairman, or the Chairman's designee, shall report to the Board as otherwise requested by the Chairman of the Board.

#### **V. COMMITTEE RESOURCES**

The Committee shall have the authority to obtain advice and seek assistance from consultants, legal counsel, accounting or other advisors as appropriate to perform its duties hereunder and to determine the terms, costs and fees for such engagements. The Committee shall have the sole authority, as it deems appropriate, to retain and/or replace, as needed, any independent counsel, compensation and benefits consultants and other outside experts or advisors as the Committee believes to be necessary, desirable or appropriate. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such persons retained by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

#### **VI. DUTIES AND RESPONSIBILITIES**

The duties of the Committee are as follows:

1. Discharge the Board of Directors' responsibilities relating to the compensation of the Company's executive officers and other employees.
2. Evaluate the Company's compensation policies and programs and, if the Committee deems it appropriate or necessary, adopt or recommend to the Board of Directors, the

implementation of new, or the amendment of existing, compensation policies and programs. In its evaluation, the Committee shall consider, without limitation, the goals and objectives of the Company's compensation policies and programs, what they should reward and the rationale for including each element of compensation. Further, the Committee shall assess how each compensation element and the decisions regarding that element fit into the Company's overall compensation objectives and affect decisions regarding other elements. The Committee shall establish certain policies as it deems necessary and appropriate, including, but not limited to, policies for (i) allocating between current and long-term compensation and between cash and equity or there non-cash compensation, (ii) whether and how benchmarking and other analytical tools should be employed in establishing compensation components and levels, and (iii) how the amount (and where applicable, the formula) for each element of compensation shall be determined.

3. Annually review and approve the corporate goals and objectives relevant to the compensation of the chief executive officer (the "CEO") and the other executive officers of the Company.

4. Annually evaluate the performance of the CEO in light of the goals and objectives of the Company's compensation policies and programs, which evaluation shall, as appropriate, be in concert with the Board, and set his or her compensation levels based on this evaluation. In determining the compensation and the long-term incentive components of the CEO's compensation, the Committee shall consider all relevant factors it deems necessary or advisable, including, but not limited to, the Company's performance and relative stockholder return, the value of similar awards to CEO's of comparable companies in the Company's industry, and the awards given to the CEO of the Company in past years.

5. Annually evaluate, in consultation with the CEO as the Committee deems appropriate or necessary, the performance of the other officers and senior managers of the Company in light of the goals and objectives of the Company's executive compensation policies and programs, and set his or her compensation levels based on this evaluation. In determining the compensation and the longterm incentive components of these other officers' and senior managers' compensation, the Committee shall consider all relevant factors it deems necessary or advisable, including, but not limited to, the Company's performance and relative stockholder return, the value of similar awards to officers and senior managers of comparable companies in the Company's industry, and the awards given to the officers and senior managers of the Company in past years.

6. Periodically review and advise the Board of Directors concerning both regional and industry-wide compensation practices and trends in order to assess the adequacy and competitiveness of the Company's compensation programs for the Chief Executive Officer, other executive officers, senior managers and directors relative to comparable companies in the Company's industry. In conducting this evaluation, the Committee may, as it deems appropriate or necessary, engage outside consultants to assist the Committee.

7. Review and approve, and/or as appropriate recommend for approval to the Board, all employment, severance, or change-in-control agreements special or supplemental benefits, or

provisions including the same, applicable to all executive officers. In reviewing and approving such agreements and/or provisions, the Committee shall consider all relevant factors it deems necessary or

advisable, including, but not limited to, the necessity of continuing such arrangements in each particular case, the effect of such agreements and/or provisions on the Company's performance and relative stockholder return, and the use of similar agreements and/or provisions relative to executive officers by comparable companies in the Company's industry.

8. Review the Company's policies regarding the tax deductibility of compensation paid to the Company's executive officers for purposes of Section 162(m) of the Internal Revenue Code, including, but not limited to, establishing performance goals and certifying that such goals have been attained.

9. When required by SEC rules review and discuss with management and participate, to the extent appropriate, in the preparation of, the Compensation Discussion and Analysis ("CD&A") section

required by the rules of the SEC to be included in the Company's regulatory filings and recommend to the Board of Directors that the CD&A be included in such filings.

10. Participate in the preparation of a report of the Committee for inclusion in the Company's annual proxy statement as required by the rules of the NASDAQ, the SEC and other regulatory bodies.

11. Review and approve, or recommend to the Board of Directors, in accordance with the rules of the NASDAQ and the SEC, executive incentive compensation plans and equity-based plans in which executive officers and members of the Board of Directors are eligible to participate.

12. Oversee the administration of the Company's incentive compensation, variable pay and stock programs.