

COMARCO, INC. CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of COMARCO, INC. (the “Company”) has adopted a set of corporate governance guidelines to provide a framework for the Board and its committees for the governance of the Company and to set forth a common set of expectations as to how the Board should perform its functions. The Board recognizes that there is ongoing public discussion about corporate governance and will periodically review these Corporate Governance Guidelines in light of evolving circumstances and standards.

I. BASIC RESPONSIBILITIES OF THE DIRECTORS AND THE BOARD OF DIRECTORS

The Board represents the shareholders’ interests in perpetuating a successful business, including optimizing long-term financial returns. The Board is responsible for overseeing the Company’s management in its efforts to achieve these objectives. This is an active, not a passive responsibility. The Board shall regularly monitor the effectiveness of management policies and decisions and the execution of management’s strategies.

The property, affairs and business of the Company shall be administered by management under the direction of the Board. The basic responsibility of the directors is to exercise their business judgment and to act in good faith in a manner that they believe to be in the best interests of the Company and its shareholders and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In discharging these obligations, directors shall be entitled to rely on the honesty and integrity of the Company’s officers and employees and its advisors and auditors. The Board has adopted a code of business conduct and ethics for all directors, officers and employees of the Company in accordance with the rules of the Nasdaq Stock Market, Inc. (“NASDAQ”) and the SEC, and which complies with the requirements of the Sarbanes-Oxley Act of 2002.

Directors are expected to prepare for, attend and participate actively in all regularly scheduled Board meetings and meetings of Board committees on which they serve and to meet as frequently as needed to discharge their responsibilities properly.

In addition to its general oversight of management, the Board shall perform a number of specific functions, including:

- selecting, evaluating and, based on recommendations of the Compensation Committee, determining the compensation of the Company’s Chief Executive Officer (“CEO”) and senior executives and overseeing management succession planning;
- reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
- assessing major risks facing the Company and reviewing options for their mitigation; and
- ensuring processes are in place for maintaining the integrity of the Company, its financial statements, its compliance with law and ethics, its relationships with

employees, its relationships with customers and suppliers, and its relationships with investors and shareholders.

II. BOARD COMPOSITION

- a. Board Size. The Board shall periodically evaluate whether the number and range of directors that is suitable to serve the Company's goals and needs, including the goals reflected in these Guidelines. The Board has determined this range to be between 5 and 9, which determination has been approved by the shareholders in accordance with California law. The Board shall fix the actual number of directors within this range from time to time as it determines appropriate.
- b. Selection of Board Members. All Board members shall be elected annually by the Company's shareholders, except as noted below with respect to vacancies. Each year at the Company's annual meeting, the Board shall recommend a slate of directors for election by the shareholders. The Board's recommendations shall be based on its determination (using advice and information supplied by the Nominating and Corporate Governance Committee) as to the suitability of each individual and the slate as a whole to serve as directors of the Company, taking into account the membership criteria discussed below.

The Board may fill vacancies in existing or new director positions. Such directors shall be elected by the Board to serve until the next election of directors by the shareholders.

- c. Qualifications. The policy of the Board is to encourage selection of directors who will contribute to the Company's overall corporate goals of technology leadership, effective execution, high customer satisfaction, superior employee working environment, and creation and preservation of shareholder value. In general, directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders.

Director candidates shall be considered for recommendation by the Nominating and Corporate Governance Committee in accordance with these Corporate Governance Guidelines, the charter for the Nominating and Corporate Governance Committee and the criteria set forth on Attachment A to these guidelines.

The Nominating and Corporate Governance Committee shall be responsible for reviewing with the Board, from time to time, specific skills and characteristics required of Board members in the context of the current make-up and needs of the Board. A majority of the directors shall be "independent," as defined by the applicable NASDAQ and SEC rules, and those of any other legal or regulatory body.

- d. Management Directors. The Board may appoint or nominate members of the Company's management whose experience and role at the Company are expected to help the Board fulfill its responsibilities.
- e. Chairman of the Board. The Board will periodically appoint a Chairman with the approval of a majority of the directors then in office or as otherwise provided in the Company's Bylaws. Both management and non-management directors, including the CEO, are eligible for appointment as the Chairman. If the Chairman is not an independent director, one of the non-management directors will be designated by a majority of the non-management directors to be the "Lead Director." The Lead Director will periodically schedule and conduct separate meetings of the non-management directors, provide input into agendas for Board meetings and perform various other duties as may be appropriate.
- f. Term Limits. The Board does not believe that arbitrary term limits on directors' service are appropriate. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that fresh ideas and viewpoints are available to the Board and that the Board continues to evolve through the selection and review processes and qualifications described in these Guidelines.

At the same time, the Board does not believe that directors should expect to be renominated annually. The selection and review processes and qualifications described in these Guidelines will also serve as determinants for a director's Board tenure and each incumbent director will be reevaluated annually.

- g. Invitation to a Potential Director to Join the Board. The invitation to join the Board or to be included as a nominee in the Board's slate to be presented to the Company's shareholders, should be extended by the Board itself via the Nominating and Governance Committee.
- h. Director Orientation and Continuing Education. All new directors are required to participate in an orientation program, which should generally be conducted within 6 months after election to the Board. This orientation will include presentations by senior management at the Company's facilities to familiarize new directors with the Company's business, its compliance programs, its ethics program, its principal officers, its independent auditors and its principal outside legal counsel. As part of a program of director continuing education, the Corporate Secretary and the Chief Financial Officer will be responsible for periodically providing materials or briefing sessions for all directors on subjects that would assist them in their duties. The Board encourages directors to attend outside continuing education programs relevant to their duties as members of the Board and/or a particular committee. The Company will compensate directors for their actual and reasonable out-of-pocket expenses incurred in attending such programs (or, in

the case of directors who serve on multiple boards, the Company's share of those expenses).

III. BOARD COMPENSATION

The Board, through the Compensation Committee, will review, or request management or outside consultants to review, appropriate compensation policies for the directors serving on the Board and its committees. The Compensation Committee shall be guided by three goals: (i) the compensation should fairly pay directors for work required in a company of the Company's size and scope; (ii) the compensation should align directors' interests with the long-term interests of shareholders; and (iii) the structure of the compensation should be clearly disclosed to shareholders. In addition, the Compensation Committee will consider contributions to Board functions, service as committee chairs, and other appropriate factors. Changes in Board compensation, if any, should be recommended by the Compensation Committee, with the concurrence of the Nominating and Corporate Governance Committee, and with discussion and concurrence by the Board.

The Board believes that a meaningful portion of director compensation should be in equity interests of the Company to further the direct correlation of directors' and shareholders' economic interests. In furtherance of this policy, the equity portion of a director's compensation may be provided under the Company's 2005 Equity Incentive Plan, or any other plan then in effect.

In view of their significant added responsibilities, members of the Audit Committee and special committees whose functions entail unusual additional responsibilities, the Lead Director and committee chairs may receive reasonable compensation for their added responsibilities, which may be greater in amount than that paid to other directors.

The Company will not make any personal loans or extensions of credit to directors or executive officers.

IV. MEETINGS OF BOARD AND COMMITTEES

- a. Frequency of Board Meetings. A minimum of four regular meetings of the Board shall be held each year. Additional meetings will be held as needed and will be called in accordance with the Company's Bylaws. In appropriate circumstances, the Board may also act by written consent, as permitted by the Company's Bylaws.
- b. Scheduling of Full Board Meetings. Board meetings will be scheduled in advance, ordinarily for a full day every quarter and generally at the Company's principal executive office.
- c. Agenda and Materials. In preparing the agenda, the CEO will solicit and collect possible agenda items from other members of the Board and from senior management. Each Board committee and each individual director is encouraged to suggest items for inclusion on the agenda. The Board, however, will ultimately

be responsible for its own agenda. An agenda will be distributed in advance of each meeting to each director. The Board reserves authority to meet in executive sessions to discuss sensitive matters without distribution of written materials.

- d. Director Attendance. Proxy materials of the Company prepared in connection with the Annual Meeting of the shareholders must identify each director who attends less than 75% of the total number of Board and applicable committee meetings (in person or by telephone) held during the preceding fiscal year. It is the policy of the Board that, when possible, each director prepare for and attend each meeting of the Board and any committee on which he or she serves and attend each annual meeting of shareholders. The Company shall disclose such policy and attendance of the directors in its proxy materials.
- e. Attendance at Board and Committee Meetings. Appropriate officers, other employees of the Company and others may be invited by the CEO to attend the general session of the regular meetings of the Board. The Board shall always have the right to ask any or all non-directors to leave a meeting at any point as the directors may deem appropriate. The Board encourages management to bring managers into Board and committee meetings from time to time who (a) can provide additional insight on items being discussed, or (b) have potential for additional leadership responsibilities.
- f. Executive Sessions of the Independent Directors. It is the policy of the Board that the independent directors meet separately without management directors at least twice per year, before or after regularly scheduled Board meetings, to discuss such matters as the independent directors consider appropriate. Following such meeting, the Lead Director (or another designated director) will discuss with the Chairman and the CEO, to the extent appropriate, matters emanating from the executive sessions.

V. ACCESS TO COMPANY EMPLOYEES AND OUTSIDE ADVISORS

The Company's executive management will provide the Board, the independent directors as a group, and the Board's committees with access to Company employees and the Company's outside auditors and legal advisors in order to ensure that directors can obtain all information necessary to fulfill their duties. The Board will specify protocols for making such inquiries and contacts. In general, outside the context of Board and committee meetings and executive sessions of the independent directors where employees and advisors are present, except in unusual circumstances, directors should coordinate their inquiries and contacts through the Chairman or the Lead Director. The Chairman or Lead Director in turn will, in the absence of unusual circumstances, normally route such inquiries to the CEO, or to the Chief Financial Officer or the Chief Accounting Officer (in the case of finance and accounting related inquiries) or to the Company's legal counsel (in the case of inquiries relating to legal matters), and will normally arrange such contacts with Company employees through the CEO and the business unit head or functional area head to whom such employee reports.

The Board, each committee of the Board and the non-management directors as a group may retain and have access to independent legal, financial or other advisors of their choice with respect to any issue relating to their activities at the Company's expense.

VI. BOARD COMMITTEES

- a. Number and Type of Committees. The Board shall at a minimum have an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The Board may create new committees or, subject to NASDAQ and SEC rules, disband existing committees as it deems advisable for purposes of fulfilling its primary responsibilities. Each committee will have a charter approved by the Board that sets forth the purposes, goals and responsibilities of the committee as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations, and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance. Each committee will undertake an annual review of its charter and work with the Nominating and Corporate Governance Committee and the Board to make such revisions as are considered appropriate.

Audit Committee. The Audit Committee shall oversee the accounting and financial reporting processes of the Company and audits of the Company's financial statements. The Audit Committee also shall (i) support and encourage efforts to improve the financial controls exercised by management and to ensure their adequacy for purposes of public reporting and (ii) select (or nominate for shareholder approval), evaluate and, where appropriate, replace the Company's independent auditors.

Compensation Committee. The Compensation Committee shall design and evaluate the Company's compensation policies, plans and programs, review and structure the compensation of the CEO, other officers and key employees of the Company and its subsidiaries, and make awards under the Company's equity incentive plans.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall identify and evaluate suitable candidates to be candidates for election as directors (including re-nomination of incumbent directors), oversee the composition, structure and evaluation of the Board and its committees, and develop and maintain a set of corporate governance guidelines.

- b. Committee Member Selection. The Board shall designate the members and Chair of each committee, endeavoring to match the committee's function and needs for expertise with the individual skills and experience of the appointees to the committee. The Audit, Compensation, and Nominating and Corporate Governance Committees shall consist solely of independent directors. Members of the Audit and Compensation Committees shall also meet any additional criteria

for independence, and the Chair and members of the Audit Committee shall meet any additional criteria for financial literacy, expertise and experience, that the statutes and regulations of the SEC, NASDAQ and tax rules may require for those committees. Subject to these requirements, and if feasible in light of the overall size and composition of the Board, it is the policy of the Board that committee members should be subject to rotation requirements, which will be set forth in each committee charter. If any director ceases to be independent under the standards set forth herein while serving on any committee whose members must be independent, he or she shall promptly resign from that committee.

- c. Committee Functions. The frequency, length and content of committee meetings and other matters of committee governance will be determined by each committee in light of the authority delegated by the full Board to the committee, the committee's charter, if any, approved by the Board, and legal, regulatory, accounting or governance principles applicable to that committee's function. The Company will provide each committee with access to the Company's employees, outside auditors, legal advisors and other resources (including independent counsel, financial advisors or consultants), as required or appropriate in the reasonable judgment of the committee, to enable the committee to carry out its responsibilities. Minutes of committee meetings will be made available to each Board member to assure that the Board remains fully apprised of topics discussed and actions taken. The Chair of each committee will report at Board meetings on committee actions, as appropriate.

VII. PERFORMANCE EVALUATION – SUCCESSION PLANNING

- a. Assessing the Board and Committees. The Board, with the assistance of the Nominating and Corporate Governance Committee, will conduct an annual self-evaluation to determine whether the Board and its committees are functioning effectively. Each committee of the Board will conduct an annual self-evaluation to determine whether it is functioning effectively.
- b. Annual CEO Evaluation. The independent directors will conduct a review at least annually of the performance of the CEO. The independent directors will establish the evaluation process and determine the specific criteria on which the performance of the CEO is evaluated.
- c. Succession Planning. As part of the annual CEO evaluation process, the independent directors will work with the CEO to plan for CEO succession as well as to develop plans for interim succession for the CEO in the event of an unexpected occurrence.

VIII. ETHICS AND CONFLICTS OF INTEREST

The Board expects the Company's directors, officers and employees to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's code of business conduct, as in effect from time to time. In the absence of exceptional circumstances, the Board

will not permit any waiver of any ethics policy for any director or executive officer. If a director becomes aware that he or she has a conflict of interest with the Company (or that a significant potential exists that he or she will have a conflict of interest with the Company in the foreseeable future), the director shall promptly inform the Chairman and the CEO. If a significant ongoing long-term conflict exists and cannot be resolved, the director should offer to resign. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board will be responsible for resolving or addressing any conflict of interest question involving the CEO or any other Board-elected officer, and the CEO will be responsible for resolving or addressing any conflict of interest issue involving any other employee of the Company.

IX. FINANCIAL REPORTING, LEGAL COMPLIANCE AND ETHICAL CONDUCT

The Board's governance and oversight functions do not relieve the Company's executive management of its primary responsibility for managing the property, affairs and business of the Company and preparing financial statements which accurately and fairly represent the Company's financial results and condition. Subject to the continuing oversight of the Board, Executive management shall establish and maintain systems, procedures, controls and a corporate culture that are destined to ensure the accuracy of the Company's financial reports and compliance with legal and regulatory requirements and the ethical conduct of the Company's business.

X. REPORTING OF CONCERNS TO COMMITTEES AND OTHER SHAREHOLDER COMMUNICATIONS

Any person who has a concern about the conduct of the Company or any of its officers or employees, or about the Company's accounting, internal controls, disclosure controls and procedures, auditing, compensation and governance matter is encouraged to communicate that concern directly to the Audit, Nominating and Governance, or Compensation Committees, as appropriate in light of the specific concern involved. Communications of this type may be confidential or anonymous, and may be communicated in the manner posted from time to time on the Company's website as authorized by the Board. Concerns relating to accounting, internal controls, disclosure controls and procedures, auditing, corporate conduct or conduct of any corporate officer or employee shall be forwarded to the Chair of the Audit Committee. The Company's policies prohibit retaliation or adverse action against anyone for raising or helping to resolve an integrity concern.

In addition, shareholders may communicate with the Board regarding any matter pertinent to the Company's business or affairs by writing to the Chairman (not via email), on a confidential or anonymous basis if desired, at the Company's principal executive offices.

XI. BOARD INTERACTION WITH INSTITUTIONAL INVESTORS, PRESS, ETC.

The Board believes that management should be the principal channel through which the Company interacts with third parties. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it

is expected that Board members would do this with the prior knowledge (and, other than in exceptional circumstances, at the request and with the concurrence) of the CEO and/or CFO.

Attachment A

COMARCO, INC.

CRITERIA FOR NOMINATION AS A NEW DIRECTOR

General Criteria

1. Nominees should be individuals of the highest ethical character and integrity.
2. Nominees should have demonstrated business acumen, experience and ability to exercise sound judgments in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company.
3. Nominees should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees.
4. Nominees should have the interest and ability to understand the sometimes-conflicting interests of the various constituencies of the Company and to act in the interests of all stockholders.
5. Nominees should not have, nor appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of all the Company's stockholders and to fulfill the responsibilities of a director.
6. Nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law.

Application of Criteria to Existing Directors

The renomination of existing directors should not be viewed as automatic, but should be based on continuing qualification under the criteria set forth above. Additionally, in determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee shall take into account the director's past attendance at, and participation in, meetings of the Board and its committees and contributions to their activities.

Criteria for Composition of the Board

The backgrounds and qualifications of the directors considered as a group should provide a diversity of background, experience, knowledge and abilities that shall assist the Board in fulfilling its responsibilities.