

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly
period ended June 26, 2010

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition
period from _____ to _____

Commission File No. **0-12719**

GIGA-TRONICS INCORPORATED
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or organization)

94-2656341
(I.R.S. Employer Identification No.)

4650 Norris Canyon Road, San Ramon, CA 94583
(Address of principal executive offices)

(925) 328-4650
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes ☐ No ☒

There were a total of 4,912,019 shares of the Registrant's Common Stock outstanding as of August 9, 2010.

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Part I – Financial Information

Item 1 - Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousands except share data)	June 26, 2010	March 27, 2010
Assets		
Current assets		
Cash and cash-equivalents	\$ 3,235	\$ 3,074
Trade accounts receivable, net of allowance of \$97 and \$95, respectively	3,441	4,332
Inventories, net	5,785	5,803
Prepaid expenses and other current assets	412	383
Deferred income tax	1,949	---
Total current assets	14,822	13,592
Property and equipment, net	351	311
Deferred income tax – Long term	11,620	---
Other assets	16	16
Total assets	\$ 26,809	\$ 13,919
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	788	881
Accrued commission	164	227
Accrued payroll and benefits	634	698
Accrued warranty	121	139
Deferred revenue	2,018	2,682
Deferred rent	96	---
Capital lease obligation	43	57
Other current liabilities	151	225
Total current liabilities	4,015	4,909
Long term obligations - Deferred rent	78	31
Long term obligations - Capital lease	33	36
Total liabilities	4,126	4,976
Commitments and contingencies		
Shareholders' equity		
Preferred stock of no par value;		
Authorized 1,000,000 shares; no shares outstanding at June 26, 2010 and March 27, 2010	---	---
Common stock of no par value;		
Authorized 40,000,000 shares; 4,912,019 shares at June 26, 2010 and 4,891,394 shares at March 27, 2010 issued and outstanding	14,094	13,979
Accumulated earnings (deficit)	8,589	(5,036)
Total shareholders' equity	22,683	8,943
Total liabilities and shareholders' equity	\$ 26,809	\$ 13,919

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands except per-share data)	Three Months Ended	
	June 26, 2010	June 27, 2009
Net sales	\$ 4,701	\$ 4,469
Cost of sales	2,768	2,355
Gross profit	1,933	2,114
Engineering	485	381
Selling, general and administrative	1,391	1,394
Total operating expenses	1,876	1,775
Operating income	57	339
Other expense, net	---	(1)
Interest expense, net	(1)	(3)
Income before income taxes	56	335
(Benefit) provision for income taxes	(13,569)	2
Net income	\$ 13,625	\$ 333
Earnings per share - basic	\$ 2.78	\$ 0.07
Earnings per share - diluted	\$ 2.73	\$ 0.07
Shares used in per share calculation:		
Basic	4,901	4,824
Diluted	5,000	4,826

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	Three Months Ended	
	June 26, 2010	June 27, 2009
Cash flows from operations:		
Net income	\$ 13,625	\$ 333
Adjustments to reconcile net income to net cash provided by (used in) operations:		
Depreciation and amortization	36	38
Loss on sale of fixed asset	---	1
Deferred income taxes	(13,569)	---
Share based compensation	76	37
Change in deferred rent	143	(75)
Changes in operating assets and liabilities	(96)	(797)
Net cash provided by (used in) operations	215	(463)
Cash flows from investing activities:		
Purchases of property and equipment	(76)	---
Net cash used in investing activities	(76)	---
Cash flows from financing activities:		
Issuance of common stock	39	---
Proceeds from line of credit	---	500
Principal payments on capital lease	(17)	(4)
Net cash provided by financing activities	22	496
Increase in cash and cash equivalents	161	33
Beginning cash and cash equivalents	3,074	1,518
Ending cash and cash equivalents	\$ 3,235	\$ 1,551
Supplementary disclosure of cash flow information:		
Cash paid for income taxes	\$ 2	\$ 2
Cash paid for interest	---	4

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by Giga-tronics Incorporated (the “Company”), pursuant to the rules and regulations of the Securities and Exchange Commission. The consolidated results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the fiscal year. In the opinion of management, the information contained herein reflects all adjustments (consisting of normal recurring entries) necessary to make the consolidated results of operations for the interim periods a fair statement of such operations. For further information, refer to the consolidated financial statements and footnotes thereto, included in the Annual Report on Form 10-K, filed with the Securities and Exchange Commission for the year ended March 27, 2010.

Certain prior period amounts have been reclassified to conform with the current period’s presentation.

(2) Revenue Recognition

The Company records revenue when there is evidence of an arrangement, delivery has occurred, the price is fixed and determinable, and collectability is assured. This occurs when products are shipped or the customer accepts title transfer. If the arrangement involves acceptance terms, the Company defers revenue until product acceptance is received.

The Company provides for estimated costs that may be incurred for product warranties at the time of shipment. The Company’s warranty policy generally provides one to three years depending on the product. The estimated cost of warranty coverage is based on the Company’s actual historical experience with its current products or similar products. For new products, the required reserve is based on historical experience of similar products until such time as sufficient historical data has been collected on the new product. Adjustments are made as new information becomes available.

(3) Inventories

Inventories consist of the following:

(In thousands)	June 26, 2010	March 27, 2010
Raw materials	\$ 3,466	\$ 3,337
Work-in-progress	1,658	1,930
Finished goods	214	128
Demonstration inventory	447	408
Total	\$ 5,785	\$ 5,803

(4) Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing net income or loss by the weighted average common shares outstanding during the period. Diluted earnings per share reflects the net incremental shares that would be issued if dilutive outstanding stock options were exercised, using the treasury stock method. Certain options are considered antidilutive because the options' exercise prices were above the average market price during the period. The shares used in per share computations are as follows:

	Three Months Ended	
	June 26, 2010	June 27, 2009
(In thousands except per-share data)		
Net income	\$ 13,625	\$ 333
Weighted average:		
Common shares outstanding	4,901	4,824
Potential common shares	99	2
Common shares assuming dilution	5,000	4,826
Net income per share of common stock	\$ 2.78	\$ 0.07
Net income per share of common stock assuming dilution	\$ 2.73	\$ 0.07
Stock options not included in computation	644	757

The number of stock options not included in the computation of diluted EPS for the three month periods ended June 26, 2010 and June 27, 2009 reflect stock options where the exercise prices were greater than the average market price of the common shares and are, therefore, antidilutive. The weighted average exercise price of excluded options was \$2.13 and \$1.91 as of June 26, 2010 and June 27, 2009 respectively.

(5) Share Based Compensation

The Company has established the 2000 Stock Option Plan and the 2005 Equity Incentive Plan, each of which provided for the granting of options for up to 700,000 shares of Common Stock. The Company accounts for share based compensation in accordance with GAAP which requires compensation cost to be recorded at fair value over the requisite service period. There were 135,000 options granted in the first quarter of fiscal 2011 and 5,000 options granted in the first quarter of fiscal 2010. The weighted average grant date fair value was \$1.84 and \$0.84, respectively. There were 60,000 restricted stock awards granted in the first quarter of fiscal 2011 and no restricted stock awards granted in the first quarter of fiscal 2010. The restricted stock awards are considered fixed awards as the number of shares and fair value is known at the grant date and the fair value at the grant date is amortized over the requisite service period net of estimated forfeitures. The restricted stock awards are performance-based and one-third will vest annually through 2013 only if certain sales and profit goals are achieved by the Company. The weighted average grant date fair value of awards granted during the three months ended June 26, 2010 was \$2.40. Compensation cost totaling \$2,000 was recognized in operating results for restricted stock awards during the three months ended June 26, 2010. No compensation cost was recognized for restricted stock awards during the three months ended June 27, 2009.

Cash flows resulting from the tax benefits derived from tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) are classified as cash flows from financing activities in the statement of cash flows. These excess tax benefits were not significant for the Company for each of the three months ended June 26, 2010 and June 27, 2009.

In calculating compensation related to stock option grants, the fair value of each stock option is estimated on the date of grant using the Black-Scholes-Merton option-pricing model and the following weighted average assumptions:

	Three Months Ended	
	June 26, 2010	June 27, 2009
Dividend yield	None	None
Expected volatility	100.00%	97.45%
Risk-free interest rate	1.27%	1.39%
Expected term (years)	3.29	3.75

The computation of expected volatility used in the Black-Scholes-Merton option-pricing model is based on the historical volatility of the Company's share price. The expected term is estimated based on a review of historical employee exercise behavior with respect to option grants. The risk-free interest rate is based on the U.S. Treasury rates with maturity similar to the expected term of the option on the date of grant.

A summary of the changes in stock options outstanding for the three month period ended June 26, 2010 and the year ended March 27, 2010 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (Years)	Average Intrinsic Value
Outstanding at March 28, 2009	770,900	\$ 1.90	2.7	\$ 2,795
Granted	320,500	2.07		
Exercised	67,373	1.85		
Forfeited / Expired	133,000	2.46		
Outstanding at March 27, 2010	891,027	\$ 1.88	3.0	\$346,707
Granted	195,000	1.66		
Exercised	20,625	1.91		
Forfeited / Expired	125	1.42		
Outstanding at June 26, 2010	1,065,277	\$ 1.84	3.0	\$699,941
Exercisable at June 26, 2010	340,053	\$ 1.88	1.6	\$214,665

As of June 26, 2010, there was \$661,000 of total unrecognized compensation cost related to non-vested options granted under the plan. That cost is expected to be recognized over a weighted average period of 1.32 years. There were 23,750 options that vested during the quarter ended June 26, 2010. There were 22,500 options that vested during the quarter ended June 27, 2009. The total fair value of options vested during each of the quarters ended June 26, 2010 and June 27, 2009 was \$26,000 and \$25,000, respectively. Cash received from the exercise of stock options for the three month period ended June 26, 2010 was \$39,000. No cash was received from stock option exercises for the three month period ended June 27, 2009. Share based compensation cost recognized in operating results for the three months ended June 26, 2010 and June 27, 2009 totaled \$76,000 and \$37,000, respectively.

(6) Industry Segment Information

The Company has two reportable segments: Giga-tronics Division and Microsource. Giga-tronics Division produces a broad line of test and measurement equipment used in the development, test and maintenance of wireless communications products and systems, flight navigational equipment, electronic defense systems and automatic testing systems and designs, manufactures, and markets a line of switching devices that link together many specific purpose instruments that comprise automatic test systems. Microsource develops and manufactures a broad line of YIG (Yttrium, Iron, Garnet) tuned oscillators, filters and microwave synthesizers, which are used in a wide variety of microwave instruments and devices.

The tables below present information for the three month periods ended June 26, 2010 and June 27, 2009.

June 26, 2010 (Dollars in thousands)	Giga-tronics Division	Microsource	Total
Net sales	\$ 2,345	\$ 2,356	\$ 4,701
Net (loss) income	13,369	256	13,625
Assets	20,543	6,266	26,809

June 27, 2009 (Dollars in thousands)	Giga-tronics Division	Microsource	Total
Net sales	\$ 2,536	\$ 1,933	\$ 4,469
Net (loss) income	(265)	598	333
Assets	6,994	4,628	11,622

(7) Warranty Obligations

The following provides a reconciliation of changes in the Company's warranty reserve. The Company provides no other guarantees.

(In thousands)	Three Months Ended	
	June 26, 2010	June 27, 2009
Balance at beginning of period	\$ 139	\$ 177
Provision, net	25	11
Warranty costs incurred	(43)	(10)
Balance at end of period	\$ 121	\$ 178

(8) Income Taxes

The Company accounts for income taxes using the asset and liability method as codified in Topic 740. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards.

The Company's tax benefit for the three months ending June 26, 2010 was \$13,569,000. The difference in the actual tax benefit and the expected tax provision using the statutory tax rate was due to the reversal of the valuation allowance against the deferred tax assets. The effective tax rate for the three months ending June 30, 2009 was 0% due to a valuation allowance recorded against the net deferred tax asset balance. During the first quarter of 2011, the Company performed an analysis of the need for a valuation allowance, and management determined that it was more likely than not that the deferred tax assets would be realized in the future. Accordingly, the valuation allowance has been removed and a deferred tax benefit of \$13,569,000 was recognized on the Consolidated Statement of Income during the three months ended June 26, 2010.

As of June 26, 2010, the Company recorded unrecognized tax benefits of approximately \$799,000 related to uncertain tax positions. The unrecognized tax benefit is netted against the non-current deferred tax asset on the Consolidated Balance Sheet. The Company has not recorded a liability for any penalties or interest related to the unrecognized tax benefits due to the existence of net operating losses. The Company is not currently undergoing any audits by the tax authorities and does not expect the liability for unrecognized tax benefits to change materially within the next 12 months.

(9) Recent Accounting Pronouncements

In October 2009, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update No. 2009-13, Multiple-Deliverable Revenue Arrangements*. The objective of this Update is to address the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. Vendors often provide multiple products or services to their customers. Those deliverables often are provided at different points in time or over different time periods. Subtopic 605-25, *Revenue Recognition—Multiple-Element Arrangements*, establishes the accounting and reporting guidance for arrangements under which the vendor will perform multiple revenue-generating activities. Specifically, this Subtopic addresses how to separate deliverables and how to measure and allocate arrangement consideration to one or more units of accounting. The amendments in this Update will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. Management is currently assessing the impact this Update will have on the Company's financial condition, operations and cash flows.

In April 2010, the FASB issued *Accounting Standards Update No. 2010-17, Revenue Recognition-Milestone Method*. The objective of this Update is to provide guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. Research or development arrangements frequently include payment provisions whereby a portion or all of the consideration is contingent upon milestone events such as successful completion of phases or achieving a specific result from the research or development efforts. An entity often recognizes these milestone payments as revenue in their entirety upon achieving the related milestone, commonly referred to as the milestone method. The amendments in this Update will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. Management is currently assessing the impact this Update will have on the Company's financial condition, operations and cash flows.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The forward-looking statements included in this report including, without limitation, statements containing the words "believes", "anticipates", "estimates", "expects", "intends" and words of similar import, which reflect management's best judgment based on factors currently known, involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including but not limited to those listed in Giga-tronics' Annual Report on Form 10-K for the fiscal year ended March 27, 2010 Part I, under the heading "Certain Factors Which May Adversely Affect Future Operations or an Investment in Giga-tronics", and Part II, under the heading "Management's Discussion and Analysis of Financial Conditions and Results of Operations".

Overview

Giga-tronics produces instruments, subsystems and sophisticated microwave components that have broad applications in both defense electronics and wireless telecommunications. In the first quarter of fiscal year 2011, the Company consisted of two operating and reporting segments: Giga-tronics Division and Microsource.

Our business is highly dependent on government spending in the defense electronics sector and on the wireless telecommunications market. The Company has seen an increase in defense orders for the first quarter of fiscal 2011 versus the first quarter of fiscal 2010. Commercial orders are slightly down for the quarter ended June 26, 2010 as compared to the quarter ended June 27, 2009.

The Company continues to monitor costs, including reductions in personnel, facilities and other expenses, to more appropriately align costs with revenues.

Results of Operations

New orders received by segment are as follows:

NEW ORDERS

	Three Months Ended		
	June 26, 2010	June 27, 2009	% change
(Dollars in thousands)			
Giga-tronics Division	\$ 2,943	\$ 2,202	34%
Microsource	136	331	(59%)
Total	\$ 3,079	\$ 2,533	22%

New orders received in the first quarter of fiscal 2011 increased by 22% to \$3,079,000 from the \$2,533,000 received in the first quarter of fiscal 2010. New orders at Giga-tronics Division increased primarily due to an increase in new military orders. Orders at Microsource decreased primarily due to a decrease in commercial demand for its products.

The following table shows order backlog and related information at the end of the respective periods:

BACKLOG

(Dollars in thousands)	Three Months Ended		
	June 26, 2010	June 27, 2009	% change
Backlog of unfilled orders	\$ 6,874	\$ 7,169	(4%)
Backlog of unfilled orders shippable within one year	6,349	5,724	11%
Previous fiscal year end (FYE) long term backlog reclassified during year as shippable within one year	174	(174)	(200%)
Net cancellations during year of previous FYE one-year backlog	---	365	---

Backlog at the end of the first quarter of fiscal 2011 decreased 4% as compared to the end of the same period last year.

The allocation of net sales was as follows for the periods shown:

ALLOCATION OF NET SALES

(Dollars in thousands)	Three Months Ended		
	June 26, 2010	June 27, 2009	% change
Giga-tronics Division	\$ 2,345	\$ 2,536	(8%)
Microsource	2,356	1,933	22%
Total	\$ 4,701	\$ 4,469	5%

Fiscal 2011 first quarter net sales were \$4,701,000, a 5% increase from the \$4,469,000 in the first quarter of fiscal 2010. Sales at Giga-tronics Division decreased 8% or \$191,000 primarily due to a decrease in military shipments of its products. Sales at Microsource increased 22% or \$423,000 during the first quarter of fiscal 2011 versus the first quarter of fiscal 2010 primarily due to an increase in military shipments.

Cost of sales was as follows for the periods shown:

COST OF SALES

(Dollars in thousands)	Three Months Ended		
	June 26, 2010	June 27, 2009	% change
Cost of sales	\$ 2,768	\$ 2,355	18%

Cost of sales as a percentage of sales increased by 6.2% for the first quarter of fiscal 2011 to 58.9% compared to 52.7% from the first quarter of fiscal 2010 due to a change in product mix.

Operating expenses were as follows for the periods shown:

OPERATING EXPENSES

(Dollars in thousands)	Three Months Ended		
	June 26, 2010	June 27, 2009	% change
Engineering	\$ 485	\$ 381	27%
Selling, general and administrative	1,391	1,394	0%
Total	\$ 1,876	\$ 1,775	6%

Operating expenses increased 6% or \$101,000 in the first quarter of fiscal 2011 over fiscal 2010 due to an increase of \$104,000 in product development expenses, offset by a decrease of \$3,000 in selling, general and administrative expense. The increase in product development expenses is due to lower customer funded projects.

Giga-tronics recorded a net profit of \$13,625,000 or \$2.73 per fully diluted share for the first quarter of fiscal 2011 versus a net profit of \$333,000 or \$0.07 per fully diluted share in the same period last year. A tax benefit of \$13,569,000 was recorded for the first quarter of fiscal 2011 versus a \$2,000 provision for income taxes for the first quarter of fiscal 2010.

The following provides a reconciliation of GAAP to non-GAAP net income.

(In thousands except per-share data)	Three Months Ended	
	June 26, 2010	June 27, 2009
Net income as reported	\$ 13,625	\$ 333
Share based compensation	46	37
Net income non-GAAP	\$ 13,671	\$ 370
Basic earnings per share as reported	\$ 2.78	\$ 0.07
Impact of share based compensation on earnings per share	0.01	0.01
Basic earnings per share non-GAAP	\$ 2.79	\$ 0.08
Diluted earnings per share as reported	\$ 2.73	\$ 0.07
Impact of share based compensation on earnings per share	0.00	0.01
Diluted earnings per share non-GAAP	\$ 2.73	\$ 0.08
Shares used in per share calculation:		
Basic	4,901	4,824
Diluted	5,000	4,826

Non-GAAP net income, which excludes share based compensation, for the three month period ended June 26, 2010 would have been \$46,000 higher or \$13,671,000. Non-GAAP basic earnings per share would have been \$2.79 compared to \$2.78 as reported. Non-GAAP diluted earnings per share would have been \$2.73 compared to \$2.73 as reported. For the same period last year, the Company's non-GAAP net income would have been \$37,000 higher or \$370,000 and the basic and diluted earnings per share would have been \$0.08 compared to \$0.07 as reported. Management has included this information as this expense is a non-cash item with no net equity impact.

Deferred Tax Assets

Deferred tax assets are subject to a valuation allowance when management is unable to conclude that its deferred tax assets will more likely than not be realized from the results of operations. The Company has reviewed all available evidence (both positive and negative) as described in *Accounting Standards Codification 740*. The Company has demonstrated consistent pre-tax book income for the past seven quarters and does not have cumulative losses over the past three years. The Company's FY 2011 Budget and Strategic Plans for FY 2012 and FY 2013 are all forecasted to be profitable. The Company continues to maintain a two year backlog of orders for its YIG (Yttrium, Iron, Garnet) filters and projects continued orders. Its legacy Model 8003 precision scalar analyzer continues to receive orders from the U.S. Navy one of which was booked for \$1.1 million in the first quarter. The Company is now serving a new market in the consumer wireless handheld telecommunication market with its high volume production automation switch for which it received several small orders in the first quarter which is expected to lead to much larger orders in the future. The Company has entered the semiconductor market with its new integrated switch product for testing thin-film memory storage components. The Test and Measurement market is forecasted to grow at the rate of 4% per year, per industry forecasting experts. The Company has no known contingencies or unsettled circumstances. The ultimate realization of deferred tax assets is dependent upon generation of future taxable income during the periods in which those temporary differences become deductible. Management considers projected future taxable income and tax planning strategies in making this assessment. Based on historical income and projections for future taxable income over the periods in which the deferred tax assets become deductible, management believes the Company is more likely than not to realize benefits of these deductible differences. Management has, therefore, reversed the valuation allowance against its deferred tax assets, resulting in an income tax benefit of \$13,569,000 for the three month period ended June 26, 2010. Gross unrecognized tax benefit changed from \$120,000 at March 27, 2010 to approximately \$799,000 at June 26, 2010 due to additional amounts established for Federal and California tax credits.

Financial Condition and Liquidity

As of June 26, 2010, Giga-tronics had \$3,235,000 in cash and cash equivalents, compared to \$3,074,000 as of March 27, 2010.

Working capital at June 26, 2010 was \$10,807,000 compared to \$8,683,000 at March 27, 2010. The increase in working capital was primarily due to the addition of the current portion of deferred income taxes plus a decrease in deferred revenue as a result of shipping finished goods to the customer.

The Company's current ratio (current assets divided by current liabilities) at June 26, 2010 was 3.69 compared to 2.77 on March 27, 2010.

Cash provided by operations amounted to \$215,000 in the first quarter of fiscal 2011. Cash used in operations amounted to \$463,000 in the first quarter of fiscal 2010. Cash provided by operations in the first quarter of fiscal 2011 is primarily attributed to a decrease in rent payments due to credits from the landlord. Cash used in operations in the first quarter of fiscal 2010 is primarily attributed to an increase in inventory partially offset by the operating profit.

Additions to property and equipment were \$76,000 in the first quarter of 2011. There were no additions for the same period last year. The capital equipment spending in fiscal 2011 was due to an upgrade of capital equipment enabling the manufacture of new products being released.

On June 15, 2010, the Company renewed its secured revolving line of credit for \$1,500,000, with interest payable at prime rate plus 1%. The borrowing under this line of credit is based on the Company's accounts receivable and is secured by all of the assets of the Company. The Company was in compliance with all required covenants at June 26, 2010. At June 26, 2010 there was no balance on the line of credit. However, the Company did borrow \$500,000 at June 27, 2009.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 9 to the Condensed Consolidated Financial Statements included in this report.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4t - Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurances that (i) the information the Company is required to disclose in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time period required by the Commission's rules and forms, and (ii) such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. There were no significant changes in the Company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

Part II - Other Information

Item 1 - Legal Proceedings

As of June 26, 2010, Giga-tronics has no material pending legal proceedings. From time to time, Giga-tronics is involved in various disputes and litigation matters that arise in the ordinary course of business.

Item 1a - Risk Factors

There has been no material change in the risk factors disclosed in the registrant's Annual Report of Form 10-K for the fiscal year ended March 27, 2010.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3 - Defaults Upon Senior Securities

None.

Item 4 - Submission of Matters to a Vote of Security Holders

None.

Item 5 - Other Information

None.

Item 6 - Exhibits

- 10.1 Severance Agreement for CEO
- 10.2 Severance Agreement for CFO
- 10.3 Severance Agreement for Vice President, Sales & Marketing
- 10.4 Severance Agreement for CTO
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act.
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act.
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GIGA-TRONICS INCORPORATED
(Registrant)

By:

Date: August 09, 2010

/s/ John R. Regazzi
John R. Regazzi
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 09, 2010

/s/ Patrick J. Lawlor
Patrick J. Lawlor
Vice President Finance/
Chief Financial Officer & Secretary
(Principal Accounting Officer)

GIGA-TRONICS INCORPORATED

SEVERANCE AGREEMENT

This Severance Agreement (the "Agreement") is made and entered into by and between John R. Regazzi ("Employee") and Giga-tronics Incorporated, a California Corporation (the "Company"), effective as of June 3, 2010 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Employee and can cause Employee to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Employee, notwithstanding the possibility, threat or occurrence of a Change of Control.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide Employee with an incentive to continue his or her employment and to motivate Employee to maximize the value of the Company for the benefit of its stockholders.

3. The Board believes that it is imperative to provide Employee with certain benefits upon Employee's termination of employment without cause or following a Change of Control. These benefits will provide Employee with enhanced financial security and incentive and encouragement to remain with the Company.

4. Certain capitalized terms used in the Agreement are defined in Section 5 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Employee acknowledge that Employee's employment is and will continue to be at-will, as defined under applicable law, except as may otherwise be specifically provided under the terms of any written formal employment agreement or offer letter between the Company and Employee (an "Employment Agreement"). If Employee's employment terminates for any reason, Employee will not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, including any payments or benefits Employee would otherwise be entitled to under his or her Employment Agreement.

3. Termination Benefits.

(a) Involuntary Termination other than for Cause, Death or Disability Prior to a Change of Control or after Twelve Months Following a Change of Control. If, prior to a Change of Control or after twelve (12) months following a Change of Control, the Company (or any parent or subsidiary of the Company employing Employee) terminates Employee's employment with the Company (or any parent or subsidiary of the Company) without Employee's consent and for a reason other than (x) Cause, (y) Employee becoming Disabled or (z) Employee's death, (any such termination, an "Involuntary Termination") and Employee signs, delivers and does not revoke a separation agreement and release of claims in a form satisfactory to the Company (the "Release") within the time period required by the Release (but in no event later than two and one-half (2½) months following the end of the calendar year in which the Involuntary Termination occurs), then following such termination of employment, or, if later, the effective date of the Release, Employee will receive the following payments and other benefits from the Company:

(i) Accrued Compensation. Employee will be entitled to receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with the Company's then existing employee benefit plans, policies and arrangements.

(i i) Severance. Subject to Section 9(a), Employee will be entitled to receive continued payments of Employee's base salary (as in effect immediately prior to such termination) for a period of twelve (12) months (the "Severance Period"), less applicable withholding payable in accordance with the Company's normal payroll policies. Notwithstanding the foregoing and except as provided by the following sentence, if during the Severance Period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all payments pursuant to this subsection will immediately cease effective as of the first date that constitutes engagement in Competition or a breach of the applicable covenants (the "Breach Date"). Notwithstanding the preceding sentence, if payment of the severance amounts is delayed in accordance with Section 9(a) of this Agreement, the Company's obligation to make severance payments to Executive during the Severance Period shall not terminate pursuant to the preceding sentence (i.e., upon the Breach Date) with respect to any severance payments that have been accrued prior to the Breach Date in accordance with Section 9(a) of this Agreement and such accrued severance payments shall be paid in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination of employment (or such earlier date as provided in Section 9(a) of this Agreement).

(i i i) Continued Employee Benefits. The Company will reimburse Employee for premiums paid for the continuation of benefits Employee timely elects pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") for Employee and Employee's eligible dependents under the Company's Benefit Plans for a period of twelve (12) months following Employee's termination of employment; provided, however, that if during such period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all Company-reimbursements pursuant to this subsection will immediately cease. Employee will be solely responsible for electing such continuation coverage for Employee and Employee's eligible dependents.

(iv) Options. With respect to all of Employee's options (the "Options") to purchase Company common stock outstanding on the date of such termination (whether granted on, before or after the date of this Agreement), Employee will have the period following such termination of employment to exercise such Options that is specified in the stock plans, if any, under which the Options were granted and in any applicable agreements between the Company and Employee; provided, however, to the extent that, pursuant to the provisions of such stock plans and applicable agreements, such Options continue to vest during the period, if any, that Employee provides consulting services to the Company pursuant to Section 3(a)(ii) or otherwise, then Employee will have the period following the termination of such consulting services to exercise such Options that is specified in such stock plans and applicable agreements; provided further, however, that all Options will immediately terminate and Employee will have no further rights with respect to such Options in the event Employee engages in Competition or breaches the covenants in Section 6 or in the Release during such period. In all other respects, such Options will continue to be subject to the terms and conditions of the stock plans, if any, under which they were granted and any applicable agreements between the Company and Employee.

(iv) Payments or Benefits Required by Law. Employee will receive such other compensation or benefits from the Company as may be required by law (for example, "COBRA" coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code")).

(b) Involuntary Termination other than for Cause, Death or Disability or Termination for Good Reason within Twelve Months of a Change of Control. If (i) within twelve (12) months following a Change of Control (A) Employee terminates his or her employment with the Company (or any parent or subsidiary of the Company) for Good Reason or (B) the Company (or any parent or subsidiary of the Company) terminates Employee's employment for other than (x) Cause, (y) Employee becoming Disabled or (z) Employee's death (any such termination pursuant to (A) or (B), a "Change of Control Termination") and (ii) Employee signs, delivers and does not revoke a Release within the time period required by the Release (but in no event later than two and one-half (2½) months following the end of the calendar year in which the Involuntary Termination occurs), then promptly following such termination of employment, or, if later, the effective date of the Release, Employee will receive the following payments and other benefits from the Company:

(i) Accrued Compensation. Employee will be entitled to receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with the Company's then existing employee benefit plans, policies and arrangements.

(ii) Severance. Subject to Section 9(a), Employee will be entitled to receive continued payments of Employee's base salary (as in effect immediately prior to such termination) for a period of fifteen (15) months (the "Post-Change of Control Severance Period"), less applicable withholding, payable in accordance with the Company's normal payroll policies. Notwithstanding the foregoing and except as provided by the following sentence, if during the Post-Change of Control Severance Period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all payments pursuant to this subsection will immediately cease effective as of the Breach Date. Notwithstanding the preceding sentence, if payment of the severance amounts is delayed in accordance with Section 9(a) of this Agreement, the Company's obligation to make severance payments to Executive during the Post-Change of Control Severance Period shall not terminate pursuant to the preceding sentence (i.e., upon the Breach Date) with respect to any severance payments that have been accrued prior to the Breach Date in accordance with Section 9(a) of this Agreement and such accrued severance payments shall be paid in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination of employment (or such earlier date as provided in Section 9(a) of this Agreement).

(iii) Options, Restricted Stock and Restricted Stock Units. 100% of the unvested shares subject to all of Employee's Options, 100% of the unvested shares subject to all of Employee's restricted stock units ("RSUs") and 100% any of Employee's shares of Company common stock subject to restrictions (the "Restricted Stock") whether acquired by Employee on, before or after the date of this Agreement, will immediately vest upon such termination. With respect to all of Employee's Options outstanding on the date of such termination (whether granted on, before or after the date of this Agreement), Employee will have the period following such termination of employment to exercise such Options that is specified in the stock plans, if any, under which the Options were granted and in any applicable agreements between the Company and Employee; provided, however, that all Options will immediately terminate and Employee will have no further rights with respect to such Options in the event Employee engages in Competition or breaches the covenants in Section 6 or in the Release during such period. In all other respects, such Options will continue to be subject to the terms and conditions of the stock plans, if any, under which they were granted and any applicable agreements between the Company and Employee.

(iv) Continued Employee Benefits. The Company will reimburse Employee for premiums paid for the continuation of benefits Employee timely elects pursuant to the COBRA for Employee and Employee's eligible dependents under the Company's Benefit Plans for a period of fifteen (15) months following Employee's termination of employment; provided, however, that if during such period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all Company-reimbursements pursuant to this subsection will immediately cease. Employee will be solely responsible for electing such continuation coverage for Employee and Employee's eligible dependents.

(v) Payments or Benefits Required by Law. Employee will receive such other compensation or benefits from the Company as may be required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(c) Other Terminations. If Employee voluntarily terminates Employee's employment with the Company or any parent or subsidiary of the Company (other than for Good Reason within twelve (12) months of a Change of Control) or if the Company (or any parent or subsidiary of the Company employing Employee) terminates Employee employment with the Company (or any parent or subsidiary of the Company) for Cause, then Employee will (i) receive his or her earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with established Company plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits (including, without limitation, accelerated vesting of Options or Restricted Stock) from the Company except to the extent provided under the applicable stock option agreement(s) or as may be required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(d) Termination due to Death or Disability. If Employee's employment with the Company (or any parent or subsidiary of the Company) is terminated due to Employee's death or Employee's becoming Disabled, then Employee or Employee's estate (as the case may be) will (i) receive the earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with Company-provided or paid plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits from the Company except to the extent required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(e) Exclusive Remedy. In the event of a termination of Employee's employment with the Company (or any parent or subsidiary of the Company), the provisions of this Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Employee or the Company may otherwise be entitled (including any contrary provisions in the Employment Agreement), whether at law, tort or contract, in equity, or under this Agreement. Employee will be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in this Section 3.

4 . Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Employee (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the excise tax imposed by Section 4999 of the Code, then Employee's severance benefits under Section 4(a)(i) will be either:

- (a) delivered in full, or
- (b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Employee on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Unless the Company and Employee otherwise agree in writing, any determination required under this Section 4 will be made in writing by BDO Seidman or by a national "Big Four" accounting firm (the "Accountants"), whose determination will be conclusive and binding upon Employee and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Employee will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 4.

5. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Benefit Plans. "Benefit Plans" means plans, policies or arrangements that the Company sponsors (or participates in) and that immediately prior to Employee's termination of employment provide Employee and/or Employee's eligible dependents with medical, dental, and/or vision benefits. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, disability, life insurance or retirement benefits). A requirement that the Company provide Employee and Employee's eligible dependents with coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to Employee and Employee's eligible dependents immediately prior to Employee's termination of employment.

(b) Cause. "Cause" means (i) a willful failure by Employee to substantially perform Employee's duties as an employee, other than a failure resulting from the Employee's complete or partial incapacity due to physical or mental illness or impairment, (ii) a willful act by Employee that constitutes gross misconduct and that is injurious to the Company, (iii) circumstances where Employee willfully imparts material confidential information relating to the Company or its business to competitors or to other third parties other than in the course of carrying out Employee's duties, (iv) a material and willful violation by Employee of a federal or state law or regulation applicable to the business of the Company that is injurious to the Company, or (v) Employee's conviction or plea of guilty or no contest to a felony, which the Company reasonably believes has or will negatively reflect on the Company's business or reputation. No act or failure to act by Employee will be considered "willful" unless committed without good faith and without a reasonable belief that the act or omission was in the Company's best interest.

(c) Change of Control. "Change of Control" means the occurrence of any of the following:

(i) the sale, lease, conveyance or other disposition of all or substantially all of the Company's assets to any "person" (as such term is used in Section 13(d) of the Securities Exchange Act of 1934, as amended), entity or group of persons acting in concert;

(ii) any person or group of persons becoming the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities;

(iii) a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its controlling entity) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity (or its controlling entity) outstanding immediately after such merger or consolidation; or

(iv) a contest for the election or removal of members of the Board that results in the removal from the Board of at least 50% of the incumbent members of the Board.

(d) Competition. "Competition" will mean Employee's direct or indirect engagement in (whether as an employee, consultant, agent, proprietor, principal, partner, stockholder, corporate officer, director or otherwise), or ownership interest in or participation in the financing, operation, management or control of, any person, firm, corporation or business that competes with Company or is a customer

of the Company.

(e) Disability. “Disability” will mean that Employee has been unable to perform the principal functions of Employee’s duties due to a physical or mental impairment, but only if such inability has lasted or is reasonably expected to last for at least six months. Whether Employee has a Disability will be determined by the Board based on evidence provided by one or more physicians selected by the Board.

(f) Good Reason. “Good Reason” means the occurrence of any of the following without the Employee’s consent: (i) a material diminution in Employee’s Base Salary, except for reductions that are in proportion to any salary reduction program approved by the Board that affects a majority of the senior executives of the Company; (ii) a material diminution in Employee’s authority, duties, or responsibilities; (iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom Employee is required to report, including a requirements that Employee report to a corporate officer or employee instead of reporting directly to the Board; (iv) a material change in the geographic location at which Employee must perform his services of not less than fifty (50) miles from the Company’s primary place of business immediately prior to such relocation; or (v) any other action or inaction that constitutes a material breach by the Company of this Agreement.

(g) Section 409A Limit. “Section 409A Limit” means the lesser of two (2) times: (i) Employee’s annualized compensation based upon the annual rate of pay paid to Employee during the Company’s taxable year preceding the Company’s taxable year of Employee’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Employee’s employment is terminated.

6. Non-Solicitation. For a period beginning on the Effective Date and ending six (6) months after Employee ceases to be employed by the Company (the “Non-Solicitation Period”), Employee, directly or indirectly, whether as employee, owner, sole proprietor, partner, director, member, consultant, agent, founder, co-venturer or otherwise, will not: (i) solicit, induce or influence any person to leave employment with the Company; or (ii) directly or indirectly solicit business from any of the Company’s customers and users on behalf of any business that directly competes with the principal business of the Company; provided, however, that the Non-Solicitation Period shall end twelve (12) months after Employee ceases to be employed by the Company in the event Employee’s employment is terminated pursuant to an Involuntary Termination; provided further, however, that the Non-Solicitation Period shall end fifteen (15) months after Employee ceases to be employed by the Company in the event Employee’s employment is terminated pursuant to a Change of Control Termination.

7. Successors.

(a) The Company’s Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term “Company” will include any successor to the Company’s business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) The Employee’s Successors. The terms of this Agreement and all rights of Employee hereunder will inure to the benefit of, and be enforceable by, Employee’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Employee, mailed notices will be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

(b) Notice of Termination. Any termination by the Company for Cause or by Employee for Good Reason or as a result of a voluntary resignation will be communicated by a notice of termination to the other party hereto given in accordance with Section 8(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice). The failure by Employee to include in the notice any fact or circumstance which contributes to a showing of Good Reason will not waive any right of Employee hereunder or preclude Employee from asserting such fact or circumstance in enforcing his or her rights hereunder.

9. Miscellaneous Provisions.

(a) Code Section 409A. Notwithstanding anything to the contrary in this Agreement, if Employee is a “specified employee” within the meaning of Section 409A of the Code and any final regulations and guidance promulgated thereunder, as they each may be amended from time to time (“Section 409A”) at the time of Employee’s termination other than due to Employee’s death (provided that such termination is a “separation from service” within the meaning of Section 409A, as determined by the Company), then only that portion of the cash severance and shares subject to accelerated RSUs payable to Employee pursuant to this Agreement, if any, and any other severance payments or separation benefits, in each case which may be considered deferred compensation under Section 409A (together, the “Deferred Compensation Separation Benefits”), which (when considered together) do not exceed the Section 409A Limit (as defined herein) may be made within the first six (6) months following Employee’s termination of employment in accordance with the payment schedule applicable to each payment or benefit. Any portion of the Deferred Compensation Separation Benefits in excess of the Section 409A Limit otherwise due to Employee on or within the six (6) month period following Employee’s termination will accrue during such six (6) month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of Employee’s termination of

employment. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Employee dies following his termination but prior to the six month anniversary of his date of termination, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Employee's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. It is the intent of this Agreement to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

(b) No Duty to Mitigate. Employee will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Employee may receive from any other source.

(c) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by an authorized officer of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(d) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(e) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof, including (without limitation) the Employment Agreement). No future agreements between the Company and Employee may supersede this Agreement, unless they are in writing and specifically mention this Agreement. With respect to equity awards granted on or after the date hereof, the acceleration of vesting provided herein will apply to such awards except to the extent otherwise explicitly provided in the applicable equity award agreement, which provision must include a reference to this Agreement.

(f) Choice of Law. The laws of the State of California (without reference to its choice of laws provisions) will govern the validity, interpretation, construction and performance of this Agreement.

(g) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(h) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(i) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

GIGA-TRONICS INCORPORATED

Garrett A. Garrettson
By: /s/ Garrett A. Garrettson
Title: Chairman of the Board

EXECUTIVE

By: /s/ John R. Regazzi

John R. Regazzi
Title: CEO

GIGA-TRONICS INCORPORATED

SEVERANCE AGREEMENT

This Severance Agreement (the "Agreement") is made and entered into by and between Patrick J. Lawlor ("Employee") and Giga-tronics Incorporated, a California Corporation (the "Company"), effective as of June 3, 2010 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Employee and can cause Employee to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Employee, notwithstanding the possibility, threat or occurrence of a Change of Control.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide Employee with an incentive to continue his or her employment and to motivate Employee to maximize the value of the Company for the benefit of its stockholders.

3. The Board believes that it is imperative to provide Employee with certain benefits upon Employee's termination of employment without cause or following a Change of Control. These benefits will provide Employee with enhanced financial security and incentive and encouragement to remain with the Company.

4. Certain capitalized terms used in the Agreement are defined in Section 5 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Employee acknowledge that Employee's employment is and will continue to be at-will, as defined under applicable law, except as may otherwise be specifically provided under the terms of any written formal employment agreement or offer letter between the Company and Employee (an "Employment Agreement"). If Employee's employment terminates for any reason, Employee will not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, including any payments or benefits Employee would otherwise be entitled to under his or her Employment Agreement.

3. Termination Benefits.

(a) Involuntary Termination other than for Cause, Death or Disability Prior to a Change of Control or after Twelve Months Following a Change of Control. If, prior to a Change of Control or after twelve (12) months following a Change of Control, the Company (or any parent or subsidiary of the Company employing Employee) terminates Employee's employment with the Company (or any parent or subsidiary of the Company) without Employee's consent and for a reason other than (x) Cause, (y) Employee becoming Disabled or (z) Employee's death, (any such termination, an "Involuntary Termination") and Employee signs, delivers and does not revoke a separation agreement and release of claims in a form satisfactory to the Company (the "Release") within the time period required by the Release (but in no event later than two and one-half (2½) months following the end of the calendar year in which the Involuntary Termination occurs), then following such termination of employment, or, if later, the effective date of the Release, Employee will receive the following payments and other benefits from the Company:

(i) Accrued Compensation. Employee will be entitled to receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with the Company's then existing employee benefit plans, policies and arrangements.

(ii) Severance. Subject to Section 9(a), Employee will be entitled to receive continued payments of Employee's base salary (as in effect immediately prior to such termination) for a period of nine (9) months (the "Severance Period"), less applicable withholding payable in accordance with the Company's normal payroll policies. Notwithstanding the foregoing and except as provided by the following sentence, if during the Severance Period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all payments pursuant to this subsection will immediately cease effective as of the first date that constitutes engagement in Competition or a breach of the applicable covenants (the "Breach Date"). Notwithstanding the preceding sentence, if payment of the severance amounts is delayed in accordance with Section 9(a) of this Agreement, the Company's obligation to make severance payments to Executive during the Severance Period shall not terminate pursuant to the preceding sentence (i.e., upon the Breach Date) with respect to any severance payments that have been accrued prior to the Breach Date in accordance with Section 9(a) of this Agreement and such accrued severance payments shall be paid in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination of employment (or such earlier date as provided in Section 9(a) of this Agreement).

(iii) Continued Employee Benefits. The Company will reimburse Employee for premiums paid for the continuation of benefits Employee timely elects pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") for Employee and Employee's eligible dependents under the Company's Benefit Plans for a period of nine (9) months following Employee's termination of employment; provided, however, that if during such period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all Company-reimbursements pursuant to this subsection will immediately cease. Employee will be solely responsible for electing such continuation coverage for Employee and Employee's eligible dependents.

(iv) Options. With respect to all of Employee's options (the "Options") to purchase Company common stock outstanding on the date of such termination (whether granted on, before or after the date of this Agreement), Employee will have the period following such termination of employment to exercise such Options that is specified in the stock plans, if any, under which the Options were granted and in any applicable agreements between the Company and Employee; provided, however, to the extent that, pursuant to the provisions of such stock plans and applicable agreements, such Options continue to vest during the period, if any, that Employee provides consulting services to the Company pursuant to Section 3(a)(ii) or otherwise, then Employee will have the period following the termination of such consulting services to exercise such Options that is specified in such stock plans and applicable agreements; provided further, however, that all Options will immediately terminate and Employee will have no further rights with respect to such Options in the event Employee engages in Competition or breaches the covenants in Section 6 or in the Release during such period. In all other respects, such Options will continue to be subject to the terms and conditions of the stock plans, if any, under which they were granted and any applicable agreements between the Company and Employee.

(v) Payments or Benefits Required by Law. Employee will receive such other compensation or benefits from the Company as may be required by law (for example, "COBRA" coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code")).

(b) Involuntary Termination other than for Cause, Death or Disability or Termination for Good Reason within Twelve Months of a Change of Control. If (i) within twelve (12) months following a Change of Control (A) Employee terminates his or her employment with the Company (or any parent or subsidiary of the Company) for Good Reason or (B) the Company (or any parent or subsidiary of the Company) terminates Employee's employment for other than (x) Cause, (y) Employee becoming Disabled or (z) Employee's death (any such termination pursuant to (A) or (B), a "Change of Control Termination") and (ii) Employee signs, delivers and does not revoke a Release within the time period required by the Release (but in no event later than two and one-half (2½) months following the end of the calendar year in which the Involuntary Termination occurs), then promptly following such termination of employment, or, if later, the effective date of the Release, Employee will receive the following payments and other benefits from the Company:

(i) Accrued Compensation. Employee will be entitled to receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with the Company's then existing employee benefit plans, policies and arrangements.

(ii) Severance. Subject to Section 9(a), Employee will be entitled to receive continued payments of Employee's base salary (as in effect immediately prior to such termination) for a period of twelve (12) months (the "Post-Change of Control Severance Period"), less applicable withholding, payable in accordance with the Company's normal payroll policies. Notwithstanding the foregoing and except as provided by the following sentence, if during the Post-Change of Control Severance Period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all payments pursuant to this subsection will immediately cease effective as of the Breach Date. Notwithstanding the preceding sentence, if payment of the severance amounts is delayed in accordance with Section 9(a) of this Agreement, the Company's obligation to make severance payments to Executive during the Post-Change of Control Severance Period shall not terminate pursuant to the preceding sentence (i.e., upon the Breach Date) with respect to any severance payments that have been accrued prior to the Breach Date in accordance with Section 9(a) of this Agreement and such accrued severance payments shall be paid in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination of employment (or such earlier date as provided in Section 9(a) of this Agreement).

(iii) Options, Restricted Stock and Restricted Stock Units. 100% of the unvested shares subject to all of Employee's Options, 100% of the unvested shares subject to all of Employee's restricted stock units ("RSUs") and 100% any of Employee's shares of Company common stock subject to restrictions (the "Restricted Stock") whether acquired by Employee on, before or after the date of this Agreement, will immediately vest upon such termination. With respect to all of Employee's Options outstanding on the date of such termination (whether granted on, before or after the date of this Agreement), Employee will have the period following such termination of employment to exercise such Options that is specified in the stock plans, if any, under which the Options were granted and in any applicable agreements between the Company and Employee; provided, however, that all Options will immediately terminate and Employee will have no further rights with respect to such Options in the event Employee engages in Competition or breaches the covenants in Section 6 or in the Release during such period. In all other respects, such Options will continue to be subject to the terms and conditions of the stock plans, if any, under which they were granted and any applicable agreements between the Company and Employee.

(iv) Continued Employee Benefits. The Company will reimburse Employee for premiums paid for the continuation of benefits Employee timely elects pursuant to the COBRA for Employee and Employee's eligible dependents under the Company's Benefit Plans for a period of twelve (12) months following Employee's termination of employment; provided, however, that if during such period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all Company-reimbursements pursuant to this subsection will immediately cease. Employee will be solely responsible for electing such continuation coverage for Employee and Employee's eligible dependents.

(v) Payments or Benefits Required by Law. Employee will receive such other compensation or benefits from the Company as may be required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(c) Other Terminations. If Employee voluntarily terminates Employee's employment with the Company or any parent or subsidiary of the Company (other than for Good Reason within twelve (12) months of a Change of Control) or if the Company (or any parent or subsidiary of the Company employing Employee) terminates Employee employment with the Company (or any parent or subsidiary of the Company) for Cause, then Employee will (i) receive his or her earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with established Company plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits (including, without limitation, accelerated vesting of Options or Restricted Stock) from the Company except to the extent provided under the applicable stock option agreement(s) or as may be required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(d) Termination due to Death or Disability. If Employee's employment with the Company (or any parent or subsidiary of the Company) is terminated due to Employee's death or Employee's becoming Disabled, then Employee or Employee's estate (as the case may be) will (i) receive the earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with Company-provided or paid plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits from the Company except to the extent required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(e) Exclusive Remedy. In the event of a termination of Employee's employment with the Company (or any parent or subsidiary of the Company), the provisions of this Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Employee or the Company may otherwise be entitled (including any contrary provisions in the Employment Agreement), whether at law, tort or contract, in equity, or under this Agreement. Employee will be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in this Section 3.

4. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Employee (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the excise tax imposed by Section 4999 of the Code, then Employee's severance benefits under Section 4(a)(i) will be either:

- (a) delivered in full, or
- (b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Employee on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Unless the Company and Employee otherwise agree in writing, any determination required under this Section 4 will be made in writing by BDO Seidman or by a national "Big Four" accounting firm (the "Accountants"), whose determination will be conclusive and binding upon Employee and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Employee will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 4.

5. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Benefit Plans. "Benefit Plans" means plans, policies or arrangements that the Company sponsors (or participates in) and that immediately prior to Employee's termination of employment provide Employee and/or Employee's eligible dependents with medical, dental, and/or vision benefits. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, disability, life insurance or retirement benefits). A requirement that the Company provide Employee and Employee's eligible dependents with coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to Employee and Employee's eligible dependents immediately prior to Employee's termination of employment.

(b) Cause. "Cause" means (i) a willful failure by Employee to substantially perform Employee's duties as an employee, other than a failure resulting from the Employee's complete or partial incapacity due to physical or mental illness or impairment, (ii) a willful act by Employee that constitutes gross misconduct and that is injurious to the Company, (iii) circumstances where Employee willfully imparts material confidential information relating to the Company or its business to competitors or to other third parties other than in the course of carrying out Employee's duties, (iv) a material and willful violation by Employee of a federal or state law or regulation applicable to the business of the Company that is injurious to the Company, or (v) Employee's conviction or plea of guilty or no contest to a felony, which the Company reasonably believes has or will negatively reflect on the Company's business or reputation. No act or failure to act by Employee will be considered "willful" unless committed without good faith and without a reasonable belief that the act or omission was in the Company's best interest.

(c) Change of Control. "Change of Control" means the occurrence of any of the following:

(i) the sale, lease, conveyance or other disposition of all or substantially all of the Company's assets to any "person" (as such term is used in Section 13(d) of the Securities Exchange Act of 1934, as amended), entity or group of persons acting in concert;

(ii) any person or group of persons becoming the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities;

(iii) a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its controlling entity) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity (or its controlling entity) outstanding immediately after such merger or consolidation; or

(iv) a contest for the election or removal of members of the Board that results in the removal from the Board of at least 50% of the incumbent members of the Board.

(d) Competition. "Competition" will mean Employee's direct or indirect engagement in (whether as an employee, consultant, agent, proprietor, principal, partner, stockholder, corporate officer, director or otherwise), or ownership interest in or participation in the financing, operation, management or control of, any person, firm, corporation or business that competes with Company or is a customer

of the Company.

(e) Disability. “Disability” will mean that Employee has been unable to perform the principal functions of Employee’s duties due to a physical or mental impairment, but only if such inability has lasted or is reasonably expected to last for at least six months. Whether Employee has a Disability will be determined by the Board based on evidence provided by one or more physicians selected by the Board.

(f) Good Reason. “Good Reason” means the occurrence of any of the following without the Employee’s consent: (i) a material diminution in Employee’s Base Salary, except for reductions that are in proportion to any salary reduction program approved by the Board that affects a majority of the senior executives of the Company; (ii) a material diminution in Employee’s authority, duties, or responsibilities; (iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom Employee is required to report, including a requirements that Employee report to a corporate officer or employee instead of reporting directly to the Board; (iv) a material change in the geographic location at which Employee must perform his services of not less than fifty (50) miles from the Company’s primary place of business immediately prior to such relocation; or (v) any other action or inaction that constitutes a material breach by the Company of this Agreement.

(g) Section 409A Limit. “Section 409A Limit” means the lesser of two (2) times: (i) Employee’s annualized compensation based upon the annual rate of pay paid to Employee during the Company’s taxable year preceding the Company’s taxable year of Employee’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Employee’s employment is terminated.

6 . Non-Solicitation. For a period beginning on the Effective Date and ending six (6) months after Employee ceases to be employed by the Company (the “Non-Solicitation Period”), Employee, directly or indirectly, whether as employee, owner, sole proprietor, partner, director, member, consultant, agent, founder, co-venturer or otherwise, will not: (i) solicit, induce or influence any person to leave employment with the Company; or (ii) directly or indirectly solicit business from any of the Company’s customers and users on behalf of any business that directly competes with the principal business of the Company; provided, however, that the Non-Solicitation Period shall end nine (9) months after Employee ceases to be employed by the Company in the event Employee’s employment is terminated pursuant to an Involuntary Termination; provided further, however, that the Non-Solicitation Period shall end twelve (12) months after Employee ceases to be employed by the Company in the event Employee’s employment is terminated pursuant to a Change of Control Termination.

7. Successors.

(a) The Company’s Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term “Company” will include any successor to the Company’s business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) The Employee’s Successors. The terms of this Agreement and all rights of Employee hereunder will inure to the benefit of, and be enforceable by, Employee’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Employee, mailed notices will be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

(b) Notice of Termination. Any termination by the Company for Cause or by Employee for Good Reason or as a result of a voluntary resignation will be communicated by a notice of termination to the other party hereto given in accordance with Section 8(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice). The failure by Employee to include in the notice any fact or circumstance which contributes to a showing of Good Reason will not waive any right of Employee hereunder or preclude Employee from asserting such fact or circumstance in enforcing his or her rights hereunder.

9. Miscellaneous Provisions.

(a) Code Section 409A. Notwithstanding anything to the contrary in this Agreement, if Employee is a “specified employee” within the meaning of Section 409A of the Code and any final regulations and guidance promulgated thereunder, as they each may be amended from time to time (“Section 409A”) at the time of Employee’s termination other than due to Employee’s death (provided that such termination is a “separation from service” within the meaning of Section 409A, as determined by the Company), then only that portion of the cash severance and shares subject to accelerated RSUs payable to Employee pursuant to this Agreement, if any, and any other severance payments or separation benefits, in each case which may be considered deferred compensation under Section 409A (together, the “Deferred Compensation Separation Benefits”), which (when considered together) do not exceed the Section 409A Limit (as defined herein) may be made within the first six (6) months following Employee’s termination of employment in accordance with the payment schedule applicable to each payment or benefit. Any portion of the Deferred Compensation Separation Benefits in excess of the Section 409A Limit otherwise due to Employee on or within the six (6) month period following Employee’s termination will accrue during such six (6) month period and will

become payable in a lump sum payment on the date six (6) months and one (1) day following the date of Employee's termination of employment. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Employee dies following his termination but prior to the six month anniversary of his date of termination, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Employee's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. It is the intent of this Agreement to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

(b) No Duty to Mitigate. Employee will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Employee may receive from any other source.

(c) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by an authorized officer of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(d) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(e) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof, including (without limitation) the Employment Agreement). No future agreements between the Company and Employee may supersede this Agreement, unless they are in writing and specifically mention this Agreement. With respect to equity awards granted on or after the date hereof, the acceleration of vesting provided herein will apply to such awards except to the extent otherwise explicitly provided in the applicable equity award agreement, which provision must include a reference to this Agreement.

(f) Choice of Law. The laws of the State of California (without reference to its choice of laws provisions) will govern the validity, interpretation, construction and performance of this Agreement.

(g) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(h) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(i) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

GIGA-TRONICS INCORPORATED

John R. Regazzi
By: /s/ John R. Regazzi
Title: CEO

EXECUTIVE

By: /s/ Patrick J. Lawlor

Patrick J. Lawlor
Title: CFO, VP Finance, Secretary

GIGA-TRONICS INCORPORATED

SEVERANCE AGREEMENT

This Severance Agreement (the "Agreement") is made and entered into by and between Malcolm E. Levy ("Employee") and Giga-tronics Incorporated, a California Corporation (the "Company"), effective as of June 3, 2010 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Employee and can cause Employee to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Employee, notwithstanding the possibility, threat or occurrence of a Change of Control.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide Employee with an incentive to continue his or her employment and to motivate Employee to maximize the value of the Company for the benefit of its stockholders.

3. The Board believes that it is imperative to provide Employee with certain benefits upon Employee's termination of employment without cause or following a Change of Control. These benefits will provide Employee with enhanced financial security and incentive and encouragement to remain with the Company.

4. Certain capitalized terms used in the Agreement are defined in Section 5 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Employee acknowledge that Employee's employment is and will continue to be at-will, as defined under applicable law, except as may otherwise be specifically provided under the terms of any written formal employment agreement or offer letter between the Company and Employee (an "Employment Agreement"). If Employee's employment terminates for any reason, Employee will not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, including any payments or benefits Employee would otherwise be entitled to under his or her Employment Agreement.

3. Termination Benefits.

(a) Involuntary Termination other than for Cause, Death or Disability Prior to a Change of Control or after Twelve Months Following a Change of Control. If, prior to a Change of Control or after twelve (12) months following a Change of Control, the Company (or any parent or subsidiary of the Company employing Employee) terminates Employee's employment with the Company (or any parent or subsidiary of the Company) without Employee's consent and for a reason other than (x) Cause, (y) Employee becoming Disabled or (z) Employee's death, (any such termination, an "Involuntary Termination") and Employee signs, delivers and does not revoke a separation agreement and release of claims in a form satisfactory to the Company (the "Release") within the time period required by the Release (but in no event later than two and one-half (2½) months following the end of the calendar year in which the Involuntary Termination occurs), then following such termination of employment, or, if later, the effective date of the Release, Employee will receive the following payments and other benefits from the Company:

(i) Accrued Compensation. Employee will be entitled to receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with the Company's then existing employee benefit plans, policies and arrangements.

(ii) Severance. Subject to Section 9(a), Employee will be entitled to receive continued payments of Employee's base salary (as in effect immediately prior to such termination) for a period of six (6) months (the "Severance Period"), less applicable withholding payable in accordance with the Company's normal payroll policies. Notwithstanding the foregoing and except as provided by the following sentence, if during the Severance Period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all payments pursuant to this subsection will immediately cease effective as of the first date that constitutes engagement in Competition or a breach of the applicable covenants (the "Breach Date"). Notwithstanding the preceding sentence, if payment of the severance amounts is delayed in accordance with Section 9(a) of this Agreement, the Company's obligation to make severance payments to Executive during the Severance Period shall not terminate pursuant to the preceding sentence (i.e., upon the Breach Date) with respect to any severance payments that have been accrued prior to the Breach Date in accordance with Section 9(a) of this Agreement and such accrued severance payments shall be paid in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination of employment (or such earlier date as provided in Section 9(a) of this Agreement).

(iii) Continued Employee Benefits. The Company will reimburse Employee for premiums paid for the continuation of benefits Employee timely elects pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") for Employee and Employee's eligible dependents under the Company's Benefit Plans for a period of six (6) months following Employee's termination of employment; provided, however, that if during such period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all Company-reimbursements pursuant to this subsection will immediately cease. Employee will be solely responsible for electing such continuation coverage for Employee and Employee's eligible dependents.

(i v) Options. With respect to all of Employee's options (the "Options") to purchase Company common stock outstanding on the date of such termination (whether granted on, before or after the date of this Agreement), Employee will have the period following such termination of employment to exercise such Options that is specified in the stock plans, if any, under which the Options were granted and in any applicable agreements between the Company and Employee; provided, however, to the extent that, pursuant to the provisions of such stock plans and applicable agreements, such Options continue to vest during the period, if any, that Employee provides consulting services to the Company pursuant to Section 3(a)(ii) or otherwise, then Employee will have the period following the termination of such consulting services to exercise such Options that is specified in such stock plans and applicable agreements; provided further, however, that all Options will immediately terminate and Employee will have no further rights with respect to such Options in the event Employee engages in Competition or breaches the covenants in Section 6 or in the Release during such period. In all other respects, such Options will continue to be subject to the terms and conditions of the stock plans, if any, under which they were granted and any applicable agreements between the Company and Employee.

(v) Payments or Benefits Required by Law. Employee will receive such other compensation or benefits from the Company as may be required by law (for example, "COBRA" coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code")).

(b) Involuntary Termination other than for Cause, Death or Disability or Termination for Good Reason within Twelve Months of a Change of Control. If (i) within twelve (12) months following a Change of Control (A) Employee terminates his or her employment with the Company (or any parent or subsidiary of the Company) for Good Reason or (B) the Company (or any parent or subsidiary of the Company) terminates Employee's employment for other than (x) Cause, (y) Employee becoming Disabled or (z) Employee's death (any such termination pursuant to (A) or (B), a "Change of Control Termination") and (ii) Employee signs, delivers and does not revoke a Release within the time period required by the Release (but in no event later than two and one-half (2½) months following the end of the calendar year in which the Involuntary Termination occurs), then promptly following such termination of employment, or, if later, the effective date of the Release, Employee will receive the following payments and other benefits from the Company:

(i) Accrued Compensation. Employee will be entitled to receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with the Company's then existing employee benefit plans, policies and arrangements.

(ii) Severance. Subject to Section 9(a), Employee will be entitled to receive continued payments of Employee's base salary (as in effect immediately prior to such termination) for a period of nine (9) months (the "Post-Change of Control Severance Period"), less applicable withholding, payable in accordance with the Company's normal payroll policies. Notwithstanding the foregoing and except as provided by the following sentence, if during the Post-Change of Control Severance Period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all payments pursuant to this subsection will immediately cease effective as of the Breach Date. Notwithstanding the preceding sentence, if payment of the severance amounts is delayed in accordance with Section 9(a) of this Agreement, the Company's obligation to make severance payments to Executive during the Post-Change of Control Severance Period shall not terminate pursuant to the preceding sentence (i.e., upon the Breach Date) with respect to any severance payments that have been accrued prior to the Breach Date in accordance with Section 9(a) of this Agreement and such accrued severance payments shall be paid in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination of employment (or such earlier date as provided in Section 9(a) of this Agreement).

(iii) Options, Restricted Stock and Restricted Stock Units. 100% of the unvested shares subject to all of Employee's Options, 100% of the unvested shares subject to all of Employee's restricted stock units ("RSUs") and 100% any of Employee's shares of Company common stock subject to restrictions (the "Restricted Stock") whether acquired by Employee on, before or after the date of this Agreement, will immediately vest upon such termination. With respect to all of Employee's Options outstanding on the date of such termination (whether granted on, before or after the date of this Agreement), Employee will have the period following such termination of employment to exercise such Options that is specified in the stock plans, if any, under which the Options were granted and in any applicable agreements between the Company and Employee; provided, however, that all Options will immediately terminate and Employee will have no further rights with respect to such Options in the event Employee engages in Competition or breaches the covenants in Section 6 or in the Release during such period. In all other respects, such Options will continue to be subject to the terms and conditions of the stock plans, if any, under which they were granted and any applicable agreements between the Company and Employee.

(i v) Continued Employee Benefits. The Company will reimburse Employee for premiums paid for the continuation of benefits Employee timely elects pursuant to the COBRA for Employee and Employee's eligible dependents under the Company's Benefit Plans for a period of nine (9) months following Employee's termination of employment; provided, however, that if during such period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all Company-reimbursements pursuant to this subsection will immediately cease. Employee will be solely responsible for electing such continuation coverage for Employee and Employee's eligible dependents.

(v) Payments or Benefits Required by Law. Employee will receive such other compensation or benefits from the Company as may be required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(c) Other Terminations. If Employee voluntarily terminates Employee's employment with the Company or any parent or subsidiary of the Company (other than for Good Reason within twelve (12) months of a Change of Control) or if the Company (or any parent or subsidiary of the Company) terminates Employee employment with the Company (or any parent or subsidiary of the Company) for Cause, then Employee will (i) receive his or her earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with established Company plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits (including, without limitation, accelerated vesting of Options or Restricted Stock) from the Company except to the extent provided under the applicable stock option agreement(s) or as may be required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(d) Termination due to Death or Disability. If Employee's employment with the Company (or any parent or subsidiary of the Company) is terminated due to Employee's death or Employee's becoming Disabled, then Employee or Employee's estate (as the case may be) will (i) receive the earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with Company-provided or paid plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits from the Company except to the extent required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(e) Exclusive Remedy. In the event of a termination of Employee's employment with the Company (or any parent or subsidiary of the Company), the provisions of this Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Employee or the Company may otherwise be entitled (including any contrary provisions in the Employment Agreement), whether at law, tort or contract, in equity, or under this Agreement. Employee will be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in this Section 3.

4. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Employee (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the excise tax imposed by Section 4999 of the Code, then Employee's severance benefits under Section 4(a)(i) will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Employee on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Unless the Company and Employee otherwise agree in writing, any determination required under this Section 4 will be made in writing by BDO Seidman or by a national "Big Four" accounting firm (the "Accountants"), whose determination will be conclusive and binding upon Employee and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Employee will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 4.

5. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Benefit Plans. "Benefit Plans" means plans, policies or arrangements that the Company sponsors (or participates in) and that immediately prior to Employee's termination of employment provide Employee and/or Employee's eligible dependents with medical, dental, and/or vision benefits. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, disability, life insurance or retirement benefits). A requirement that the Company provide Employee and Employee's eligible dependents with coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to Employee and Employee's eligible dependents immediately prior to Employee's termination of employment.

(b) Cause. "Cause" means (i) a willful failure by Employee to substantially perform Employee's duties as an employee, other than a failure resulting from the Employee's complete or partial incapacity due to physical or mental illness or impairment, (ii) a willful act by Employee that constitutes gross misconduct and that is injurious to the Company, (iii) circumstances where Employee willfully imparts material confidential information relating to the Company or its business to competitors or to other third parties other than in the course of carrying out Employee's duties, (iv) a material and willful violation by Employee of a federal or state law or regulation applicable to the business of the Company that is injurious to the Company, or (v) Employee's conviction or plea of guilty or no contest to a felony, which the Company reasonably believes has or will negatively reflect on the Company's business or reputation. No act or failure to act by Employee will be considered "willful" unless committed without good faith and without a reasonable belief that the act or omission was in the Company's best interest.

(c) Change of Control. "Change of Control" means the occurrence of any of the following:

(i) the sale, lease, conveyance or other disposition of all or substantially all of the Company's assets to any "person" (as such term is used in Section 13(d) of the Securities Exchange Act of 1934, as amended), entity or group of persons acting in concert;

(ii) any person or group of persons becoming the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities;

(iii) a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its controlling entity) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity (or its controlling entity) outstanding immediately after such merger or consolidation; or

(iv) a contest for the election or removal of members of the Board that results in the removal from the Board of at least 50% of the incumbent members of the Board.

(d) Competition. "Competition" will mean Employee's direct or indirect engagement in (whether as an employee, consultant, agent, proprietor, principal, partner, stockholder, corporate officer, director or otherwise), or ownership interest in or participation in the financing, operation, management or control of, any person, firm, corporation or business that competes with Company or is a customer

of the Company.

(e) Disability. “Disability” will mean that Employee has been unable to perform the principal functions of Employee’s duties due to a physical or mental impairment, but only if such inability has lasted or is reasonably expected to last for at least six months. Whether Employee has a Disability will be determined by the Board based on evidence provided by one or more physicians selected by the Board.

(f) Good Reason. “Good Reason” means the occurrence of any of the following without the Employee’s consent: (i) a material diminution in Employee’s Base Salary, except for reductions that are in proportion to any salary reduction program approved by the Board that affects a majority of the senior executives of the Company; (ii) a material diminution in Employee’s authority, duties, or responsibilities; (iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom Employee is required to report, including a requirements that Employee report to a corporate officer or employee instead of reporting directly to the Board; (iv) a material change in the geographic location at which Employee must perform his services of not less than fifty (50) miles from the Company’s primary place of business immediately prior to such relocation; or (v) any other action or inaction that constitutes a material breach by the Company of this Agreement.

(g) Section 409A Limit. “Section 409A Limit” means the lesser of two (2) times: (i) Employee’s annualized compensation based upon the annual rate of pay paid to Employee during the Company’s taxable year preceding the Company’s taxable year of Employee’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Employee’s employment is terminated.

6 . Non-Solicitation. For a period beginning on the Effective Date and ending six (6) months after Employee ceases to be employed by the Company (the “Non-Solicitation Period”), Employee, directly or indirectly, whether as employee, owner, sole proprietor, partner, director, member, consultant, agent, founder, co-venturer or otherwise, will not: (i) solicit, induce or influence any person to leave employment with the Company; or (ii) directly or indirectly solicit business from any of the Company’s customers and users on behalf of any business that directly competes with the principal business of the Company; provided, however, that the Non-Solicitation Period shall end six (6) months after Employee ceases to be employed by the Company in the event Employee’s employment is terminated pursuant to an Involuntary Termination; provided further, however, that the Non-Solicitation Period shall end nine (9) months after Employee ceases to be employed by the Company in the event Employee’s employment is terminated pursuant to a Change of Control Termination.

7. Successors.

(a) The Company’s Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term “Company” will include any successor to the Company’s business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) The Employee’s Successors. The terms of this Agreement and all rights of Employee hereunder will inure to the benefit of, and be enforceable by, Employee’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Employee, mailed notices will be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

(b) Notice of Termination. Any termination by the Company for Cause or by Employee for Good Reason or as a result of a voluntary resignation will be communicated by a notice of termination to the other party hereto given in accordance with Section 8(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice). The failure by Employee to include in the notice any fact or circumstance which contributes to a showing of Good Reason will not waive any right of Employee hereunder or preclude Employee from asserting such fact or circumstance in enforcing his or her rights hereunder.

9. Miscellaneous Provisions.

(a) Code Section 409A. Notwithstanding anything to the contrary in this Agreement, if Employee is a “specified employee” within the meaning of Section 409A of the Code and any final regulations and guidance promulgated thereunder, as they each may be amended from time to time (“Section 409A”) at the time of Employee’s termination other than due to Employee’s death (provided that such termination is a “separation from service” within the meaning of Section 409A, as determined by the Company), then only that portion of the cash severance and shares subject to accelerated RSUs payable to Employee pursuant to this Agreement, if any, and any other severance payments or separation benefits, in each case which may be considered deferred compensation under Section 409A (together, the “Deferred Compensation Separation Benefits”), which (when considered together) do not exceed the Section 409A Limit (as defined herein) may be made within the first six (6) months following Employee’s termination of employment in accordance with the payment schedule applicable to each payment or benefit. Any portion of the Deferred Compensation Separation Benefits in excess of the Section 409A Limit otherwise due to Employee on or within the six (6) month period following Employee’s termination will accrue during such six (6) month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of Employee’s termination of

employment. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Employee dies following his termination but prior to the six month anniversary of his date of termination, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Employee's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. It is the intent of this Agreement to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

(b) No Duty to Mitigate. Employee will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Employee may receive from any other source.

(c) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by an authorized officer of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(d) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(e) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof, including (without limitation) the Employment Agreement). No future agreements between the Company and Employee may supersede this Agreement, unless they are in writing and specifically mention this Agreement. With respect to equity awards granted on or after the date hereof, the acceleration of vesting provided herein will apply to such awards except to the extent otherwise explicitly provided in the applicable equity award agreement, which provision must include a reference to this Agreement.

(f) Choice of Law. The laws of the State of California (without reference to its choice of laws provisions) will govern the validity, interpretation, construction and performance of this Agreement.

(g) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(h) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(i) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

GIGA-TRONICS INCORPORATED

John R. Regazzi
By: /s/ John R. Regazzi
Title: CEO

EXECUTIVE

By: /s/ Malcolm E. Levy

Malcolm E. Levy
Title: VP Sales and Marketing

GIGA-TRONICS INCORPORATED

SEVERANCE AGREEMENT

This Severance Agreement (the "Agreement") is made and entered into by and between Jeffrey T. Lum ("Employee") and Giga-tronics Incorporated, a California Corporation (the "Company"), effective as of June 3, 2010 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Employee and can cause Employee to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Employee, notwithstanding the possibility, threat or occurrence of a Change of Control.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide Employee with an incentive to continue his or her employment and to motivate Employee to maximize the value of the Company for the benefit of its stockholders.

3. The Board believes that it is imperative to provide Employee with certain benefits upon Employee's termination of employment without cause or following a Change of Control. These benefits will provide Employee with enhanced financial security and incentive and encouragement to remain with the Company.

4. Certain capitalized terms used in the Agreement are defined in Section 5 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Employee acknowledge that Employee's employment is and will continue to be at-will, as defined under applicable law, except as may otherwise be specifically provided under the terms of any written formal employment agreement or offer letter between the Company and Employee (an "Employment Agreement"). If Employee's employment terminates for any reason, Employee will not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, including any payments or benefits Employee would otherwise be entitled to under his or her Employment Agreement.

3. Termination Benefits.

(a) Involuntary Termination other than for Cause, Death or Disability Prior to a Change of Control or after Twelve Months Following a Change of Control. If, prior to a Change of Control or after twelve (12) months following a Change of Control, the Company (or any parent or subsidiary of the Company employing Employee) terminates Employee's employment with the Company (or any parent or subsidiary of the Company) without Employee's consent and for a reason other than (x) Cause, (y) Employee becoming Disabled or (z) Employee's death, (any such termination, an "Involuntary Termination") and Employee signs, delivers and does not revoke a separation agreement and release of claims in a form satisfactory to the Company (the "Release") within the time period required by the Release (but in no event later than two and one-half (2½) months following the end of the calendar year in which the Involuntary Termination occurs), then following such termination of employment, or, if later, the effective date of the Release, Employee will receive the following payments and other benefits from the Company:

(i) Accrued Compensation. Employee will be entitled to receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with the Company's then existing employee benefit plans, policies and arrangements.

(ii) Severance. Subject to Section 9(a), Employee will be entitled to receive continued payments of Employee's base salary (as in effect immediately prior to such termination) for a period of six (6) months (the "Severance Period"), less applicable withholding payable in accordance with the Company's normal payroll policies. Notwithstanding the foregoing and except as provided by the following sentence, if during the Severance Period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all payments pursuant to this subsection will immediately cease effective as of the first date that constitutes engagement in Competition or a breach of the applicable covenants (the "Breach Date"). Notwithstanding the preceding sentence, if payment of the severance amounts is delayed in accordance with Section 9(a) of this Agreement, the Company's obligation to make severance payments to Executive during the Severance Period shall not terminate pursuant to the preceding sentence (i.e., upon the Breach Date) with respect to any severance payments that have been accrued prior to the Breach Date in accordance with Section 9(a) of this Agreement and such accrued severance payments shall be paid in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination of employment (or such earlier date as provided in Section 9(a) of this Agreement).

(iii) Continued Employee Benefits. The Company will reimburse Employee for premiums paid for the continuation of benefits Employee timely elects pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") for Employee and Employee's eligible dependents under the Company's Benefit Plans for a period of six (6) months following Employee's termination of employment; provided, however, that if during such period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all Company-reimbursements pursuant to this subsection will immediately cease. Employee will be solely responsible for electing such continuation coverage for Employee and Employee's eligible dependents.

(i v) Options. With respect to all of Employee's options (the "Options") to purchase Company common stock outstanding on the date of such termination (whether granted on, before or after the date of this Agreement), Employee will have the period following such termination of employment to exercise such Options that is specified in the stock plans, if any, under which the Options were granted and in any applicable agreements between the Company and Employee; provided, however, to the extent that, pursuant to the provisions of such stock plans and applicable agreements, such Options continue to vest during the period, if any, that Employee provides consulting services to the Company pursuant to Section 3(a)(ii) or otherwise, then Employee will have the period following the termination of such consulting services to exercise such Options that is specified in such stock plans and applicable agreements; provided further, however, that all Options will immediately terminate and Employee will have no further rights with respect to such Options in the event Employee engages in Competition or breaches the covenants in Section 6 or in the Release during such period. In all other respects, such Options will continue to be subject to the terms and conditions of the stock plans, if any, under which they were granted and any applicable agreements between the Company and Employee.

(v) Payments or Benefits Required by Law. Employee will receive such other compensation or benefits from the Company as may be required by law (for example, "COBRA" coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code")).

(b) Involuntary Termination other than for Cause, Death or Disability or Termination for Good Reason within Twelve Months of a Change of Control. If (i) within twelve (12) months following a Change of Control (A) Employee terminates his or her employment with the Company (or any parent or subsidiary of the Company) for Good Reason or (B) the Company (or any parent or subsidiary of the Company) terminates Employee's employment for other than (x) Cause, (y) Employee becoming Disabled or (z) Employee's death (any such termination pursuant to (A) or (B), a "Change of Control Termination") and (ii) Employee signs, delivers and does not revoke a Release within the time period required by the Release (but in no event later than two and one-half (2½) months following the end of the calendar year in which the Involuntary Termination occurs), then promptly following such termination of employment, or, if later, the effective date of the Release, Employee will receive the following payments and other benefits from the Company:

(i) Accrued Compensation. Employee will be entitled to receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with the Company's then existing employee benefit plans, policies and arrangements.

(ii) Severance. Subject to Section 9(a), Employee will be entitled to receive continued payments of Employee's base salary (as in effect immediately prior to such termination) for a period of nine (9) months (the "Post-Change of Control Severance Period"), less applicable withholding, payable in accordance with the Company's normal payroll policies. Notwithstanding the foregoing and except as provided by the following sentence, if during the Post-Change of Control Severance Period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all payments pursuant to this subsection will immediately cease effective as of the Breach Date. Notwithstanding the preceding sentence, if payment of the severance amounts is delayed in accordance with Section 9(a) of this Agreement, the Company's obligation to make severance payments to Executive during the Post-Change of Control Severance Period shall not terminate pursuant to the preceding sentence (i.e., upon the Breach Date) with respect to any severance payments that have been accrued prior to the Breach Date in accordance with Section 9(a) of this Agreement and such accrued severance payments shall be paid in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination of employment (or such earlier date as provided in Section 9(a) of this Agreement).

(iii) Options, Restricted Stock and Restricted Stock Units. 100% of the unvested shares subject to all of Employee's Options, 100% of the unvested shares subject to all of Employee's restricted stock units ("RSUs") and 100% any of Employee's shares of Company common stock subject to restrictions (the "Restricted Stock") whether acquired by Employee on, before or after the date of this Agreement, will immediately vest upon such termination. With respect to all of Employee's Options outstanding on the date of such termination (whether granted on, before or after the date of this Agreement), Employee will have the period following such termination of employment to exercise such Options that is specified in the stock plans, if any, under which the Options were granted and in any applicable agreements between the Company and Employee; provided, however, that all Options will immediately terminate and Employee will have no further rights with respect to such Options in the event Employee engages in Competition or breaches the covenants in Section 6 or in the Release during such period. In all other respects, such Options will continue to be subject to the terms and conditions of the stock plans, if any, under which they were granted and any applicable agreements between the Company and Employee.

(i v) Continued Employee Benefits. The Company will reimburse Employee for premiums paid for the continuation of benefits Employee timely elects pursuant to the COBRA for Employee and Employee's eligible dependents under the Company's Benefit Plans for a period of nine (9) months following Employee's termination of employment; provided, however, that if during such period Employee engages in Competition or breaches the covenants in Section 6 or in the Release, all Company-reimbursements pursuant to this subsection will immediately cease. Employee will be solely responsible for electing such continuation coverage for Employee and Employee's eligible dependents.

(iv) Payments or Benefits Required by Law. Employee will receive such other compensation or benefits from the Company as may be required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(c) Other Terminations. If Employee voluntarily terminates Employee's employment with the Company or any parent or subsidiary of the Company (other than for Good Reason within twelve (12) months of a Change of Control) or if the Company (or any parent or subsidiary of the Company) terminates Employee employment with the Company (or any parent or subsidiary of the Company) for Cause, then Employee will (i) receive his or her earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with established Company plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits (including, without limitation, accelerated vesting of Options or Restricted Stock) from the Company except to the extent provided under the applicable stock option agreement(s) or as may be required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(d) Termination due to Death or Disability. If Employee's employment with the Company (or any parent or subsidiary of the Company) is terminated due to Employee's death or Employee's becoming Disabled, then Employee or Employee's estate (as the case may be) will (i) receive the earned but unpaid base salary through the date of termination of employment, (ii) receive all accrued vacation, expense reimbursements and any other benefits due to Employee through the date of termination of employment in accordance with Company-provided or paid plans, policies and arrangements, and (iii) not be entitled to any other compensation or benefits from the Company except to the extent required by law (for example, "COBRA" coverage under Section 4980B of the Code).

(e) Exclusive Remedy. In the event of a termination of Employee's employment with the Company (or any parent or subsidiary of the Company), the provisions of this Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Employee or the Company may otherwise be entitled (including any contrary provisions in the Employment Agreement), whether at law, tort or contract, in equity, or under this Agreement. Employee will be entitled to no benefits, compensation or other payments or rights upon termination of employment other than those benefits expressly set forth in this Section 3.

4. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Employee (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 4, would be subject to the excise tax imposed by Section 4999 of the Code, then Employee's severance benefits under Section 4(a)(i) will be either:

- (a) delivered in full, or
- (b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Employee on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Unless the Company and Employee otherwise agree in writing, any determination required under this Section 4 will be made in writing by BDO Seidman or by a national "Big Four" accounting firm (the "Accountants"), whose determination will be conclusive and binding upon Employee and the Company for all purposes. For purposes of making the calculations required by this Section 4, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Employee will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 4.

5. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Benefit Plans. "Benefit Plans" means plans, policies or arrangements that the Company sponsors (or participates in) and that immediately prior to Employee's termination of employment provide Employee and/or Employee's eligible dependents with medical, dental, and/or vision benefits. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, disability, life insurance or retirement benefits). A requirement that the Company provide Employee and Employee's eligible dependents with coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to Employee and Employee's eligible dependents immediately prior to Employee's termination of employment.

(b) Cause. "Cause" means (i) a willful failure by Employee to substantially perform Employee's duties as an employee, other than a failure resulting from the Employee's complete or partial incapacity due to physical or mental illness or impairment, (ii) a willful act by Employee that constitutes gross misconduct and that is injurious to the Company, (iii) circumstances where Employee willfully imparts material confidential information relating to the Company or its business to competitors or to other third parties other than in the course of carrying out Employee's duties, (iv) a material and willful violation by Employee of a federal or state law or regulation applicable to the business of the Company that is injurious to the Company, or (v) Employee's conviction or plea of guilty or no contest to a felony, which the Company reasonably believes has or will negatively reflect on the Company's business or reputation. No act or failure to act by Employee will be considered "willful" unless committed without good faith and without a reasonable belief that the act or omission was in the Company's best interest.

(c) Change of Control. "Change of Control" means the occurrence of any of the following:

(i) the sale, lease, conveyance or other disposition of all or substantially all of the Company's assets to any "person" (as such term is used in Section 13(d) of the Securities Exchange Act of 1934, as amended), entity or group of persons acting in concert;

(ii) any person or group of persons becoming the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities;

(iii) a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its controlling entity) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity (or its controlling entity) outstanding immediately after such merger or consolidation; or

(iv) a contest for the election or removal of members of the Board that results in the removal from the Board of at least 50% of the incumbent members of the Board.

(d) Competition. "Competition" will mean Employee's direct or indirect engagement in (whether as an employee, consultant, agent, proprietor, principal, partner, stockholder, corporate officer, director or otherwise), or ownership interest in or participation

in the financing, operation, management or control of, any person, firm, corporation or business that competes with Company or is a customer of the Company.

(e) Disability. “Disability” will mean that Employee has been unable to perform the principal functions of Employee’s duties due to a physical or mental impairment, but only if such inability has lasted or is reasonably expected to last for at least six months. Whether Employee has a Disability will be determined by the Board based on evidence provided by one or more physicians selected by the Board.

(f) Good Reason. “Good Reason” means the occurrence of any of the following without the Employee’s consent: (i) a material diminution in Employee’s Base Salary, except for reductions that are in proportion to any salary reduction program approved by the Board that affects a majority of the senior executives of the Company; (ii) a material diminution in Employee’s authority, duties, or responsibilities; (iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom Employee is required to report, including a requirements that Employee report to a corporate officer or employee instead of reporting directly to the Board; (iv) a material change in the geographic location at which Employee must perform his services of not less than fifty (50) miles from the Company’s primary place of business immediately prior to such relocation; or (v) any other action or inaction that constitutes a material breach by the Company of this Agreement.

(g) Section 409A Limit. “Section 409A Limit” means the lesser of two (2) times: (i) Employee’s annualized compensation based upon the annual rate of pay paid to Employee during the Company’s taxable year preceding the Company’s taxable year of Employee’s termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Employee’s employment is terminated.

6 . Non-Solicitation. For a period beginning on the Effective Date and ending six (6) months after Employee ceases to be employed by the Company (the “Non-Solicitation Period”), Employee, directly or indirectly, whether as employee, owner, sole proprietor, partner, director, member, consultant, agent, founder, co-venturer or otherwise, will not: (i) solicit, induce or influence any person to leave employment with the Company; or (ii) directly or indirectly solicit business from any of the Company’s customers and users on behalf of any business that directly competes with the principal business of the Company; provided, however, that the Non-Solicitation Period shall end six (6) months after Employee ceases to be employed by the Company in the event Employee’s employment is terminated pursuant to an Involuntary Termination; provided further, however, that the Non-Solicitation Period shall end nine (9) months after Employee ceases to be employed by the Company in the event Employee’s employment is terminated pursuant to a Change of Control Termination.

7. Successors.

(a) The Company’s Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term “Company” will include any successor to the Company’s business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) The Employee’s Successors. The terms of this Agreement and all rights of Employee hereunder will inure to the benefit of, and be enforceable by, Employee’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Employee, mailed notices will be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

(b) Notice of Termination. Any termination by the Company for Cause or by Employee for Good Reason or as a result of a voluntary resignation will be communicated by a notice of termination to the other party hereto given in accordance with Section 8(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice). The failure by Employee to include in the notice any fact or circumstance which contributes to a showing of Good Reason will not waive any right of Employee hereunder or preclude Employee from asserting such fact or circumstance in enforcing his or her rights hereunder.

9. Miscellaneous Provisions.

(a) Code Section 409A. Notwithstanding anything to the contrary in this Agreement, if Employee is a “specified employee” within the meaning of Section 409A of the Code and any final regulations and guidance promulgated thereunder, as they each may be amended from time to time (“Section 409A”) at the time of Employee’s termination other than due to Employee’s death (provided that such termination is a “separation from service” within the meaning of Section 409A, as determined by the Company), then only that portion of the cash severance and shares subject to accelerated RSUs payable to Employee pursuant to this Agreement, if any, and any other severance payments or separation benefits, in each case which may be considered deferred compensation under Section 409A (together, the “Deferred Compensation Separation Benefits”), which (when considered together) do not exceed the Section 409A Limit (as defined herein) may be made within the first six (6) months following Employee’s termination of employment in accordance with the payment schedule applicable to each payment or benefit. Any portion of the Deferred Compensation Separation Benefits in excess of the Section 409A Limit otherwise due to Employee on or within the six (6) month period following Employee’s termination will accrue during such six (6) month period and will

become payable in a lump sum payment on the date six (6) months and one (1) day following the date of Employee's termination of employment. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Employee dies following his termination but prior to the six month anniversary of his date of termination, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Employee's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. It is the intent of this Agreement to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

(b) No Duty to Mitigate. Employee will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Employee may receive from any other source.

(c) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by an authorized officer of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(d) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(e) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof, including (without limitation) the Employment Agreement). No future agreements between the Company and Employee may supersede this Agreement, unless they are in writing and specifically mention this Agreement. With respect to equity awards granted on or after the date hereof, the acceleration of vesting provided herein will apply to such awards except to the extent otherwise explicitly provided in the applicable equity award agreement, which provision must include a reference to this Agreement.

(f) Choice of Law. The laws of the State of California (without reference to its choice of laws provisions) will govern the validity, interpretation, construction and performance of this Agreement.

(g) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(h) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(i) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

GIGA-TRONICS INCORPORATED

John R. Regazzi
By: /s/ John R. Regazzi
Title: CEO

EXECUTIVE

By: /s/ Jeffrey T. Lum

Jeffrey T. Lum
Title: CTO

CERTIFICATIONS UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John R. Regazzi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Giga-tronics Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 8/09/10

/s/ John R. Regazzi
John R. Regazzi
Chief Executive Officer

CERTIFICATIONS UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick J. Lawlor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Giga-tronics Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 8/09/10

/s/ Patrick J. Lawlor
Patrick J. Lawlor
Vice President Finance/Chief Financial Officer & Secretary

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Giga-tronics Incorporated (the "Company") on Form 10-Q for the period ending June 26, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John R. Regazzi, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 8/09/10

/s/ John R. Regazzi
John R. Regazzi
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Giga-tronics Incorporated (the "Company") on Form 10-Q for the period ending June 26, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick J. Lawlor, Vice President, Finance/Chief Financial Officer and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 8/09/10

/s/ Patrick J. Lawlor
Patrick J. Lawlor
Vice President Finance/
Chief Financial Officer & Secretary
