

GIGA TRONICS INC
Form DEFR14A
June 30, 2010

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

SCHEDULE 14A

Amendment No. 1

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

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement
 [X] Definitive Proxy Statement
 [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 [] Definitive Additional Materials
 [] Soliciting Material Pursuant to Sec. 240.14a-11(c) or sec. 240.14a-12

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

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

Payment of Filing Fee (Check the appropriate box):

- [X] Fee not required.
 [] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
| (4) | Date Filed: |
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Explanatory Note

The purpose of this Amendment No. 1 to Schedule 14A, originally filed with the Securities and Exchange Commission on June 25, 2010, is to revise the biography of one Director on page 7, revise the Summary Compensation Table for executive officers on page 13 to include bonuses accrued in fiscal 2010 (although they were not paid until fiscal 2011), add information about recent Severance Agreements for executive officers on page 17, and revise some information under “Base Salary” on page 19. The Proxy Statement delivered to the Registrant’s shareholders will include the information as reflected in this Amendment No. 1.

Giga-tronics Incorporated
4650 Norris Canyon Road
San Ramon, California 94583
(925) 328-4650

July 12, 2010

To Our Shareholders:

I cordially invite you to attend the annual meeting of Giga-tronics Incorporated shareholders to be held at the Giga-tronics executive office, 4650 Norris Canyon Road, San Ramon, California at 9:30 a.m. on Tuesday, August 17, 2010.

At the meeting, you will be asked to elect six directors, approve an amendment to the 2005 Equity Incentive Plan, including the material terms of performance criteria, and ratify the selection of Perry-Smith LLP as our Independent Registered Public Accounting Firm. Information about these matters is set forth in the attached Notice and Proxy Statement.

Giga-tronics counts on your continued interest, and I hope you will be able to attend the meeting. However, regardless of whether you plan to attend in person, it is important that your vote be counted. I urge you to vote your shares by signing and returning the accompanying proxy card.

Sincerely,

Garrett A. Garrettson
Chairman of the Board of Directors

Your vote is very important. Even if you plan to attend the meeting,
VOTE YOUR PROXY PROMPTLY.

Giga-tronics Incorporated
4650 Norris Canyon Road
San Ramon, California 94583
(925) 328-4650

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held on August 17, 2010

To Our Shareholders:

The Annual Meeting of Shareholders of Giga-tronics Incorporated will be held at the Giga-tronics executive office, 4650 Norris Canyon Road, San Ramon, California on Tuesday, August 17, 2010 at 9:30 a.m., local time, for the following purposes:

1. Elect six directors for the ensuing year;
2. To approve an amendment to the 2005 Equity Incentive Plan increasing the number of shares authorized for issuance under the Plan;
3. To approve the material terms of the performance criteria for the performance-based awards under the Plan, as amended;
4. Ratify the appointment of Perry-Smith LLP as Independent Registered Public Accounting Firm; and
5. Transact such other business as may properly come before the meeting.

Only shareholders of record at the close of business on June 21, 2010 will be entitled to vote at this meeting, or any adjournment of this meeting.

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

By Order of the Board of Directors,

Patrick J. Lawlor
Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on August 17, 2010: The proxy statement and annual report on Form 10-K are available online at www.gigatronics.com under

“Investor Relations”.

San Ramon, California
July 12, 2010

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PROXY STATEMENT
FOR THE
ANNUAL MEETING OF SHAREHOLDERS

Giga-tronics Incorporated
4650 Norris Canyon Road
San Ramon, California 94583

This proxy statement is submitted by the Board of Directors of Giga-tronics Incorporated (“Giga-tronics” or the “Company”), a California corporation, in connection with the solicitation of proxies for use at the Annual Meeting of Shareholders (the “Annual Meeting”) to be held at 9:30 a.m. on Tuesday, August 17, 2010, at the Giga-tronics executive office, 4650 Norris Canyon Road, San Ramon, California, in accordance with the notice to shareholders, and at any adjournment thereof.

Our Board of Directors has fixed June 21, 2010 as the record date for the Annual Meeting. Only shareholders of record at the close of business on the record date are entitled to notice of and to vote at this meeting. A majority of the shares of common stock will constitute a quorum for the transaction of business at the Annual Meeting. On the record date, there were 4,972,019 shares of Giga-tronics common stock issued and outstanding. Each share outstanding on the record date is entitled to one vote as to each matter to be acted on at this meeting. However, each shareholder will be entitled to cumulate his votes in the election of directors provided that notice of an intention to cumulate votes is given at this meeting by at least one shareholder before voting for the election of directors. Under cumulative voting, a shareholder is allowed one vote per share multiplied by the number of directors to be elected and may cast the total number of votes for one nominee or may distribute the total number of votes among as many nominees as the shareholder chooses. Six directors will be elected at this meeting.

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

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

The approximate date on which this Proxy Statement and the accompanying form of proxy will be sent to Giga-tronics shareholders is July 12, 2010.

The Altman Group will be using an automated system for the tabulation of shareholder votes for Giga-tronics. Abstentions and “broker non-votes” are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. We believe that nominees have discretionary voting power with respect to all of the ballot items described below and elsewhere in this proxy statement. In the election of directors, the candidates receiving the highest number of affirmative votes of the shares entitled to be voted for them up to the number of directors to be elected by such shares are elected. Abstentions and broker “non-votes” will have no effect on the voting

outcome with respect to the election of directors. The affirmative vote of the holders of a majority of shares of common stock, present in person or represented by proxy and entitled to vote, is required with respect to the ratification of our Independent Registered Public Accounting Firm. An abstention is treated as present and entitled to vote and therefore has the effect of a vote against ratification of the selection of the Independent Registered Public Accounting Firm.

The Annual Report of Giga-tronics for its fiscal year ended March 27, 2010 is being mailed with this mailing of the Notice of Annual Meeting and Proxy Statement to all shareholders entitled to notice of and to vote at the Annual Meeting.

The costs of solicitation of proxies, including the printing, handling and mailing of the proxy material, will be paid by Giga-tronics. Copies of solicitation material will be furnished to brokerage houses, fiduciaries and custodians to be forwarded to beneficial owners of shares held in their names, and Giga-tronics will reimburse them for their expenses. The solicitation of proxies through this proxy statement may be supplemented by telephone, telegram or personal solicitation by directors, officers or other regular employees of Giga-tronics and by The Altman Group. Giga-tronics has retained The Altman Group to solicit proxies for a fee of approximately \$6,500, which includes the estimated fees for related services to be rendered by Broadridge Financial Solutions, Inc. No additional compensation will be paid to directors, officers or other employees for such services.

The executive office of Giga-tronics is located at 4650 Norris Canyon Road, San Ramon, California, 94583, and the telephone number at that location is (925) 328-4650.

PROPOSAL 1

ELECTION OF DIRECTORS

At the Annual Meeting, six directors are to be elected to serve until the next annual meeting and until their successors are elected and qualified. The nominees of the Board of Directors for election as directors are listed below. There are no family relationships among the nominees or between any nominee and any executive officer of Giga-tronics. The Board of Directors has determined that Messrs. Cole, Garrettson, Harvey and Wilson, representing a majority of the Board of Directors, are independent under the independence standards of The Nasdaq Stock Market.

Name and Principal Occupation	Director Since	Age
<p>George H. Bruns, Jr. Chairman of the Board until February 2008 and a Director of the Company. Chief Executive Officer from January 1995 until April 2006. He provided seed financing for the Company in 1980 and has been a Director since inception. Mr. Bruns is General Partner of The Bruns Company, a private venture investment and management consulting firm. Mr. Bruns is Director of Testronics, Inc. of McKinney, Texas. Mr. Bruns has been nominated primarily because of his long experience in the industry and his thorough knowledge of the Company.</p>	1980	91

<p>James A. Cole General Partner of Windward Ventures, General Partner of Spectra Enterprise Associates, Founder and President of Amplica, Inc. and presently a director of Syntricity, CAP Wireless, KOR Electronics and Akatoo, all private companies. Mr. Cole is also a Trustee at Mount St. Mary's College in Los Angeles, CA. Mr. Cole has been nominated because of his broad business experience and industry knowledge.</p>	1994	68
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Member: Audit and Nominating Committees

<p>Garrett A. Garrettson Chairman of the Board of Directors of Giga-tronics Inc. since February 2008. Garrett Garrettson is currently President of G. Garrettson Consulting LLC, providing management consulting to public and private companies, and a Managing Director of daVinci Capital Group, a Private Equity fund under development. From December 2005 until January 2008 Dr. Garrettson was President and CEO of Fresco Technologies, a private digital imaging company, and from November 2001 until September 2004, he was President and CEO of Clairvoyante, a private company that developed and licensed critical technology to the flat panel display industry. From 1996 until 2002, he held the position of Chairman, and before that President & CEO, of Spectrian Corporation, a public company that developed, manufactured and sold wireless telecommunications infrastructure equipment and semiconductors. Before Spectrian he spent ten years in the data storage industry as President & CEO of Censtor Corporation, a Vice President at Seagate Technology and a Vice President at Control Data. He began his career as a Director at HP Laboratories after being an Assistant Professor of Physics, Naval Postgraduate School. He was educated at Stanford in Engineering Physics, receiving his PhD in Nuclear Engineering. In addition to being a Director of Giga-tronics, he is a Director of Iridex and GSI Group. Mr. Garrettson is nominated primarily because of his leadership skills and his executive experience in the industry.</p>	2005	67
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Member: Compensation Committee

Kenneth A. Harvey	2002	45
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President of Peak Consulting Group. Former CEO of Advanced Wireless & Telecom, Vice President and General Manager of Credence Systems Corporation. Co-founded Modulation Instruments where he served as President and CEO. Mr. Harvey is nominated primarily because of his executive experience in the industry, technical knowledge, and his familiarity with accounting and SEC issues.

Member: Audit and Compensation Committees

John R. Regazzi	2006	55
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Chief Executive Officer and a Director of the Company since April 2006. Mr. Regazzi had been President and General Manager of Instrument Division since August 2005, and prior to that, was Vice President of Operations for Instrument Division from October 2004 through August 2005. Prior to that, he was Vice President of Engineering for Instrument Division from June 2001 through October 2004. Previous experience includes 22 years at Hewlett Packard and Agilent Technologies in various design and management positions associated with their microwave sweeper and synthesizer product lines. His final position at Agilent Technologies was as a senior engineering manager. Mr. Regazzi is nominated primarily because of his role as Chief Executive Officer, his RF and Microwave expertise, and his depth of experience in the industry.

Robert C. Wilson	1991	90
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Former Chairman of Wilson & Chambers, a private investment firm. Prior to that, Mr. Wilson was Vice President of General Electric, Executive Vice President of Rockwell International, CEO of Collins Radio, and CEO of Memorex. Mr. Wilson is nominated primarily because of his executive experience, his financial background and his familiarity with accounting issues.

Member: Audit, Nominating and Compensation Committees

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF ALL
NOMINEES NAMED IN PROPOSAL 1.

INFORMATION ABOUT THE BOARD OF DIRECTORS
AND COMMITTEES OF THE BOARD

Meetings

There were ten meetings of the Board of Directors during the last fiscal year. Five of the directors attended all the regularly scheduled meetings of the Board of Directors, and one director missed one scheduled meeting. All directors who serve on a committee attended all of the scheduled committee meetings, except one director, who missed 2 committee meetings. Directors are expected to attend the Annual Meeting except for good cause. All six of the directors attended the Annual Meeting in 2009.

Committees

Giga-tronics' Board of Directors has an Audit Committee, a Compensation Committee and a Nominating Committee.

Audit Committee. During fiscal 2010, the Audit Committee consisted of directors James A. Cole, Kenneth A. Harvey (Chairman) and Robert C. Wilson, all of whom are independent under the director independence standards of The Nasdaq Stock Market. The Audit Committee serves to monitor the effectiveness of the independent audit, as well as the Company's accounting, financial controls and financial reports. The Audit Committee must approve all non-audit services provided by the Independent Registered Public Accounting Firm. The Audit Committee has not adopted any standards for pre-approval of non-audit services and has not pre-approved any non-audit services. The Audit Committee held four meetings during the past fiscal year. The board has determined that Robert Wilson has:

- (i) an understanding of generally accepted accounting principles and financial statements;
- (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities;
- (iv) an understanding of internal control over financial reporting; and
- (v) an understanding of audit committee functions.

Therefore the Board of Directors determined that Robert Wilson is the Audit Committee's financial expert for purposes of Nasdaq rules and requirements of the Sarbanes Oxley Act.

The charter of the Audit Committee is available on the Company's website under "Investor Relations".

Compensation Committee. During fiscal 2010, the Compensation Committee consisted of directors Garrett A. Garrettson (Chairman), Kenneth A. Harvey and Robert C. Wilson, all of whom are independent under the director independence standards of The Nasdaq Stock Market. The committee formulates recommendations to the Board of Directors regarding levels of compensation for management. In addition, in order to recognize the expected future contributions of key employees and provide an additional incentive for them to remain with Giga-tronics over the long-term, the Committee awards options to purchase shares of our common stock and other forms of equity awards. The Compensation Committee reviews and approves all stock options and executive compensation.

The Compensation Committee did not engage any compensation consultants in determining or recommending executive officer compensation for fiscal 2010. The Compensation Committee met seven times during the last fiscal year.

The Compensation Committee does not have a formal charter.

Nominating Committee. The Board of Directors has a Nominating Committee, which is currently comprised of directors James A. Cole and Robert C. Wilson, both of whom are independent under the director independence standards of The Nasdaq Stock Market. The purposes of the Nominating Committee are to recommend persons for membership on the Board and to establish criteria and procedures for the selection of new directors. The Nominating Committee met one time during the last fiscal year.

The Nominating Committee has no formal process for identifying and evaluating candidates. Existing directors attempt to identify suitable candidates as the need arises. The Board's policy is to consider any director candidate nominated or recommended by a shareholder in the same manner that it would consider a candidate nominated by the Board or committee. In the past year the Company did not receive any recommendations for director candidates from any shareholders. Shareholder recommendations should be submitted in writing to the Company by mail at its main office at least 120 days in advance of the anniversary date of the mailing of notice of the previous year's annual meeting and should include sufficient biographical information (including all information that would be required to be disclosed in a proxy statement for a shareholder meeting at which directors are to be elected) for the committee to make an initial evaluation of the candidate's qualifications. The Company has never engaged or paid a fee to a third party search firm in connection with the nomination of a candidate for director.

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

- The nominee should have a reputation for integrity and honesty.
- The nominee should have demonstrated business experience and the ability to exercise sound judgment.
 - The nominee should have an understanding of the Company and its industry.
- The nominee should have the ability and willingness to act in the interests of the Company and its shareholders.
- The nominee should not have a conflict of interest that would impair the nominee's ability to fulfill the responsibilities of a director.

The Nominating Committee also serves as the Corporate Governance Committee. The Corporate Governance Committee has adopted a Code of Ethics applicable to all directors, officers and employees. The Company will provide to any person without charge, upon request, a copy of such Code of Ethics upon written request mailed to the Company at its main office, to the attention of the Corporate Secretary.

The Committee has no formal policy on the consideration to be given to diversity in the nomination process, other than to seek candidates who have skills and experience that are appropriate to the position and complementary to those of the other board members or candidates.

The charter of the Nominating Committee is available on the Company's website under "Investor Relations".

Leadership Structure

The positions of Chairman of the board and Chief Executive Officer are currently held by different persons. The Board believes that having a separate chairman will help enable the board to maintain an independent perspective on the activities of the Company and executive management.

Board Risk Oversight

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

Compensation of Directors

Each of the directors who is not employed by Giga-tronics receives an annual director's fee of \$10,000 (\$20,000 for Chairman) and, in addition, an attendance fee of \$1,000 for each Board meeting attended (\$1,500 for Chairman). Outside directors serving on committees of the Board of Directors receive \$500 for in-person attendance at each committee meeting, and \$250 for each telephonic meeting. From time to time, Giga-tronics makes discretionary grants of options to purchase shares of its common stock to directors in consideration for services they provide to Giga-tronics as members of the Board.

The following table summarizes compensation paid to directors (other than Mr. Regazzi, whose compensation in all capacities is included in the Summary Compensation Table below) in fiscal year 2010.

Director Compensation

Name (a)	Fees Earned or Cash Paid (\$) (b)	Option Awards (1)(\$) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Non-qualified Deferred Compensation (f)	All Other Compensation (\$) (g)	Total (\$) (h)
George H. Bruns, Jr.	\$ 17,000	\$ 12,735	--	--	--	\$ 29,735
James A. Cole	\$ 18,000	\$ 12,735	--	--	--	\$ 30,735
Garrett A. Garrettson	\$ 31,750	\$ 19,102	--	--	--	\$ 50,852
Kenneth A. Harvey	\$ 19,250	\$ 12,735	--	--	--	\$ 31,985
Robert C. Wilson	\$ 19,250	\$ 12,735	--	--	--	\$ 31,985

(1) The value for Stock Option Awards in the table above represents grant date fair value of Stock Option Awards. For Option Awards, the dollar amount for each individual varies depending on the number of options granted, the fair value of such options, and the vesting terms of such options. See Note 1 of the audited consolidated financial statements for the fiscal year ended March 27, 2010 for information on the assumptions used to calculate the grant date fair value of Option Awards and the expense recognized under ASC 718. At March 27, 2010, Mr. Garrettson held options to purchase 35,000 shares of common stock, Mr. Bruns held options to purchase 33,000 shares of common stock while the remaining directors listed above held options to purchase 25,000 shares of common stock.

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

Communications with Directors

The Company does not have a formal process for shareholders to send communications to the Board of Directors or to specific individual directors. Shareholders may send communications to the full board or to individual directors at the Company's main office at 4650 Norris Canyon Road, San Ramon, California 94583. Communications will be forwarded unopened to the director to whom it is addressed or to the lead independent director if addressed to the Board of Directors. The Board of Directors believes that this informal process is adequate to ensure that shareholder communications are received by the intended recipients.

Section 16(a) Beneficial Ownership Reporting Compliance

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

Based solely on a review of the copies of such forms received by Giga-tronics, or written representations from certain reporting persons, we believe that during the fiscal year ended March 27, 2010 its officers, directors and greater than 10% shareholders complied with all applicable filing requirements.

INFORMATION ABOUT EXECUTIVE OFFICERS

Name	Age	Position
John R. Regazzi	55	See previous table.
Patrick J. Lawlor	59	Vice President, Finance, Chief Financial Officer and Secretary of Giga-tronics, Inc. since February 2007. Previously he was a Consultant to PDL BioPharma, Inc.; Vice President, Chief Financial Officer at SaRonix, LLC; Chief Financial Officer with Aerojet Fine Chemicals, LLC; and Vice President of Finance with Systems Chemistry, Inc. Mr. Lawlor spent 23 years with Westinghouse Electric Corporation, where he rose through numerous positions among various divisions, with his final position as Vice President of Finance and Controller.