

## **SOLITRON DEVICES, INC.**

### **BOARD OF DIRECTORS COMPENSATION COMMITTEE CHARTER**

The Board of Directors (the "Board") of Solitron Devices, Inc. (the "Company") has established the Compensation Committee (the "Committee") of the Board with the authority, responsibility and specific duties described in this Compensation Committee Charter (the "Charter").

#### ***Purposes:***

The purposes of the Committee are:

1. To review, evaluate, and approve the agreements, plans, policies and programs of the Company to compensate the officers and directors of the Company;
2. To produce a report on executive compensation each year and to publish the report in the Company's proxy statement for its annual meeting of stockholders;
3. To otherwise discharge the Board's responsibilities relating to compensation of the Company's officers and directors; and
4. To perform such other functions as the Board may assign to the Committee from time to time.

#### ***Composition:***

The Committee shall consist of at least two members, all of whom must be members of the Board. One of the members shall serve as the chairperson of the Committee. Each member of the Committee shall satisfy the independence requirements of (i) the rules of the Nasdaq Stock Market, Inc. applicable to domestic listed companies, (ii) Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (iii) Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Board shall appoint the members of the Committee. The chairperson of the Committee shall be designated by the Board or, if no such designation is made, shall be selected by the affirmative vote of a majority of the members

of the Committee. The Board may remove or replace the chairperson and any other member of the Committee at any time by the affirmative vote of a majority of the members of the Board.

***Authority and Responsibilities:***

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee. The Committee may form and delegate some or all of its authority to subcommittees when it deems appropriate. In particular, the Committee may delegate the approval of award grants and other transactions and other responsibilities regarding the administration of compensatory programs to a subcommittee consisting solely of members of the Committee who are (i) "Non-Employee Directors" for the purposes of Rule 16b-3, and/or (ii) "outside directors" for the purposes of Section 162(m). Without limiting the generality of the preceding statements, the Committee shall have authority, and is entrusted with the direct responsibility, to take the following actions:

1. Each year the Committee shall:
  - review and approve corporate goals and objectives relevant to the compensation Of the Company's Chief Executive Officer,
  - evaluate the performance of the Chief Executive Officer in light of such goals and objectives, and
  - either as a committee or together with the other independent directors (as directed by the Board) determine or recommend to the Board for determination the compensation of the Chief Executive Officer based on this evaluation.

The Chief Executive Officer shall not be present during voting or deliberations concerning the compensation of the Chief Executive Officer.

2. Each year the Committee shall review and make recommendations to the Board with respect to the compensation of all directors.
3. Each year, the Committee shall, either as a committee or together with the other independent directors (as directed by the Board), determine or recommend to the Board for determination the compensation of all executive officers and other key employees of the Company. The Chief Executive Officer may be present for the Committee's review and determination.

4. Each year the Committee shall review and make recommendations to the Board with respect to incentive-compensation plans and equity-based plans.
5. Each year the Committee shall review and approve, for the Chief Executive Officer and the executive officers of the Company, all annual and other compensation arrangements and components, which may include the following:
  - the annual base salary level,
  - the annual incentive opportunity level,
  - the long term incentive opportunity level, and
  - any special or supplemental benefits.

In determining the long-term incentive component of Chief Executive Officer and other executive officer compensation, the Committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to the chief executive officers and other executive officers at comparable companies and the awards given to the Chief Executive Officer and other executive officers in past years.

6. When and as appropriate, the Committee shall review and approve, for the Chief Executive Officer and the other executive officers of the Company:
  - all benefits and perquisites; and
  - all employment agreements, severance arrangements, and change-in-control agreements and provisions.
7. The Committee shall review and approve, or review and recommend to the Board for its approval, any transaction in equity securities of the Company, or derivatives of those equity securities, between the Company and any officer or director of the Company who is subject to the reporting and short-swing liability provisions of Section 16 of the Exchange Act.
8. Each year, the Committee shall prepare a report on executive compensation as required by the SEC to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC.
9. The Committee shall have the sole authority to retain, amend the engagement with, and terminate any compensation consultant to be used to assist in the evaluation of director, Chief Executive Officer or executive officer compensation. The Committee shall have sole authority to approve the consultant's fees and other retention terms and shall have authority to cause the Company to pay the fees and expenses of such consultants. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors, to approve

the fees and expenses of such outside advisors, and to cause the Company to pay the fees and expenses of such outside advisors.

***Procedures:***

1. **Meetings.** The Committee shall meet as often as may be deemed necessary or appropriate in its judgment at the call of its chairperson, member of the Committee, or the Chairman of the Board. Meetings may, at the discretion of the Committee, include members of the Company's management, independent consultants, and such other persons as the Committee or its chairperson may determine. The Committee may meet in person, by telephone conference call, or in any other manner in which the Board is permitted to meet under law or the Company's bylaws.
2. **Quorum and Approval.** A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting.
3. **Rules.** The Committee may determine additional rules and procedures, including designation of a chairperson pro tempore in the absence of the chairperson and designation of a secretary of the Compensation Committee at any meeting thereof.
4. **Reports.** The Committee shall make regular reports to the Board, directly or through the chairperson.
5. **Review of Charter.** Each year the Committee shall review the need for changes in this Charter and recommend any proposed changes to the Board for approval.
6. **Performance Review.** Each year the Committee shall review and evaluate its own performance and shall submit itself to the review and evaluation of the Board.
7. **Fees.** Each member of the Committee shall be paid the fee set by the Board for his or her services as a member of, or chairperson of, the Committee. Amended and Restated Compensation Committee Charter.