

**GIGA-TRONICS, INC.
4650 NORTH CANYON ROAD
SAN RAMON, CA 94583**

January 6, 1996

Top Hat Plan Exemption
Pension and Welfare Benefits Administration
Room N-5644
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Re: Giga-Tronics, Inc. Special Deferred Compensation Program

Gentlemen:

In accordance with Section 2520.104-23 of the U.S. Department of Labor Regulations, Giga-Tronics, Inc., a California corporation (the "Company") whose principal offices are at 4650 North Canyon Road, San Ramon, California, 94583, and whose employer identification number is 94-2656341, hereby reports and discloses the implementation of the a special deferred compensation program (the "Program") for the Company's President and Chief Executive Officer ((hereinafter referred to as the "CEO"). The Program was adopted by the Board on December 24, 1996, with a January 1, 1997 effective date.

The CEO of the Company is the only individual eligible to participate in the Program. The principal features of the Program may be summarized as follows:

- The participant will defer Two Thousand Five Hundred Dollars (\$2,500) of his base salary per pay period during his tenure as CEO.

- The Company will establish on its books and records a special account to which the participant's deferred compensation will be credited. The account will earn interest annually at the prime rate of interest quoted by Bank of America (San Francisco) on the first business day of each

calendar year during the deferral period. Accrued interest will be credited semi-monthly and will be compounded semi-annually. The participant will at all times be fully vested in his account balance.

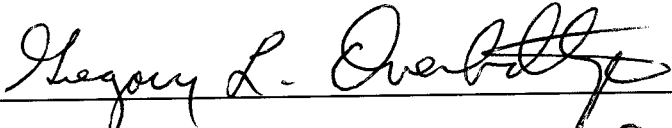
- The Company's obligation to pay the account balance will at all times be an unfunded and unsecured obligation, and the participant's accrued benefits under the Program may not otherwise be assigned or alienated.

- The account balance will become payable in a lump sum upon the earlier of (i) six (6) months after the date the participant's employment with the Company as CEO terminates or (ii) the last business day in January immediately following the close of the calendar year in which his employment so terminates. However the account balance will be distributed on an accelerated basis immediately following (a) an acquisition of the Company by merger, sale of substantially all of the Company's assets or sale of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding voting securities or (b) the participant's death or disability.

Upon request, a copy of the actual documentation for the Program will be forwarded to you.

Very truly yours,

GIGA-TRONICS, INC.

 12/30/96
Title: VP, Finance & CFO