

## **Compensation Committee Charter**

**(As Approved by the Board on December 6, 2004)**

### **PURPOSE:**

The purpose of the Compensation Committee of the Board of Directors (the “Board”) of Pro-Dex, Inc. (the “Company”) shall be to discharge the Company’s responsibilities relating to compensation of its executive officers and Board members. The Committee has overall responsibility for approving and evaluating the executive officer compensation plans, policies and programs of the Company.

The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement.

### **COMMITTEE MEMBERSHIP AND ORGANIZATION:**

The Compensation Committee will be appointed by and will serve at the discretion of the Board. The Compensation Committee shall consist of no fewer than three members. The members of the Compensation Committee shall meet the (i) independence requirements of the listing standards of the National Association of Securities Dealers, (ii) non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, and (iii) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

### **COMMITTEE RESPONSIBILITIES AND AUTHORITY:**

- The Compensation Committee shall annually review and approve (or recommend for approval by the Board) for the CEO and the executive officers of the Company (a) the annual base salary, (b) the annual incentive bonus, including the specific goals and amount, (c) equity compensation, (d) employment agreements, severance arrangements, and change in control agreements/provisions, and (e) any other benefits, compensation or arrangements.
- The Compensation Committee may form and delegate authority to subcommittees when appropriate.
- The Compensation Committee shall provide the Board with copies of the Committee’s minutes.

- The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- The Compensation Committee shall annually review its own performance.