

DGT HOLDINGS CORPORATION COMPENSATION COMMITTEE CHARTER

Purpose

The Board of Directors (the “Board”) of DGT Holdings Corporation (the “Company”) has established the Compensation Committee (the “Committee”) to discharge the Board’s responsibilities relating to the Company’s compensation policies and practices, executive officer and director compensation, and benefits programs; to review and discuss with management the Company’s compensation discussion and analysis (the “CD&A”) to be included in the Company’s annual proxy statement or annual report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”); and to prepare the Compensation Committee Report as required by the rules and regulations of the SEC.

Membership and Independence

The Committee shall consist of not fewer than two directors. Each member of the Committee shall meet the independence requirements established by the Board and any applicable laws, regulations and listing requirements (including those of the SEC and any applicable exchange upon which the Company’s securities are listed, or, if none, the rules and regulations of the NASDAQ Stock Market). Each member of the Committee shall (a) be a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 (the “Exchange Act”), and (b) be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code.

Members of the Committee shall, upon the recommendation of the Company’s Governance and Nominating Committee, be elected by vote of the Board. The Board shall appoint one member of the Committee to act as its Chair. Members of the Committee shall serve for such term or terms as the Board may determine or until their earlier resignation or death, and may be removed by the Board at any time with or without cause, provided that the Board must, at all times, assure that the Committee will have a Chair and sufficient members to satisfy the above requirements relating to the number and qualifications of Committee members.

Duties and Responsibilities

The Committee shall have the following duties and responsibilities:

- 1) At least annually, review, and oversee the development and implementation of, the Company’s overall compensation strategy, including base and incentive compensation and equity grants to ensure that it promotes stockholder interests and supports the Company’s strategic and tactical objectives, and that it provides for appropriate rewards and incentives for the Company’s management and employees.
- 2) Assure that the senior executives of the Company are compensated effectively and in a manner consistent with the Company’s compensation strategy, internal equity considerations, competitive practices, and applicable legal and regulatory considerations.

- 3) Annually evaluate, in consultation with the other non-employee members of the Board and the Chairman of the Board, the performance of the Chief Executive Officer (the “CEO”) of the Company and review the evaluations with him or her, as the case may be.
- 4) Recommend for approval by the independent, outside, non-employee directors of the Board, the compensation package of the CEO in relation to the evaluation of the performance of the CEO described above, and review and approve the performance evaluations and the compensation packages of the other Executive Officers of the Company, any officers as defined under Rule 16a-1(f) under the Exchange Act and any other officers whose compensation is required to be disclosed in detail in the Company’s annual proxy statement or annual report on Form 10-K and/or required to be approved by the rules and regulations of any applicable exchange on which the Company’s securities are listed, or, if none, the rules and regulations of the NASDAQ Stock Market (such Executive Officers and other officers are referred to collectively as the “Officers”). When establishing compensation packages of the Chief Executive Officer and the Officers of the Company, the Committee will consider both corporate and individual goals and objectives. The Committee may also review and approve the performance evaluations and compensation packages of such other officers as it determines to review, whether at the request of the Board or the CEO, at its own election, or as required by the rules and regulations of the SEC and any applicable exchange upon which the Company’s securities are listed (or, if none, the rules and regulations of the NASDAQ Stock Market). The CEO may not be present during the Committee’s vote or deliberations regarding his or her compensation but may be present during the deliberations or voting regarding other Officers of the Company.
- 5) Review and make recommendations to the Board regarding any of the following with regard to Officers of the Company, executive employment agreements, any proposed severance arrangements or change in control and similar agreements, and any amendments, supplements or waivers to such agreements, and any perquisites and special or supplemental benefits for Officers of the Company.
- 6) Review the Company’s incentive compensation arrangements to determine whether they encourage excessive risk-taking, reviewing and discussing at least annually the relationship between the Company’s risk management policies and practices and compensation, and evaluating compensation policies and practices that could mitigate any such risk.
- 7) Annually review and approve the CD&A of the Company’s compensation policies and the reasoning behind those policies and related executive compensation information, to be included in the Company’s annual report on Form 10-K or annual proxy statement, and provide a Compensation Committee Report in accordance with the requirements of Regulation 14A under the Exchange Act, as the same may be amended from time to time.

- 8) Review and approve the structure and overall size of the Company's bonus or other cash incentive plans used to compensate officers and employees and administer cash incentive plans with respect to the Officers of the Company.
- 9) Serve as the committee that administers the Company's equity compensation plans, and in that capacity:
- Approve the establishment of equity award guidelines and the general type and size of overall equity awards;
 - Establish parameters for routine equity awards under delegated authority to issue equity awards in connection with new hires, spot awards and promotions, specifying limits on the number of shares and the price and type of awards to be granted;
 - Approve all equity awards to officers and employees not expressly delegated as set forth above;
 - Recommend to the Board amendments to the Company's equity plans (subject to stockholder approval when required) as may be necessary or appropriate to carry out the Company's compensation strategy; and interpret the equity plans as may be required from time to time;
 - When appropriate, modify existing equity awards (with the consent of the grantees when required, and subject to stockholder approval when required) and approve authorized exceptions to provisions of the equity plans; and
 - Adopt any required or appropriate equity award timing policy.
- 10) Recommend to the Board (subject to stockholder approval when required) all new equity-related incentive plans.
- 11) Annually review, and recommend to the Board for its approval, the form and amount of cash and equity compensation, including but not limited to Board and committee retainers, meeting fees, equity-based compensation and such other forms of compensation as the Committee may consider appropriate, to be paid or awarded to the Company's non-employee directors.
- 12) Make regular reports to the Board on the findings, recommendations, and decisions of the Committee.
- 13) Oversee the Company's compliance with regulatory requirements and regulatory developments affecting compensation, including those of the SEC and any exchange on which the Company's securities are listed (or, if none, the rules and requirements of the NASDAQ Stock Market), associated with compensation of its officers and employees. The Committee shall, along with the Company's Governance and Nominating Committee, be responsible for reviewing and making recommendations to the Board regarding the Company's response to stockholder proposals related to compensation

matters for inclusion in the Company's annual proxy statement, as well as to non-binding advisory votes on certain aspects of executive compensation as may be required to be submitted to stockholders pursuant to the rules and regulations of the SEC.

14) Annually review and assess the performance of the Committee and recommend to the Board such changes in its composition or manner of operations as may be necessary to assure that it carries out its responsibilities effectively.

15) Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Meetings

The Committee shall meet at such times as it determines to be necessary or appropriate, but not less than three times per year, with such further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its Chair. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The Committee shall maintain written minutes of its meetings.

Delegation to Subcommittees

The Committee shall have the power and authority to delegate any of its duties and responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion. Notice of such delegation shall be provided to the Board.

Reporting

The Committee shall prepare and, through its Chair, submit periodic reports of the Committee's work and findings to the Board and shall include recommendations for Board action when the Committee deems such action appropriate or necessary.

Authority

The Committee shall have the authority to select, retain, terminate and approve the fees and other retention terms of special compensation, legal, accounting or other consultants to advise it, as it deems appropriate, without seeking approval of the Board or management of the Company. All such consultants retained by the Committee shall report directly to the Committee. The Committee may request any officer or employee of the Company or any outside counsel or consultants to meet with any members of the Committee or to be present at scheduled meetings of the Committee. The Committee shall receive appropriate funding from the Company, as determined by the Committee, for the payment of compensation to its compensation, legal, accounting or other consultants. Special compensation, legal, accounting or other consultants retained to advise the Committee shall be independent as determined in the discretion of the Committee, which shall take into consideration any factors specified in the rules and regulations of the SEC and any exchange on which the Company's securities may be listed (or, if none, the rules and regulations of the NASDAQ Stock Market) relating to such consultants.

Staff

The Company shall provide the Committee such support staff as it may require.

Publication

The Company shall make this Charter freely available to stockholders on request and shall publish it on the Company's web site.