

**CHARTER
OF THE
COMPENSATION COMMITTEE
OF
PRO-DEX, INC.**

(as modified and approved by the Board of Directors on June 27, 2013)

PURPOSE:

The purpose of the Compensation Committee (the “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.

COMMITTEE MEMBERSHIP AND ORGANIZATION:

The Committee will be appointed by and will serve at the discretion of the Board. The Committee shall consist of no fewer than three members. The Board shall designate a member of the Committee as the chairperson. Each member of the Committee shall meet (i) the independence requirements of Rule 10C-1(b)(1) under Securities Exchange Act of 1934, as amended (the “Exchange Act”), (ii) the requirements of Rule 5605(d)(2)(A) of the NASDAQ Listing Rules concerning compensation committee composition, (iii) the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act, and (iv) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

COMMITTEE RESPONSIBILITIES AND AUTHORITY:

- The 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. In considering compensation for the CEO and the executive officers of the Company, the Committee shall consider the results of the most recent shareholder advisory vote on executive compensation (*Say on Pay*) required by Section 14A of the Exchange Act. The CEO cannot be present during any voting or deliberations by the Committee on his or her compensation.
- The Committee shall annually review and approve (or recommend for approval by the Board) director compensation for service on the Board and Board committees.
- To the extent required by applicable Securities and Exchange Commission rules and regulations, or as otherwise elected by the Board to be included in the Company’s proxy statement and/or annual report on Form 10-K, the Committee shall review and discuss

with management the Company's Compensation Discussion and Analysis ("CD&A") and the related executive compensation information, recommend that the CD&A and related executive compensation information be included in the Company's annual report on Form 10-K and/or proxy statement (as applicable), and produce the compensation committee report on executive officer compensation required to be included in the Company's proxy statement and/or annual report on Form 10-K (as applicable).

- The Committee shall at least annually (a) review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, (b) review and discuss the relationship between risk management policies and practices and compensation, and (c) evaluate compensation policies and practices that could mitigate any such risk.
- The Committee may form and delegate authority to subcommittees when appropriate.
- The Committee shall provide the Board with copies of the Committee's minutes.
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

OUTSIDE ADVISORS:

- The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.
- The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors.
- The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor to the Committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

- In retaining or seeking advice from compensation consultants, outside counsel and other advisors, the Committee must take into consideration the factors specified in Rule 5605(d)(3)(D) of the NASDAQ Listing Rules. The Committee may retain, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering such specified factors. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.