

MERRIMAC INDUSTRIES, INC.

Compensation Committee of the Board of Directors

Charter

I. PURPOSE

The Compensation Committee is a committee of the Board of Directors. It shall (1) oversee the responsibilities relating to compensation of the Company's executives and shall recommend such compensation to the Board of Directors, and (2) produce an annual report on executive compensation for inclusion in the Company's proxy statement.

II. COMPOSITION

The Compensation Committee shall be composed of two or more directors, none of whom shall be an employee of the Company and each of whom shall meet the independence requirements of the American Stock Exchange and the Securities Exchange Act of 1934 (the "Exchange Act").

At least two members of the Compensation Committee shall be "non-employee directors" as defined in Rule 16b-3 promulgated under the Exchange Act, and "outside directors" as defined in Section 162(m) of the Internal Revenue Code.

The members of the Compensation Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until the next annual organizational meeting or until their respective successors shall be duly elected and qualified.

III. FUNCTIONS

The Committee shall have the following functions, as well as any functions as shall be required of compensation committees by the American Stock Exchange:

- to review and recommend to the Board corporate goals and objectives relevant to Chief Executive Officer (“CEO”) compensation, and evaluate the CEO’s performance in light of those goals and objectives, and to recommend to the Board the CEO’s compensation level based on this evaluation. In recommending to the Board the long-term incentive component of CEO compensation, the Committee should consider the Company’s performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company’s CEO in past years;
- to review and recommend to the Board corporate goals and objectives relevant to senior executive compensation, evaluate senior executive performance in light of those goals and objectives, and to recommend to the Board the senior executive compensation levels based on this evaluation;
- to make recommendations to the Board with respect to incentive compensation plans and equity-based plans, including, without limitation, modifications from time to time of the Company’s 2006 Stock Option Plan, 2006 Key Employee Incentive Plan and 2006 Non-Employee Directors’ Stock Plan;
- to administer the Company’s 1997 Long Term Incentive Plan, the Company’s 1993 Stock Option Plan, the Company’s 2001 Stock Option, Stock Purchase and Key Employee Incentive Plans, and the Company’s 2006 Stock Option Plan, 2006 Key Employee

Incentive Plan, and 2006 Non-Employee Directors' Stock Plan and recommend to the Board stock options or other awards pursuant to such plans;

- to evaluate its own performance at least annually and report on such performance to the Board and the Corporate Governance Committee; and
- the Compensation Committee shall have such other powers and functions as may be assigned to it by the Board of Directors from time to time.

In addition, the Compensation Committee, may, at its discretion, retain and terminate any compensation consultant or consulting firm to assist in the evaluation of director, CEO or senior executive compensation, and may approve the consultant's fees and other retention terms. The Compensation Committee may also, at its discretion, engage outside legal counsel or other advisers as it deems necessary to carry out its functions.

IV. ADMINISTRATIVE

The Compensation Committee shall meet at least once per year and shall hold any additional meetings as may be called by the Chairman of the Compensation Committee or a majority of the members of the Compensation Committee. Members of senior management or others may attend meetings of the Compensation Committee at the invitation of the Compensation Committee and shall provide pertinent information as necessary. The Chairman of the Compensation Committee shall set the agenda of each meeting and arrange for the distribution of the agenda, together with supporting material, to the Compensation Committee members prior to each meeting. The Chairman will also cause minutes of each meeting to be prepared and circulated to the Committee members. The Compensation Committee may meet via telephone

conference calls. A majority of the members of the Compensation Committee shall constitute a quorum for all purposes.

The Committee shall report regularly to the Board as to its activities.