

**Charter of the Compensation Committee  
Of the Board of Directors of  
Irvine Sensors Corporation**

**As Amended and Restated as of 16 December, 2009**

**1. Purposes.**

The primary purposes of the Compensation Committee (the “*Committee*”) of the Board of Directors of Irvine Sensors Corporation (the “*Company*”) are to (a) evaluate officer and director compensation policies, goals, plans and programs; (b) determine the cash and non-cash compensation of the “executive officers” of the Company as defined in the rules promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, (c) review the Company’s equity-based and other incentive compensation plans for employees, (d) evaluate the performance of the Company’s executive officers; (e) assist the Board in evaluating potential candidates for executive officer positions with the Company; and (f) produce the Committee report required by the applicable rules and regulations of the Securities and Exchange Commission and other regulatory bodies for inclusion in the Company’s annual proxy statement.

**2. Composition.**

(a) At Least Three Members; Chairperson. The Committee shall consist of a minimum of three “independent” directors as defined in Section 2(b) below. The Board shall designate a Committee member as the Chairperson of the Committee, or if the Board does not do so, the Committee members shall appoint a Committee member as Chairperson by a majority vote of the authorized number of Committee members.

(b) Independence. All members of the Committee shall be “independent” as defined in the listing standards of the Nasdaq Capital Market or such other national securities exchange on which the Company’s securities are then listed, as the same may be amended from time to time (the “*listing standards*”), the rules and regulations of the Securities and Exchange Commission (the “*SEC*”) and any other laws applicable to the Company. In addition, all Committee members shall qualify as “non-employee directors” within the meaning of SEC Rule 16b-3 as promulgated under the Securities Exchange Act of 1934, amended, and as “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, or such successive provisions.

(c) Appointment. Subject to the requirements of the listing standards and the Bylaws of the Company, the Board shall appoint Committee members at the first meeting of the Board following the Annual Meeting of Stockholders. Members of the Committee shall serve for one year terms and until their successors are appointed and qualified, or until their earlier resignation or removal. The Board may remove any member of the Committee, with or without cause, at any time. The Board may fill vacancies on the Committee.

**3. Meetings, Reports and Resources of the Committee.**

(a) Meetings. The Committee shall meet as often as it determines necessary or advisable, but not less than once a year. The Committee may also hold special meetings or act by unanimous written consent as the Committee may decide. The meetings may be in person or telephone. The Committee shall keep written minutes of its meetings and shall deliver a copy of such minutes to the Board and to the Corporate Secretary of the Company for inclusion in the Company’s minute books. The Committee may meet in separate executive sessions with other directors, the Chief Executive Officer and other Company employees, agents or representatives invited by the Committee. The Chief Executive Officer may not be present during the voting or deliberation of the Committee concerning the Chief Executive Officer’s compensation

(b) Procedures. The Committee may establish its own procedures in a manner not inconsistent with this Charter, the Bylaws of the Company, applicable laws or regulations, or the listing standards. The Chairperson of the Committee or a majority of the Committee members may call meetings of the Committee. A majority of the authorized number of Committee members shall constitute a quorum for the transaction of Committee business, and the vote of a majority of the Committee members present at the meeting at which a quorum is present shall be the act of the Committee, unless in either case a greater number is required by this Charter, the Bylaws, applicable laws or regulations, or the listing standards. The Committee may form and delegate any of its responsibilities to a subcommittee to long as such subcommittee consists solely of at least two members of the Committee. The Committee acts as the primary committee responsible for administering the discretionary option grant program and

the stock issuance program under the Company's stock option plans, with respect to eligible individuals other than the Company's executive officers and Board members.

(c) Reports. The Committee shall provide to the Board at an appropriate time prior to preparation of the Company's proxy statement for its Annual Meeting of Stockholders, a report of the Committee, which report shall be included in such proxy statement. The report shall include a discussion of the Committee's compensation policies applicable to the Company's executive officers and such other information as may be required under the SEC's rules. . The Committee shall also report to the Board on the major items covered by the Committee as it may determine to be appropriate.

(d) Annual Self Evaluation. The Committee shall evaluate its own performance and the adequacy of this Charter on an annual basis and shall report to the Board annually the results of such evaluation.

(e) Committee Access and Resources. The Committee is at all times authorized to have direct, independent and confidential access to the Company's other directors, management and personnel to carry out the Committee's purposes. The Committee shall have the sole authority to retain and terminate at the Company's expense any compensation-consulting firm used to evaluate executive officer compensation, and to approve the consulting firms fees and other retention terms. The Committee is also authorized to retain and terminate at the Company's expense, independent counsel or other advisers selected by the Committee for matters related to the Committee's purposes.

#### 4. **Authority and Responsibility.**

In furtherance of its purpose, the Committee shall have the following authority and responsibilities:

(a) Compensation Goals. To establish and review the overall corporate policies, goals and objectives for the compensation of the Company's Chief Executive Officer and other executive officers.

(b) Determination of Compensation. Evaluate the performance of the Chief Executive Officer and other executive officers in light of the corporate goals and objectives. Determine the compensation of the Chief Executive Officer and make a recommendation to the Board regarding the compensation of other executive officers, including individual elements of salary, bonus, incentive and equity compensation. The Committee may consult with the Chief Executive Officer in determining the executive compensation for any executive officer other than the Chief Executive Officer.

(c) Officer Contracts. Review, approve and evaluate annual compliance with all employment agreements, separation and severance agreements, and other compensatory contracts, arrangement, prerequisites and payments for the executive officers and ensure such agreements are consistent with the Company's general compensation goals.

(d) Succession Planning. Review and assist the Board in developing succession plans for the executive officers and other appropriate management personnel. The Committee may also assist the Board in evaluating potential candidates for executive officers of the Company.

(e) Equity Plan Awards. Assist the Board in the administration of the Company's stock option plans and any equity or incentive compensation plans of the Company, and make recommendations to the Board as to stock options grants and other discretionary awards (including restrictions on such grants or awards) under such plans with respect to the administration of plans as to the executive officers. The Committee may also consider adopting guidelines for ranges of option grants or other discretionary awards to the Company's employees.

(f) Evaluate Equity and Other Incentive Plans. Periodically review and make recommendations to the Board concerning the Company's equity and other incentive compensation plans. The Committee may also review and recommend to the Board for approval new executive compensation programs (to the extent that the Committee believes that new programs are appropriate or desirable).