

CHARTER FOR THE COMPENSATION COMMITTEE ADVANTAGE TECHNOLOGIES GROUP, INC.

1. DESCRIPTION AND PURPOSE

The Compensation Committee (the "Committee") is a standing committee of the Board of Directors (the "Board") of ADDvantage Technologies Group, Inc. (the "Company"). The primary function of the Committee is to assist the Board in fulfilling its responsibilities regarding the compensation of its Executive Officers, as the term Executive Officer is defined in this Charter, and the members of the Board.

The Committee is also responsible for producing an annual report for inclusion in the Company's proxy statement and reviewing and approving the Compensation Discussion and Analysis ("CD&A") and the supporting compensation disclosure materials that may be included in the Company's proxy statement.

2. COMPOSITION AND INDEPENDENCE

The Committee shall be comprised of a minimum of three members of the Board, each of whom shall be an "independent director" as defined by NASDAQ Rule 4200. Each Committee member shall also be a "non-employee director" (within the meaning of Rule 16b-3(b)(3) of the Securities Exchange Act of 1934 (the "Exchange Act")) and satisfy the requirements of an "outside director" as defined by Section 162(m) of the Internal Revenue Code. The members of the Committee will be appointed by the Board upon recommendation of the Corporate Governance and Nominating Committee. Members of the Committee may be removed with or without cause by the Board in its discretion.

3. MEETINGS AND OTHER ACTIONS

The Committee shall meet as frequently as circumstances require, but not less than twice per fiscal year. Any corporate officer, other employee, and/or outside advisors may attend meetings of the Committee as invited by the Committee Chairperson (the "Chairperson"), except for portions of the meeting where his, her or their presence would be inappropriate, as determined by the Chairperson.

The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) an provision of the bylaws of the Company, or (c) the laws of the State of Oklahoma.

The Chief Executive Officer may not be present during deliberations and voting regarding his or her compensation.

4. MINUTES AND REPORTS

Minutes of each meeting of the committee shall be kept and filed with the minutes of the meetings of the Board, and shall be distributed to each member of the Committee, members of the Board who are not Committee members, and the Secretary of the Company. Following a meeting of the Committee, the Committee shall report to the Board at its next regularly scheduled meeting, or whenever so requested by the Board.

5. DEFINITIONS

Executive Officer

As used in this Charter, “Executive Officer” means:

- A. The Company's President, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, or any individuals acting in similar capacities; and
- B. Any Company Vice President in charge of a principal business unit, division or function such as marketing, sales, administration or finance), or any other officer who performs a policy-making function, or any other person who performs similar policy-making functions.

6. RESPONSIBILITIES AND DUTIES

The Committee’s policies should remain flexible to react to changing conditions and to insure that: (1) the achievement of the overall goals and objectives of the Company are supported by an appropriate Executive Officer compensation policy and an effective total compensation program, (2) the total executive compensation program is consistent with the optimization of shareholder value, and (3) the total compensation program and practices of the Company are designed with full consideration of all accounting, tax and securities laws, and regulatory requirements.

The Committee shall:

- A. Assist the Board in defining an Executive Officer compensation policy that (1) supports the Company’s overall business strategy and objectives, (2) attracts and retains key executives, (3) links total compensation with business objectives and Company performance in good and bad times, and (4) provides competitive total compensation opportunities at a reasonable cost while enhancing shareholder value creation.
- B. Act on behalf of the Board in annually evaluating and setting the Executive Officer’s annual base salary level, executive perquisites, employment agreement (if and when appropriate), change in control provisions/agreement (if and when appropriate), benefits, and supplemental benefits; evaluate performance of and determine compensation of the Chief Executive Officer.

- C. Review and approve compensation of the other Executive Officers as recommended by the Chief Executive Officer.
- D. Review and comment on the Company's strategic and financial plans to determine their relationship to the Executive Officer compensation program.
- E. With respect to all plans with payouts based upon achievement in relation to target goals, establish performance target goals at the beginning of the plan year and determine when performance goals have been achieved at the end of the plan year.
- F. Review and recommend for approval to the Board new or amended executive incentive plans that are consistent with the Executive Officer compensation policy, and monitor the appropriateness of payouts under alternative business scenarios.
- G. As may be required and prudent, select independent compensation consultants to advise the Committee.
- H. Keep abreast of current developments in executive compensation outside the Company.
- I. Review new executive compensation programs; review on a periodic basis the operation of the Company's executive compensation programs to determine whether they are properly coordinated and achieving their intended purposes; establish and periodically review policies for the administration of executive compensation programs; and take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive performance, corporate performance, and enhanced shareholder value.
- J. Establish and periodically review policies in the area of Executive Officer perquisites.
- K. Review and monitor the Company's stock incentive plans and any other employee pension, profit sharing and benefit plans, taking into account the importance of retaining and motivating the human resources of the Company as well as the overall cost of such programs to the Company.
- L. Review and analyze director compensation data, including comparative data from compensation consultants or otherwise, and recommend to the Board the amount of reasonable compensation and expense reimbursement to be paid to members of the Board for serving as a Director of the Company (and any additional compensation for serving as Chairman of the Board, or as a member or Chairperson of any committee of the Board).

- M. Review with the Company's management the Compensation Discussion and Analysis ("CD&A") to be included in the Company's proxy statement for its annual meeting of shareholders, and determine whether to recommend to the Board that the CD&A be included in the proxy statement.
- N. Produce the Compensation Committee Report to be included in the Company's proxy statement for its annual meeting of shareholders.
- O. Review, approve and administer any other matters or plans specifically delegated to the Committee by the Board.

7. COMMITTEE PERFORMANCE EVALUATION

The Committee shall evaluate its performance on an annual basis on criteria developed by the Corporate Governance and Nominating Committee, and in relation to the responsibilities detailed in this Charter. The Committee shall also regularly review this Charter and make recommendations for changes as appropriate.

8. AUTHORITY

The Committee has the sole authority to retain and terminate, from time to time, and at the Company's expense, outside counsel, compensation consultants and other advisors and experts as the Committee may deem appropriate to assist it in fulfilling its functions, duties and responsibilities. This authority shall include the ability to approve any such firm's fees and other terms of engagement.

9. PROXY STATEMENT MATTERS

A. Compensation Discussion and Analysis (CD&A)

The Committee shall review with the Company's management the CD&A required to be included in the Company's proxy statement for its annual meeting of shareholders, and determine whether to recommend to the Board that the CD&A be included in the proxy statement.

B. Compensation Committee Report

The Committee shall prepare a Compensation Committee Report (the "Report") to be included in the Company's proxy statement for its annual meeting of shareholders. The Report shall contain the disclosure required by Schedule 14A under the Exchange Act and such other disclosure as may be required by law. The required disclosure shall be made over the name of each member of the Committee.

