

GIGA TRONICS INC
Form DEFA14A
August 30, 2007

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

GIGA-TRONICS INCORPORATED

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

- Fee paid previously with preliminary materials.
-

Edgar Filing: GIGA TRONICS INC - Form DEFA14A

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**Additional proxy material to be mailed to shareholders on August 31, 2007, to appear in
2007 Annual Report**

4650 Norris Canyon Road
San Ramon, CA 94583
Tel: 925-328-4650
FAX: 925-328-4789

Fiscal year 2007 was a time of great change at Giga-tronics.

Management of the Company's three independent operating divisions undertook the effort to plan and implement a consolidation of operations, along with a restructuring of the organization into a single leadership team. We continued our strategy to pursue comprehensive representation within the sales territories and aggressively focus their attention on our targeted markets. In addition, several Company officers were changed, the workforce was reduced 20%, and we abandoned our facility in Fremont, California, which we are now actively seeking to sublet. We also introduced several new products during the year. Throughout this period, we remained committed to implementing these changes transparently to our customers and with minimum disruption to our people.

In fiscal 2007 we selected our new ERP system and currently have it running at two of our divisions. We expect to have it fully implemented by the end of the third quarter in fiscal 2008. Not only will this system help us run the business more efficiently, but it will also improve our internal control and help us meet our Sarbanes-Oxley goals.

Orders improved 6% to \$16,158,000 as compared to \$15,157,000 for the prior year. However, expenses were up slightly over the prior year to \$9,548,000, and sales declined 12% to \$18,048,000 resulting in a net loss of \$(1,867,000) or \$0.39 per fully diluted share. The Company incurred approximately \$441,000 in restructuring charges, approximately 80% of which was taken as expense in fiscal year 2007.

Although many of the changes we've implemented have been painful, I'm pleased to report that the first quarter of fiscal year 2008 produced shipments of \$4,628,000 and net earnings of \$92,000. This compares with shipments of \$3,386,000 and a net loss of \$(1,027,000) for the same quarter in the prior year.

Going forward, we are now in an excellent position to approach our customers with more complete solutions due to the co-location of sales, marketing and engineering from all divisions in our San Ramon, California facility.

Previously, Giga-tronics products have generally been marketed separately; however, as an example of our new approach, we've recently introduced a new calibration solution using a combination of our synthesizers and power meters. This solution has received enthusiastic customer acceptance because it accomplishes the calibration task in seconds compared to the available alternatives that typically require more than half an hour to perform the same function. As another example, our switching products are now marketed together with our instruments to highlight the Company's signal routing capability as well as its signal generation expertise. And our component design teams now have greater visibility into the technology requirements of our future instruments, permitting more rapid introduction of new products. Overall, I'm very excited about the impact these synergies are having on our new product programs. It is essential that Giga-tronics operate profitably and to do that we had to become more focused on our core competencies, then pursue new growth strategies. We accomplished that greater focus during fiscal 2007 and I look forward to pursuing new directions for growth during fiscal 2008. We will continue to review our performance and strive to improve our workforce, our product plans, the effectiveness of our sales channel and the leadership team on an ongoing basis.

Sincerely,

John R. Regazzi

Chief Executive Officer