

CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
AVINGER, INC.

(Adopted January 14, 2015 and effective
as of Avinger, Inc.'s initial public offering)

PURPOSE

The purpose of the Compensation Committee of the Board of Directors (the “**Board**”) of Avinger, Inc. (the “**Corporation**”) shall be to:

- Provide oversight of the Corporation’s compensation policies, plans and benefits programs, and overall compensation philosophy.
- Discharge the Board’s responsibilities relating to (1) oversight of the compensation of the Corporation’s Chief Executive Officer (“**CEO**”), its directors and the other individuals who are deemed to be “officers” of the Corporation under Rule 16a-1(f) promulgated under the Securities Exchange Act of 1934, as amended (the “executive officers”) and (2) the evaluation and approval of the Corporation’s CEO, director and executive officer compensation plans, policies and programs.
- Administer the Corporation’s equity compensation plans for its directors, executive officers, and employees and grant equity awards pursuant to such plans or outside of such plans.

The Compensation Committee shall seek to ensure that the Corporation structures its compensation plans, policies and programs as to attract and retain the best available personnel for positions of substantial responsibility with the Corporation, to provide incentives for such persons to perform to the best of their abilities for the Corporation and to promote the success of the Corporation’s business. The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Corporation’s annual report on Form 10-K or proxy statement, if applicable.

The Compensation Committee has the authority to undertake the specific duties and responsibilities as are enumerated in or consistent with this charter, and will have the authority to undertake such other specific duties as the Board from time to time prescribes.

COMPOSITION

1. Membership and Appointment. The Compensation Committee shall consist of at least three members of the Board. Members of the Compensation Committee shall be appointed by the Board upon the recommendation of the Nominating and Corporate Governance Committee and may be removed by the Board in its discretion. Each member of the Compensation Committee will automatically cease to be a member if he or she ceases to be an independent director.
2. Qualifications. Members of the Compensation Committee must meet the following criteria; provided, however, that the Corporation may avail itself of any phase-in rules or interpretations applicable to newly-listed companies in connection with an initial public offering:

- The independence requirements of the listing standards of the securities exchange on which the Corporation is listed.
 - The “non-employee director” definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).
 - Such other qualifications as may be established by the Board from time to time, or as required by applicable law or the rules and regulations of the Securities and Exchange Commission (the “**SEC**”) or the securities exchange on which the Corporation is listed.
3. Chairperson. The Board may designate a chairperson of the Compensation Committee. In the absence of that designation, the Compensation Committee may designate a chairperson by majority vote of the Compensation Committee members.

RESPONSIBILITIES

The following are the principal recurring responsibilities of the Compensation Committee. The Compensation Committee may perform such other functions as are consistent with its purpose and applicable law, rules and regulations and as the Board or the Compensation Committee deem appropriate. In carrying out its responsibilities, the Compensation Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

1. Set Compensation for Executive Officers. The Compensation Committee shall:
- Review and approve annually the corporate goals and objectives applicable to the compensation of the CEO, evaluate at least annually the CEO’s performance in light thereof, and consider factors related to the performance of the Corporation in approving the compensation level of the CEO. The CEO may not be present during deliberations or voting on such matters.
 - Review and approve annually the CEO’s (1) base salary, (2) incentive bonus, including the specific goals and amount, (3) equity compensation, (4) any employment agreement, severance arrangement or change of control protections and (5) any other benefits, compensation or similar arrangements (including, without limitation, perquisites and any other form of compensation such as a signing bonus or payment of relocation costs). In determining the long-term incentive component of CEO compensation, the Compensation Committee may consider, among other things, the Corporation’s performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the Corporation’s CEO in past years. In evaluating and determining CEO compensation, the Compensation Committee shall consider the results of the most recent shareholder advisory vote on executive compensation required by Section 14A of the Exchange Act. The CEO may not be present during deliberations or voting on such matters.
 - In consultation with the CEO, review annually and approve items (1) through (5) in the previous bullet for executive officers. An executive officer may not be present during deliberations or voting on such matters with respect to such executive officer. In evaluating and determining executive officer compensation, the Compensation Committee shall consider the results of the most recent shareholder advisory vote on executive compensation required by Section 14A of the Exchange Act.

- Review and approve any compensatory contracts or similar transactions or arrangements with current or former executive officers of the Corporation, including consulting arrangements, employment contracts, severance or termination arrangements, which shall include any benefits to be provided in connection with a change of control. In this regard, the Compensation Committee shall have the power and authority to adopt, amend and terminate such contracts, transactions or arrangements.

2. Oversee Compensation Plans and Programs. The Compensation Committee shall:

- Review, approve and administer annual and long-term incentive compensation plans for service providers of the Corporation, including directors, executive officers and other senior executives, including:
 - Establishing performance objectives and certifying performance achievement; and
 - Reviewing and approving all equity incentive plans and grant awards of shares and stock options pursuant to such plans.

In reviewing and approving the Corporation's annual and long-term incentive compensation plans, including equity incentive plans, the Compensation Committee shall consider the results of the most recent shareholder advisory vote on executive compensation required by Section 14A of the Exchange Act. The Compensation Committee shall also have the ability to adopt, amend and terminate such plans.

- Administer the Corporation's equity incentive plans. In its administration of the plans, the Compensation Committee may (i) grant stock options, share purchase rights or other equity-based or equity-linked awards to individuals eligible for such grants (including grants to individuals subject to Section 16 of the Exchange Act in compliance with Rule 16b-3 promulgated thereunder) and in accordance with procedures and guidelines as may be established by the Board and (ii) amend such stock options, share purchase rights or equity-based or equity-linked awards. The Compensation Committee shall also make recommendations to the Board with respect to the adoption, amendment and termination of the plans, including changes in the number of shares reserved for issuance thereunder.
- Approve all option grants and performance awards to directors and executive officers of the Corporation to ensure that such grants and awards comply with Section 162(m) of the Internal Revenue Code and applicable securities law.
- Review, approve and administer all employee benefit plans for the Corporation, which includes the ability to adopt, amend and terminate such plans.
- Oversee the Corporation's overall compensation philosophy, compensation plans and benefits programs, and make recommendations to the Board with respect to improvements or changes to such plans or programs or the termination or adoption of plans or programs when appropriate.
- In connection with executive compensation programs:
 - Review and approve new executive compensation programs;

- Review on a periodic basis the operations of the Corporation’s executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s);
- 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 and corporate performance.
- Periodically review executive compensation programs and total compensation levels, including:
 - Conducting comparative analyses of total compensation relative to market;
 - Quantifying maximum payouts to executives under performance-based incentive plans and total payments under a variety of termination conditions, including upon a change of control; and
 - The impact of tax and accounting rules changes.
- If applicable, review and recommend to the Board for approval the frequency with which the Corporation will conduct shareholder advisory votes on executive compensation (“**Say on Pay Vote**”), taking into account the results of the most recent shareholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Corporation’s proxy statement.
- Periodically review and recommend to the Board for approval compensation and benefits, including equity awards, for directors for Board and committee service.
- Review and discuss annually with management the risks arising from the Corporation’s compensation philosophy and practices applicable to all employees to determine whether they encourage excessive risk-taking and to evaluate compensation policies and practices that could mitigate such risks.

3. Compliance and Governance Issues. The Compensation Committee shall:

- Review and discuss with management the Corporation’s Compensation Discussion and Analysis (“**CD&A**”) and related disclosures required by the rules and regulations of the SEC, to the extent required of the Corporation. The Compensation Committee will also review and recommend the final CD&A to the Board for inclusion in the Corporation’s annual report on Form 10-K or proxy statement, to the extent required of the Corporation.
- Prepare the Compensation Committee Report required by the rules and regulations of the SEC to be included with the Corporation’s annual report on Form 10-K or proxy statement to the extent required of the Corporation.

MEETINGS AND PROCEDURES

1. Meetings.

- The Compensation Committee will set its own schedule of meetings and will meet at least four times per year, with the option of holding additional meetings at such times as it deems necessary or appropriate. The chairperson of the Compensation Committee shall preside at each meeting. The chairperson will approve the agenda for the Compensation Committee's meetings and any member may suggest items for consideration. If a chairperson is not designated or present, an acting chair may be designated by the Compensation Committee members present. The Compensation Committee may act by unanimous written consent (which may include electronic consent) in lieu of a meeting, which shall constitute a valid action of the Compensation Committee if it has been executed by each Compensation Committee member and shows the date of execution. Any written consent will be effective on the date of the last signature or electronic consent, as the case may be, and will be filed with the minutes of the meetings of the Board.
- The Compensation Committee shall cause to be kept written minutes of its proceedings, which minutes will be filed with the minutes of the meetings of the Board.
- The Compensation Committee may invite to its meetings any director, officer or employee of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Compensation Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities, including non-management directors who are not members of the Compensation Committee.

2. Reporting to the Board of Directors. The Compensation Committee shall report regularly to the Board (i) following meetings of the Compensation Committee, (ii) with respect to such other matters as are relevant to the Compensation Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Compensation Committee may deem appropriate. The report to the Board may take the form of an oral report by the chairperson or any other member of the Compensation Committee designated by the Compensation Committee to make such report.

3. Authority to Retain Advisors. The Compensation Committee shall have the authority, in its sole discretion, to select and retain any compensation consultant to be used by the Corporation to assist with the execution of its duties and responsibilities as set forth in this charter. Any compensation consultant selected and retained by the Compensation Committee must be independent of the Corporation pursuant to the applicable rules and regulations of the SEC or the exchange on which the Corporation's securities are listed, if any. The Compensation Committee shall set the compensation and oversee the work of any compensation consultants. The Compensation Committee shall have the authority, in its sole discretion, to engage independent counsel or other advisors as it deems necessary or appropriate to carry out its duties. The Corporation will provide appropriate funding, as determined by the Compensation Committee, to pay any such compensation consultant or any other outside advisors hired by the Compensation Committee and any administrative expenses of the Compensation Committee that the Compensation Committee determines are necessary or appropriate in carrying out its activities.

4. Subcommittees. The Compensation Committee may form subcommittees for any purpose that the Compensation Committee deems appropriate and may delegate to such subcommittees such power and authority as the Compensation Committee deems appropriate. Specifically, at its discretion, the Compensation Committee shall have the authority to designate a Committee for Equity Awards to Non-Officers with the authority to grant equity awards to non-officer

employees of the Corporation within guidelines established by the Compensation Committee from time to time. Such committee shall consist of a minimum of one member of the Board, who may be the CEO. If designated, any subcommittee will establish its own schedule and maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The Compensation Committee shall not delegate to a subcommittee any power or authority required by law, regulation or listing standard to be exercised by the Compensation Committee as a whole.

5. Committee Charter Review. The Compensation Committee shall review and reassess the adequacy of this charter annually and shall submit any recommended changes to the charter to the Board for approval.
6. Performance Review. The Compensation Committee shall review and assess the performance of the Compensation Committee on an annual basis.
7. Compensation. Members of the Compensation Committee shall receive such fees, if any, for their service as Compensation Committee members as may be determined by the Board (or a committee thereof) in its sole discretion.