

THE LGL GROUP, INC.
AUDIT COMMITTEE CHARTER

Organization

This Charter governs the operations of the LGL Group, Inc. (the “Company”) Audit Committee (the “Committee”). The Committee shall be appointed by the Board of Directors and shall consist of at least three directors, each of whom are “independent” of management and the Company and are “financially literate” as those terms are used by the Securities and Exchange Commission (“SEC”). In addition, at least one member shall be an “audit committee financial expert” in accordance with the rules and regulations of the SEC and at least one member (who may also serve as the audit committee financial expert) shall have accounting or related financial management expertise in accordance with listing standards.

No Committee member shall serve simultaneously on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the Committee member to serve on the Committee effectively.

The Committee shall meet in person or telephonically at least four times annually or more frequently as it deems appropriate to carry out its duties. A majority of the members of the Committee shall constitute a quorum. The Chair of the Committee, in consultation with other Committee members, shall set the meeting agenda.

Statement of Purpose

The Committee shall provide assistance to the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and others, with respect to the Company’s financial statements and financial reporting process, the systems of internal accounting and financial controls, the annual independent audit of the Company’s financial statements, and the legal compliance, conflict of interest and ethics programs as established by management and the Board. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors and management of the Company. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention

with full access to all books, records, facilities, and personnel of the Company and the power to retain outside counsel, or other experts for this purpose.

Responsibilities and Processes

The Committee's responsibility is oversight of the Company's financial reporting process. The Company's management is responsible for maintaining appropriate systems for accounting and internal control and for the preparation, presentation and integrity of the Company's financial statements. The independent auditors are responsible for auditing those financial statements and are ultimately responsible to the Audit Committee, who are representatives of shareholders.

The Committee recognizes that financial management and the independent auditors have more time, knowledge and detailed information on the Company than do Committee members; consequently, in carrying out its oversight responsibilities, the Committee does not provide any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditor's work.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order best to react to changing conditions and circumstances. The Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practice, and ethical behavior. At least annually, it shall perform an evaluation of its performance to determine whether it is functioning effectively and shall review and reassess the adequacy of this Charter and obtain approval for its continued adoption by the full Board of Directors.

The Committee is authorized to investigate any matters within its scope of responsibilities or as delegated to it by the Board of Directors. The following are the principal processes of the Committee in carrying out its oversight responsibilities. They are set forth as guides with the understanding that the Committee may amend or supplement them as appropriate.

- The Committee is responsible for the appointment, retention, termination, compensation and evaluation of the independent

auditors. The independent auditors shall report directly to the Committee.

- The Committee shall assure the regular rotation of the audit partners as required by law as well as consider whether the independent auditors should be rotated to assure continuing auditor independence. The Committee shall recommend ratification of the independent auditors' appointment by the shareholders.
- The Committee shall pre-approve all audit and non-audit services provided by the independent auditors and shall not engage the independent auditors to perform the specific non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- The Committee is authorized to retain independent counsel and other advisors to assist it in carrying out its responsibilities under this Charter.
- The Committee shall discuss with the independent auditors their audit procedures, including the audit plan and its scope with respect to the Company's consolidated financial statements.
- At least annually, the Committee shall obtain and review formal written reports by the independent auditors describing:
 - the firm's internal quality control procedures.
 - any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities. all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard 1, to enable the Committee to evaluate the auditors' attestation of their independence.
 - their reasoning in accepting or questioning sensitive accounting estimates by management.

- their conclusions regarding any serious disagreements with management encountered during the course of the audit.
- The Committee shall evaluate the performance of the Company's internal audit function, whether staffed by employees or an outside firm, and discuss with the internal auditors the responsibilities, budget and staffing of the internal audit organization.
- The Committee shall review and discuss with management, the independent auditors and the internal auditors the quality and adequacy of the Company's financial reporting processes, internal controls and disclosure controls and procedures, including whether there are any significant deficiencies in the design and operation of such processes, controls and procedures, material weaknesses in such processes, controls and procedures, any corrective action taken with regard to such deficiencies and weaknesses and any fraud involving management or other employees with a significant role in such processes, controls and procedures..
- The Committee shall discuss with management, the internal auditors, and the independent auditors the adequacy and effectiveness of the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (e.g., Company's Business Conduct Policy).
- Periodically review risk assessments from management with respect to cyber security, including assessments of the overall threat landscape and related strategies and investments.
- The Committee shall review with management and the independent auditors:
 - Any analysis or other written communications prepared by management, the internal auditors and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the consolidated financial statements, including the effects of alternative United States GAAP methods on the financial statements;
 - the critical accounting policies and practices of the Company;

- all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management;
 - off-balance sheet transactions or structures;
 - regulatory and accounting initiatives or actions applicable to the Company (including any SEC investigations or proceedings), and
 - other material written communications between the independent registered public accounting firm and management, such as a management letter or schedule of unadjusted differences.
- The Committee shall resolve disagreements between management and the independent auditors regarding financial reporting.
 - The Committee shall adopt procedures for handling confidential, anonymous submissions by employees regarding accounting, internal accounting controls, or auditing matters. It shall receive corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty.
 - The Committee shall set hiring policies for employees or former employees of the independent auditors that meet the SEC regulations and stock exchange listing standards.
 - The Committee shall review the interim financial statements with management and the independent auditors prior to any earnings release and prior to the filing of the Company's Quarterly Report on Form 10-Q. It shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
 - The Committee shall meet separately with management, the internal auditors, and the independent auditors to discuss issues and concerns warranting Committee attention. The Committee shall provide sufficient opportunity for the internal auditors and the independent auditors to meet privately with the members of the Committee.

- The Committee shall review and discuss generally with management the types of information to be disclosed and the types of presentations to be made in the Company's earnings press release, paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. It is not expected that the Committee will pre-approve each such release or guidance.
- The Committee shall review with management, the independent auditors and internal auditors the financial statements to be included in the Company's annual report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K), including their judgment about the quality and appropriateness, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity and completeness of the disclosures in the financial statements. It shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
- The Committee shall review the management discussion and analysis of financial condition and results of operations included in the Company's annual report and oversee the CEO and CFO's certifications of periodic reports required under the Securities and Exchange Act of 1934.
- The Committee shall prepare its report to be included in the Company's annual proxy statement, as required by SEC regulations.
- The Company must provide appropriate funding for the Committee in order for the Committee to carry out its duties.
- The Committee will report to the Board of Directors on a regular and timely basis.
- The Committee shall, at least annually, (i) evaluate its own performance and report to the Board on such evaluation and (ii) review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Limitation

Nothing in this Charter is intended to alter in any way the standard of conduct that applies to any of the directors of the Corporation under the Delaware General Corporation Law, as amended, and this Charter does not impose, nor shall it be interpreted to impose, any duty on any director greater than, or in addition to, the duties or standards established by the Delaware General Corporation Law.