

LGL GROUP INC  
Form DEF 14A  
April 29, 2016  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A  
(Rule 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934  
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

The LGL Group, Inc.

---

(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)(1) 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:

---

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:

---

---

The LGL Group, Inc.  
2525 Shader Road  
Orlando, Florida 32804

NOTICE OF THE 2016 ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JUNE 16, 2016  
April 29, 2016

To the Stockholders of The LGL Group, Inc.:

The 2016 Annual Meeting of Stockholders (the "Annual Meeting") of The LGL Group, Inc., a Delaware corporation, will be held at the offices of The LGL Group, Inc., 2525 Shader Rd., Orlando, Florida 32804, on Thursday, June 16, 2016, at 9:00 a.m., local time, for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect eight directors to serve until the 2017 Annual Meeting of Stockholders and until their successors are duly elected and qualified;
2. To adopt and approve the Amended and Restated 2011 Incentive Plan;
3. To ratify the appointment of RSM US LLP (f/k/a McGladrey LLP) as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
4. To vote on a non-binding advisory resolution to approve the compensation of the Company's named executive officers; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on April 19, 2016, are entitled to receive notice of, and to vote at, the Annual Meeting.

Your vote is extremely important, regardless of the number of shares that you own. Whether or not you plan to attend the Annual Meeting, we ask that you promptly sign, date and return the enclosed proxy card or voting instruction card in the envelope provided, or submit your proxy by telephone or over the Internet (if those options are available to you) in accordance with the instructions on the enclosed proxy card or voting instruction card.

By Order of the Board of Directors,

Patti A. Smith  
Secretary

Important Notice Regarding the Availability of Proxy Materials for The LGL Group, Inc. Annual Meeting of Stockholders to be Held on June 16, 2016

The Proxy Statement, our form of proxy card, and our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, are available on the Internet at [www.lglgroupproxy.com](http://www.lglgroupproxy.com).

---

TABLE OF CONTENTS

Questions and Answers About the Annual Meeting and Voting	1
Security Ownership of Certain Beneficial Owners and Management	7
Proposals to be Voted On	9
Proposal No. 1 – Election of Directors	9
Proposal No. 2 – Adoption and Approval of the Amended and Restated 2011 Incentive Plan	15
Proposal No. 3 – Ratification of Appointment of Independent Registered Public Accounting Firm	22
Proposal No. 4 – Advisory Vote on Executive Compensation	24
Corporate Governance	25
Director Independence	25
Board and Committee Meetings	25
Board Committees	25
Director Nominations	26
Board Leadership Structure	26
Board Role in Risk Oversight	27
Stockholder Communications	27
Code of Ethics	27
Report of the Audit Committee	28
Executive Compensation	29
Overview	29
Compensation Philosophy and Objectives	29
Determination of Compensation Awards	29
Compensation Benchmarking	29
Elements of Compensation	30
Summary Compensation Table	31
Employment Agreements	32
Outstanding Equity Awards at Fiscal-Year End	32
Director Compensation	33
Stockholder Proposals	35
Proxy Solicitation	36
Annual Report	36

Annex A – Amended and Restated 2011 Incentive Plan

---

## PROXY STATEMENT

This Proxy Statement is furnished by the Board of Directors (the "Board") of The LGL Group, Inc. in connection with the solicitation of proxies for use at the 2016 Annual Meeting of Stockholders (the "Annual Meeting") to be held at The LGL Group, Inc., 2525 Shader Rd., Orlando, Florida 32804, on Thursday, June 16, 2016, at 9:00 a.m., local time and any adjournments thereof. This Proxy Statement along with either a proxy card or a voting instruction card are being mailed to stockholders beginning on or about April 29, 2016.

Unless the context otherwise requires, in this Proxy Statement, we use the terms "we," "our," "us" and "the Company" to refer to The LGL Group, Inc. and its subsidiaries.

## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Q: Why did I receive this Proxy Statement?

A: The Board is soliciting your proxy to vote at the Annual Meeting because you were a stockholder at the close of business on April 19, 2016, the record date for the Annual Meeting, and are entitled to vote at the Annual Meeting.

This Proxy Statement provides important information regarding the matters to be acted on at the Annual Meeting.

You do not need to attend the Annual Meeting to vote your shares.

Q: What information is contained in this Proxy Statement?

A: The information in this Proxy Statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the Board and its committees, the compensation of directors and certain executive officers, and certain other required information.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares.

If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q: How may I obtain an additional set of proxy materials?

A: All stockholders may write to us at the following address to request an additional copy of these materials:

The LGL Group, Inc.

2525 Shader Road

Orlando, Florida 32804

Attention: Corporate Secretary

Additionally, stockholders may access this Proxy Statement, our form of proxy card, and our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (the "2015 Form 10-K") on the Internet at

[www.lglgroupproxy.com](http://www.lglgroupproxy.com).

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: If your shares are registered directly in your name with our transfer agent, Computershare, you are considered, with respect to those shares, the "stockholder of record." If you are a stockholder of record, this Proxy Statement, our 2015 Form 10-K and a proxy card have been sent directly to you by the Company.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the "beneficial owner" of shares held in street name. If you own shares held in street name, this Proxy Statement and our 2015 Form 10-K have been forwarded to you by your broker, bank or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or the Internet, if the broker, bank or nominee offers these alternatives. Since a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a "legal proxy" from the broker, bank or nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting.

Q: What am I voting on at the Annual Meeting?

A: You are voting on the following proposals:

- To elect eight directors to serve until the 2017 Annual Meeting of Stockholders (the "2017 Annual Meeting") and until their successors are duly elected and qualified;
- To adopt and approve the Amended and Restated 2011 Incentive Plan;
- To ratify the appointment of RSM US LLP (f/k/a McGladrey LLP) ("RSM") as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
- To vote on a non-binding advisory resolution to approve the compensation of the Company's named executive officers; and
- To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board recommends a vote "FOR" the election of each of its nominees; "FOR" the adoption and approval of the Amended and Restated 2011 Incentive Plan; "FOR" the ratification of the appointment of RSM as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and "FOR" the approval of a non-binding advisory resolution approving the compensation of our named executive officers.

Q: How do I vote?

A: You may vote using any of the following methods:

Proxy card or voting instruction card. Be sure to complete, sign and date the card and return it in the prepaid envelope.

By telephone or the Internet. If you own shares held in street name, you will receive voting instructions from your bank, broker or other nominee and may vote by telephone or on the Internet if they offer those alternatives. Stockholders of record will not be able to vote by telephone or on the Internet.

In person at the Annual Meeting. All stockholders of record may vote in person at the Annual Meeting. You may also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you own shares held in street name, you must obtain a legal proxy from your bank, broker or other nominee and present it to the inspector of election with your ballot when you vote at the Annual Meeting.

Q: What can I do if I change my mind after I vote my shares?

A: If you are a stockholder of record, you may revoke your proxy at any time before it is voted at the Annual Meeting by:

- Sending a written notice of revocation to our Corporate Secretary;
- Submitting a new, proper proxy dated later than the date of the revoked proxy; or
- Attending the Annual Meeting and voting in person.

If you own shares held in street name, you may submit new voting instructions by contacting your broker, bank or nominee. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to the previous question. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

Q: What if I return a signed proxy card, but do not vote for some of the matters listed on the proxy card?

A: If you return a signed proxy card without indicating your vote, your shares will be voted in accordance with the Board's recommendations as follows: "FOR" the election of each of its nominees; "FOR" the adoption and approval of the Amended and Restated 2011 Incentive Plan; "FOR" the ratification of the appointment of RSM as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and "FOR" the approval of a non-binding advisory resolution approving the compensation of our named executive officers.

Q: Can my broker vote my shares for me without my instructions?

A: Brokers may not use discretionary authority to vote shares on the election of directors, the adoption and approval of the Amended and Restated 2011 Incentive Plan or the approval of a non-binding advisory resolution approving the compensation of our named executive officers, if they have not received instructions from their clients. Please provide voting instructions on these proposals so your vote can be counted.

Q: Can my shares be voted if I do not return my proxy card or voting instruction card and do not attend the Annual Meeting?

A: If you do not vote your shares held of record (registered directly in your name, not in the name of a bank or broker), your shares will not be voted.

If you do not vote your shares held in street name with a broker, your broker will not be authorized to vote on most items being put to a vote, including the election of directors, the adoption and approval of the Amended and Restated 2011 Incentive Plan or the approval of a non-binding advisory resolution approving the compensation of our named executive officers. If your broker is not able to vote your shares, they will constitute "broker non-votes," which are counted for the purpose of determining the presence of a quorum, but otherwise do not affect the outcome of any matter being voted on at the Annual Meeting.

Q: What are the voting requirements with respect to each of the proposals?

A: In the election of directors, each director receiving a plurality of the affirmative ("FOR") votes cast will be elected. You may withhold votes from any or all nominees. All other proposals require the affirmative ("FOR") votes of a majority of the votes cast on the matter. Thus, abstentions will not affect the outcome of the votes on these proposals.

If you own shares held in street name and do not provide your broker with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to be voted on that proposal. Thus, the "broker non-vote" will have no effect on any matter being voted on at this Annual Meeting, assuming that a quorum is present.

Q: How many votes do I have?

A: You are entitled to one vote for each share of common stock that you hold. As of April 19, 2016, the record date, there were 2,665,434 shares of common stock outstanding.

Q: Is cumulative voting permitted for the election of directors?

A: We do not use cumulative voting for the election of directors.

Q: What happens if a nominee for director does not stand for election?

If for any reason any nominee does not stand for election, any proxies we receive will be voted in favor of the remaining nominees and may be voted for a substitute nominee in place of the nominee who does not stand. We have no reason to expect that any of the nominees will not stand for election.

Q: What happens if additional matters are presented at the Annual Meeting?

Other than the four items of business described in this Proxy Statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxy holders, Michael J.

A: Ferrantino, Sr. and Patti A. Smith, will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting.

Q: How many shares must be present or represented to conduct business at the Annual Meeting?

A: A quorum will be present if at least a majority of the outstanding shares of our common stock entitled to vote, totaling 1,332,718 shares, is represented at the Annual Meeting, either in person or by proxy.

Both abstentions and broker non-votes (described above) are counted for the purpose of determining the presence of a quorum.

Q: How can I attend the Annual Meeting?

You are entitled to attend the Annual Meeting only if you were a stockholder as of the close of business on April 19, 2016, the record date, or if you hold a valid proxy for the Annual Meeting. You should be prepared to present photo identification for admittance. If you are a stockholder of record, your name will be verified against the list of stockholders of record on the record date prior to your admission to the Annual Meeting. If you are not a stockholder of record, but hold shares through a broker, bank or nominee (i.e., in street name), you should provide proof of beneficial ownership on the record date, such as your most recent account statement prior to April 19, 2016, a copy of the voting instruction card provided by your broker, bank or nominee, or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above, you will not be admitted to the Annual Meeting.

The Annual Meeting will begin promptly on June 16, 2016, at 9:00 a.m., local time. You should allow adequate time for the check-in procedures.

Q: How can I vote my shares in person at the Annual Meeting?

Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. Shares held beneficially in street name may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker, bank or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy card or voting instruction card as described herein so your vote will be counted if you later decide not to attend the Annual Meeting.



Q: What is the deadline for voting my shares?

A: If you hold shares as the stockholder of record, your vote by proxy must be received before the polls close at the Annual Meeting.

If you hold shares beneficially in street name, please follow the voting instructions provided by your broker, bank or nominee. You may vote these shares in person at the Annual Meeting only if at the Annual Meeting you provide a legal proxy obtained from your broker, bank or nominee.

Q: Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except: A: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide written comments on their proxy card, which are then forwarded to our management.

Q: How are votes counted?

For the election of directors, you may vote "FOR" all or some of the nominees or your vote may be "WITHHELD" A: with respect to one or more of the nominees. For the other items of business, you may vote "FOR," "AGAINST" or "ABSTAIN."

Q: Where can I find the voting results of the Annual Meeting?

We intend to announce preliminary voting results at the Annual Meeting and publish final voting results in a A: Current Report on Form 8-K to be filed with the Securities and Exchange Commission (the "SEC") within four business days after the Annual Meeting.

Q: How can I obtain the Company's corporate governance information?

The following information is available in print to any stockholder who requests it and is also available on the A: Investor Relations portion of the Company's website, [www.lglgroup.com](http://www.lglgroup.com):

· Certificate of Incorporation of The LGL Group, Inc.

· The LGL Group, Inc. By-Laws

· The charters of the following committees of the Board: the Audit Committee, the Nominating Committee and the Compensation Committee

· Our Business Conduct Policy

Q: How may I obtain the Company's 2015 Form 10-K and other financial information?

A: A copy of our 2015 Form 10-K is enclosed with this Proxy Statement.

Stockholders may request another free copy of our 2015 Form 10-K and other financial information by contacting us at:

The LGL Group, Inc.

2525 Shader Road

Orlando, Florida 32804

Attention: Corporate Secretary

5

---

Alternatively, current and prospective investors can access our 2015 Form 10-K at [www.lglgroupproxy.com](http://www.lglgroupproxy.com). We will also furnish any exhibit to our 2015 Form 10-K if specifically requested. Our SEC filings are also available free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov) and at the Investor Relations portion of our website, [www.lglgroup.com](http://www.lglgroup.com).

Q: What if I have questions for the Company's transfer agent?

A: Please contact our transfer agent at the telephone number or address listed below with questions concerning stock certificates, transfer of ownership or other matters pertaining to your stock account.

Computershare

211 Quality Circle, Suite 210

College Station, TX 77845

Toll free number: (877) 868-8027

TDD Hearing Impaired: (800) 952-9245

Foreign Stockholders: (201) 680-6578

TDD Foreign Stockholders: (781) 575-4592

Q: Who can help answer my questions?

A: If you have any questions about the Annual Meeting or how to vote or revoke your proxy, please contact our proxy solicitor at:

Morrow & Co., LLC

470 West Ave.

Stamford, Connecticut 06902

Toll free number: (800) 607-0088

You can also contact us at:

The LGL Group, Inc.

2525 Shader Road

Orlando, Florida 32804

Attention: Corporate Secretary

For more information about our proxy solicitor, see page 36 of this Proxy Statement.

6

---

SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the number of shares of our common stock beneficially owned on April 19, 2016, by:

- Each person who is known to us to beneficially own more than 5% of our common stock;
- Each of our directors, nominees and named executive officers; and
- All of our directors and executive officers, as a group.

The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power, which includes the power to vote or direct the voting of a security, or investment power, which includes the power to dispose of or to direct the disposition of a security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest. Except as otherwise indicated in these footnotes, each of the beneficial owners listed has, to our knowledge, sole voting and investment power with respect to the indicated shares of common stock.

Except as otherwise set forth below, the address of each of the persons listed below is: The LGL Group, Inc., 2525 Shader Road, Orlando, Florida 32804.

Name and Address of Beneficial Owner	Common Stock	
	Beneficially Owned <sup>(1)</sup>	
	Shares	%
5% Stockholders:		
Mario J. Gabelli	465,417 <sup>(2)</sup>	17.0
Directors and Named Executive Officers:		
Michael J. Ferrantino, Sr.	87,848 <sup>(3)</sup>	3.2
Timothy Fofas	22,117 <sup>(4)</sup>	*
Marc Gabelli	375,303 <sup>(5)</sup>	14.1
Patrick J. Guarino	24,117 <sup>(4)</sup>	*
Donald H. Hunter	10,090 <sup>(4)</sup>	*
Manjit Kalha	9,538 <sup>(4)</sup>	*
Antonio Visconti	6,113 <sup>(4)</sup>	*
Patti A. Smith	1,500	—
Frederic V. Salerno, Jr.	—	—
Hendi Susanto	—	—
All executive officers and directors as a group (9 persons)	536,626 <sup>(6)</sup>	19.8

\* Less than 1% of outstanding shares.

The applicable percentage of ownership for each beneficial owner is based on 2,665,434 shares of common stock outstanding as of April 19, 2016. Shares of common stock issuable upon exercise of options, warrants or other (1)rights beneficially owned that are exercisable within 60 days are deemed outstanding for the purpose of computing the percentage ownership of the person holding such securities and rights and all executive officers and directors as a group.

- Includes (i) 247,861 shares of common stock owned directly by Mario J. Gabelli; (ii) 96,756 shares owned by MJG-IV Limited Partnership, of which Mr. Gabelli is the general partner and has an approximate 5% interest; and (iii) 120,800 shares owned by GGCP, Inc., of which Mr. Gabelli is the chief executive officer, a director and controlling shareholder. Mr. Gabelli disclaims beneficial ownership of the shares owned by MJG-IV Limited Partnership and GGCP, Inc., except to the extent of his pecuniary interest therein. Mr. Gabelli's business address is 401 Theodore Fremd Avenue, Rye, New York 10580-1430. This disclosure is based solely on information in a Statement of Changes in Beneficial Ownership on Form 4 filed by Mr. Gabelli with the SEC on December 31, 2014.
- (2) Includes 45,468 shares issuable upon the exercise of options.
- (3) Includes 467 shares issuable upon the exercise of options.  
Includes (i) 23,934 shares of common stock owned directly by Marc Gabelli; (ii) 467 shares issuable upon the exercise of options held by Mr. Gabelli; and (iii) 350,902 shares held by Venator Merchant Fund, L.P. ("Venator Fund"). Venator Global, LLC ("Venator Global"), which is the sole general partner of Venator Fund, may be deemed to beneficially own the securities owned by Venator Fund. Mr. Gabelli, who is the President and Sole Member of Venator Global, may be deemed to beneficially own the securities owned by Venator Fund. Mr. Gabelli disclaims beneficial ownership of the securities owned by Venator Fund, except to the extent of his pecuniary interest therein.  
Reflects ownership of one executive officer who is not a named executive officer. Does not reflect ownership of
- (4) nominees not currently serving as directors. Includes 486,184 shares of common stock and 75,442 shares issuable upon the exercise of options.

PROPOSALS TO BE VOTED ON

Proposal No. 1: Election of Directors

There are eight nominees for election to the Board at the Annual Meeting: Michael J. Ferrantino, Sr.; Timothy Foufas; Marc Gabelli; Donald H. Hunter; Manjit Kalha; Frederic V. Salerno, Jr.; Hendi Susanto; and Antonio Visconti. Each of the nominees, except for Messrs. Salerno and Susanto, currently serves as a director. Messrs. Salerno and Susanto were recommended to the Nominating Committee as director nominees by a non-management director.

Patrick J. Guarino, who has served as a director since 2006, will not be standing for re-election at the Annual Meeting. We thank Patrick for his significant contributions and years of diligent service to the Board, the Company and our stockholders.

Our By-Laws provide that the Board is to consist of no fewer than five and no more than 13 members. As of and following the conclusion of the Annual Meeting, the size of the Board will be set at eight members. Each director is elected annually to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies. Except where authority to vote for directors has been withheld, it is intended that the proxies received pursuant to this solicitation will be voted "FOR" the nominees named below. If for any reason any nominee does not stand for election, such proxies will be voted in favor of the remainder of those named and may be voted for substitute nominees in place of those who do not stand. Management has no reason to expect that any of the nominees will not stand for election.

Biographical summaries and ages of our directors and nominees, and the experiences and skills that led to the conclusion that such persons should serve as directors, are set forth in the table below. Information with respect to the shares of common stock beneficially owned by each of our directors and nominees is set forth in the section titled "Security Ownership of Certain Beneficial Owners and Management." All such information has been furnished to us by our directors and nominees.

9

---

Edgar Filing: LGL GROUP INC - Form DEF 14A

Name	Age	Director Since	Offices and Positions Held With the Company, Business Experience and Principal Occupation for the Last Five Years, and Directorships in Public Corporations and Investment Companies
Michael J. Ferrantino, Sr.	73	2014	Executive Chairman of the Board, The LGL Group, Inc. (April 2016 to present); Chief Executive Officer, The LGL Group, Inc. (June 2014 to present); Executive Chairman of the Board, M-tron Industries, Inc. (October 2013 to present); President and Chief Executive Officer, Valpey-Fisher Corporation (September 2002 to November 2009), a provider of electronic components used in communications, medical, defense and aerospace, industrial and computer applications for OEMs and contract manufacturers worldwide; President, Micro Networks Division, Integrated Circuit Systems, Inc. (January 2002 to September 2002), a supplier of precision timing devices for optical networking, wireless infrastructure and high end network servers using surface acoustic wave and RF technology; President and Chief Executive Officer, Micro Networks Corporation (pre-2000 to January 2002); and Chairman of the Board of Directors, Micro Networks Corporation (April 2000 to January 2002). Mr. Ferrantino brings to the Board his extensive knowledge and leadership experience in the RF/microwave integrated system and frequency control industries.
Timothy Foufas	47	2007	Managing Partner, Plato Foufas & Co. LLC (2005 to present), a financial services company; President, Levalon Properties LLC (2007 to present), a real estate property management company; Senior Vice President, Bayshore Management Co. LLC (2005 to 2006), a real estate property management company; Director of Investments, Liam Ventures Inc. (2000 to 2005), a private equity investment firm; Director, ICTC Group, Inc. (2010 to 2013), a rural local exchange carrier headquartered in Nome, ND. Mr. Foufas brings to the Board his management skills and expertise in financial, investment and real estate matters.
Marc Gabelli	48	2004	Managing Partner, Horizon Research (January 2013 to present), an investment management and research services provider; Chief Executive Officer, Gabelli Securities International Ltd. (1994 to present), a global alternative asset management platform and merchant advisor; President and Managing Director, GGCP, Inc. (1999 to present), a private corporation that makes investments for its own account; Managing Member, Commonwealth Management Partners LLC (2008 to present), and Director and Managing Partner, GAMA Funds Holdings GmbH (2009 to present). Mr. Gabelli brings to the Board his extensive knowledge of the Company's business and industry due to his longstanding service on the Board, as well as his financial expertise and leadership experience as an executive of various investment firms.

Donald H. Hunter 592013 Principal, Donald Hunter LLC (April 2007 to present), a consulting practice based in Wellesley, MA; Chief Operating Officer and Chief Financial Officer, Harbor Global Company Limited (October 2000 to December 2006), a public company that owned and operated international investment management and natural resources subsidiaries; Chief Operating Officer, Pioneer Global Investments, a Division of the Pioneer Group, Inc. (August 1998 to October 2000), a company that provided investment management services and owned several natural resources investments; and Manager of International Finance, the Pioneer Group, Inc. (January 1991 to August 1998), with financial responsibility for international strategic start-up companies. Mr. Hunter was previously a director of Juniper Pharmaceuticals, Inc., a specialty pharmaceuticals company (NASDAQ: JNP), where he served as Chairman of the Audit Committee; LICT Corporation, an integrated provider of broadband and voice services (OTC PK: LICT); and the Pioneer First Polish Trust Fund, where he served as Audit Committee Chairman for the first mutual fund in Poland. Mr. Hunter brings to the Board financial, operating, corporate development, international and mergers and acquisition experience.

Manjit Kalha 412011 Managing Partner, Horizon Research (August 2012 to present), a firm that provides investment management and research services; Chief Executive Officer, Horizon AMC (June 2008 to present), a firm that provides investment management and consulting services; Chief Executive Officer and Director, Jeet Associates Private Limited (December 2006 to present), a consulting firm based in New Delhi that provides business strategy, finance, and taxation advisory services; Co-founder and Chief Operating Officer, Radiant Polymers Private Limited (2001 to 2006), a manufacturing company of high quality specialty plastic components. Mr. Kalha brings to the Board his experience in management and manufacturing operations, and an extensive knowledge of global financial markets.

Frederic V. Salerno, Jr. 49 Strategic Sourcing Manager, Brunswick Corporation (2014 to present); Supply Chain Manager, Poseidon Barge Company (2013 to 2014); Strategic Sourcing Manager, Tuthill Corporation (2009 to 2012); Materials Director, Terex Corporation (2006 to 2008); Strategic Manufacturing Manager, Ingersoll-Rand Corporation, (1995 to 2006). Mr. Salerno brings to the Board 25 years of experience in operations and supply chain management.

Edgar Filing: LGL GROUP INC - Form DEF 14A

Hendi Susanto	42	Vice President, Equity Research, Technology Leader, Gabelli & Company, a provider of institutional research and brokerage services (August 2007 to present). Mr. Susanto brings to the Board extensive experience in evaluating investments in technology, and special situations such as mergers and acquisitions, convertible debts and restructuring.
Antonio Visconti	55 2014	Vice President, Hittite Microwave Corporation (2011 to 2014), a leader in high performance integrated circuits (ICs), modules, and subsystems for RF microwave and millimeter-wave applications; Business Director, Maxim Integrated Products (2010 to 2011), a leading manufacturer of linear and mixed-signal ICs; Chief Executive Officer and Founder, Acent Inc. (2008 to 2011), a developer of analog solutions for industrial applications, acquired in 2011 by major semiconductor manufacturer; and Vice President and General Manager, National Semiconductor's Data Conversion division (2002 to 2008). Mr. Visconti has over 25 years of experience in the high technology industry and brings to the Board engineering, business development and technology acquisition expertise.
Patrick J. Guarino	73 2006	Managing Partner, August Properties LLC (2005 to present), a private investment company with real estate and securities holdings; Managing Partner, Independent Board Advisory Services, LLC (2002 to 2005), a corporate governance consulting firm; Retired Executive Vice President, Ultramar Diamond Shamrock Corporation (1996 to 2000), a NYSE, Fortune 200, international petroleum refining and marketing company; Senior Vice President and General Counsel, Ultramar Corporation (1992 to 1996), a NYSE, Fortune 200, international petroleum and marketing company; Senior Vice President and General Counsel, Ultramar PLC (1986 to 1992), a London Stock Exchange listed international, integrated oil company. Mr. Guarino brings to the Board valuable knowledge of and fluency with legal and corporate governance matters, and the perspective of a former General Counsel of a public company.



Executive Officers

The following table sets forth information regarding our executive officers, including their business experience for the past five years and prior years.

Name	Age	Offices and Positions Held With the Company, Business Experience and Principal Occupation for the Last Five Years
Michael J. Ferrantino, Sr.	73	Mr. Ferrantino's business experience, including his term in office, is listed in the section above titled "Directors."
Patti A. Smith	51	Chief Financial Officer, Secretary and Treasurer, The LGL Group, Inc. (April 2015 to present); Director of Financial Reporting and Human Resources, The LGL Group, Inc. (March 2015 to April 2015); Financial Reporting and Human Resources Manager, The LGL Group, Inc. (April 2014 to March 2015); Financial Reporting Manager, The LGL Group, Inc. (September 2012 to April 2014); Director of Financial Reporting for CNL Financial Group, Inc. ("CNL"), one of the nation's leading private investment management firms (July 2011 to May 2012); Vice President of Private Equity Accounting for CNL (August 2007 to July 2011).
Robert Mamazza, Jr., Ph.D.	45	Vice President and Chief Operating Officer, The LGL Group, Inc. (November 2015 to present); Chief Technology Officer, Evatec Advanced Technologies AG, a leading manufacturer of high performance optical, optoelectronic and semiconductor devices (January 2015 to July 2015); Chief Technology Officer, Oerlikon Advanced Technologies AG, which was acquired by Evatec in early 2015 (July 2012 to January 2015); Head of Research and Development, Oerlikon Systems, a manufacturer of fully automated, precision PVD equipment for the semiconductor, LED, MEMS and data storage industries (February 2010 to July 2012).

Family Relationships between Directors and Executive Officers

There are no family relationships among our directors and executive officers.

Transactions with Related Persons, Promoters and Certain Control Persons

Since January 1, 2014, there were no transactions that are required to be described under Item 404(a) of Regulation S-K promulgated by the SEC. All transactions between us and any of our officers, directors, director nominees, principal stockholders or their immediate family members are to be approved by the Audit Committee, and are to be on terms no less favorable to us than we could obtain from unaffiliated third parties. Such policy and procedures are set forth in a resolution of the Board.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and holders of more than 10% of the Company's common stock to file with the SEC and NYSE MKT initial reports of ownership and reports of changes in the ownership of common stock and other equity securities of the Company. Such persons are required to furnish the Company with copies of all Section 16(a) filings.

Edgar Filing: LGL GROUP INC - Form DEF 14A

Based solely upon a review of the copies of the forms furnished to the Company, the Company believes that its directors, officers and holders of more than 10% of the Company's common stock complied with all applicable filing requirements during the 2015 fiscal year, except that Patti Smith filed a Form 4 on April 6, 2015, disclosing one transaction not reported on a timely basis.

Votes Required

Each nominee receiving a plurality of the affirmative ("FOR") votes cast at the Annual Meeting will be elected to the Board.

Recommendation of the Board

The Board recommends a vote "FOR" the election of each of its nominees to the Board to serve until the 2017 Annual Meeting and until their successors are duly elected and qualify.

14

---

Proposal No. 2: Adoption and Approval of the Amended and Restated 2011 Incentive Plan

On March 14, 2016, the Board accepted the recommendation of the Compensation Committee and approved the amendment and restatement of our 2011 Incentive Plan (the "2011 Incentive Plan"), subject to adoption and approval by our stockholders, and authorized submission of the Amended and Restated 2011 Incentive Plan in the form attached as Annex A to this Proxy Statement (the "Amended and Restated 2011 Incentive Plan") to stockholders for consideration at the Annual Meeting. The Amended and Restated 2011 Incentive Plan reflects certain changes to the terms of the 2011 Incentive Plan, including the following key changes:

The number of shares of common stock available for issuance is increased by 250,000 shares, representing approximately 9.4% of the common stock outstanding as of April 19, 2016, to a total of 750,000 shares; and  
The annual limitation on the amount of Awards that may be made to any individual is increased by 75,000 shares of Common Stock, representing approximately 2.8% of the common stock outstanding as of April 19, 2016, to a total of 125,000 shares.

The Amended and Restated 2011 Incentive Plan will not be effective unless our stockholders approve it at the Annual Meeting. If our stockholders do not approve the Amended and Restated 2011 Incentive Plan at the Annual Meeting, the 2011 Incentive Plan will remain in force and we may be required to re-evaluate our compensation structure to ensure that it remains competitive.

We use incentive awards to attract, motivate and retain talent as well as to align our employees' and non-employee directors' interests with those of our stockholders. The purpose of the proposed amendments is to allow the Company to award the equity incentives important to our compensation program for the foreseeable future, while resulting in no more than a reasonable amount of potential equity dilution. The Board believes that the changes reflected in the Amended and Restated 2011 Incentive Plan, including increasing the number of shares authorized for issuance and increasing the annual limitation on the amount of Awards that may be made to any individual, are in the best interest of our stockholders, and the Board supports these proposals for the following reasons:

If the Amended and Restated 2011 Incentive Plan is not approved, the Company may be compelled to increase significantly the cash-based component of employee compensation, which could reduce the alignment of employee and stockholder interests; and

The terms of our equity and other annual and long-term incentive compensation awards and our employee policies are designed to protect stockholder interests and encourage employees to focus on the long-term success of the Company.

Summary of the Amended and Restated 2011 Incentive Plan

The following is a summary of the material terms of the Amended and Restated 2011 Incentive Plan. This summary is not complete and is qualified in its entirety by reference to the full text of the Amended and Restated 2011 Incentive Plan attached as Annex A to this Proxy Statement.

#### Purpose

The purpose of the Amended and Restated 2011 Incentive Plan is to promote the long-term success of the Company by attracting, motivating and retaining directors, officers, employees, advisors and consultants of, and others providing services to, the Company and its affiliates through the use of competitive incentives that are tied to stockholder value. The Amended and Restated 2011 Incentive Plan seeks to balance the interests of Amended and Restated 2011 Incentive Plan participants and stockholders by providing incentives in the form of cash bonuses, stock options, restricted stock, performance awards, stock appreciation rights, as well as other stock-based awards to be granted under the Amended and Restated 2011 Incentive Plan and consistent with the terms of the Amended and Restated 2011 Incentive Plan.

#### Administration

The Amended and Restated 2011 Incentive Plan is administered by our Compensation Committee, which consists of three or more directors, each of whom is a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act and an "outside director" as defined in Treasury Regulations Section 1.162-27(e)(3) under the Internal Revenue Code of 1986, as amended (referred to herein as the Code), or if no committee exists, the Board. The Compensation Committee has complete authority to determine all provisions of all awards under the Amended and Restated 2011 Incentive Plan, to interpret the Amended and Restated 2011 Incentive Plan, and to make any other determination that it believes necessary and advisable for the proper administration of the Amended and Restated 2011 Incentive Plan. The Compensation Committee's decisions on matters relating to the Amended and Restated 2011 Incentive Plan will be final and conclusive on the Company and participants in the Amended and Restated 2011 Incentive Plan. The Compensation Committee also has the authority to amend or modify the terms of any outstanding awards under the Amended and Restated 2011 Incentive Plan in any manner permitted by the Amended and Restated 2011 Incentive Plan; provided, however, that any recipient of an award adversely affected by such amended or modified terms has consented to such amendment or modification.

#### Eligible Participants and Types of Awards

Eligible participants in the Amended and Restated 2011 Incentive Plan include officers and other employees of the Company or its subsidiaries, directors, consultants, advisors or other independent contractors who provide services to the Company or its subsidiaries. Participation by officers of the Company or its subsidiaries and any performance objectives relating to such officers must be approved by the Compensation Committee. Participation by others and any performance objectives relating to others may be approved by groups or categories (for example, by pay grade) and authority to designate participants who are not officers and to set or modify such targets may be delegated by the Compensation Committee to the Company's executive management.

Types of awards that may be granted under the Amended and Restated 2011 Incentive Plan include incentive and non-qualified stock options, restricted stock, performance awards, stock appreciation rights and other equity-based awards. The terms of any award will be evidenced by an agreement entered into by and between the Company and the recipient at the time the award is granted (which may include an employment agreement or consulting agreement by and between the Company and the recipient) (the "Award Agreement"). In the event of any inconsistency between the terms of the Award Agreement and the Amended and Restated 2011 Incentive Plan, the terms of the Amended and Restated 2011 Incentive Plan will govern. In the event of any inconsistency between the terms of any employment agreement and any other Award Agreement, the terms of the employment agreement will govern.

The maximum term for any award under the Amended and Restated 2011 Incentive Plan may not exceed 10 years from the grant date, provided that an incentive stock option awarded to a 10% stockholder of the Company or of any affiliate thereof may not be exercisable for more than five years after the grant date.

#### Available Shares

Subject to adjustment upon certain corporate transactions or events, a maximum of 750,000 shares of our common stock may be issued under the Amended and Restated 2011 Incentive Plan. In addition, subject to adjustment upon certain corporate transactions or events, a participant may not receive awards with respect to more than 125,000 shares of common stock in any year. If an option or other award granted under the Amended and Restated 2011 Incentive Plan expires or terminates, the shares subject to any portion of the award that expires or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Unless previously terminated by our Board, no new award may be granted under the Amended and Restated 2011 Incentive Plan after the 10<sup>th</sup> anniversary of August 4, 2011, the date that the 2011 Incentive Plan was initially approved by our stockholders.

#### Awards Under the Amended and Restated 2011 Incentive Plan

**Stock Options.** The terms of specific options, including whether options will constitute "incentive stock options" for purposes of Section 422(b) of the Code, will be determined by the Compensation Committee. The exercise price of an option will be determined by the Compensation Committee. The exercise price may not be lower than 100% (110% in the case of an incentive stock option granted to a 10% stockholder) of the fair market value of the common stock on the date of grant. Notwithstanding the foregoing, an option may be granted with an exercise price lower than the minimum exercise price set forth above if such option is granted pursuant to an assumption or substitution for another option in a manner qualifying with the provisions of Section 424(a) and 409A of the Code to the extent applicable. Each option will be exercisable for such period set by the Compensation Committee, which will generally not exceed 10 years from the date of grant (or five years in the case of an incentive stock option granted to a 10% stockholder). Options will be exercisable at such times and subject to such terms as determined by the Compensation Committee. Unless otherwise specifically provided in an Award Agreement, an option will terminate and cease to be exercisable no later than 90 days after the date on which the holder's employment with or service to the Company or a subsidiary terminates.

**Restricted Stock.** Restricted stock consists of shares of common stock granted under the Amended and Restated 2011 Incentive Plan, in such form and on such terms and conditions determined by the Compensation Committee. Such terms or conditions may include, without limitation, restrictions on the sale, assignment, transfer or other disposition or encumbrance of such shares during a restricted period established by the Compensation Committee and that such shares are deemed forfeited upon the recipient's failure to satisfy certain requirements within the restricted period. The Compensation Committee may, at any time and in its sole discretion, shorten or terminate any restricted period, or waive any conditions for the lapse or termination of restrictions with respect to all or any portion of a restricted stock award. The grant of any restricted stock will be evidenced by an Award Agreement. Except as provided in an Award Agreement, restricted stock will cease to vest on the date the recipient's employment with or service to the Company or a subsidiary terminates, and any shares of restricted stock that are not vested as of such date will be forfeited. Except as otherwise provided in the Award Agreement or except as otherwise provided in the Amended and Restated 2011 Incentive Plan, the recipient will be the owner of the restricted stock and shall have all the rights of a stockholder, including the right to receive dividends paid on such restricted stock and the right to vote such restricted stock.

**Performance Awards.** A performance award confers upon its recipient certain rights payable to or exercisable by its recipient, in whole or in part, as determined by the Compensation Committee, and conditioned upon the achievement of performance criteria determined by the Compensation Committee. Performance goals established by the Compensation Committee are based on objectively determinable performance goals selected by the Compensation Committee that apply to an individual or group of individuals, or the Company as a whole, over a performance period designated by the Compensation Committee. A performance award may be payable in cash, shares of common stock, other awards under the Amended and Restated 2011 Incentive Plan, or any combination thereof. The payout of any performance award to a recipient may be reduced, but not increased, based on the degree of attainment of performance criteria, or otherwise at the discretion of the Compensation Committee, as may be provided in the Award Agreement.

**Stock Appreciation Rights.** A stock appreciation right confers upon its recipient a right to receive payment in cash or shares of common stock (at the discretion of the Compensation Committee) upon exercise of an amount equal to the excess of (i) the fair market value of one share of common stock on the date of exercise (or, at the discretion of the Compensation Committee other than with respect to an incentive stock option, the fair market value at any time during a specified period before or after the date of exercise or a change in control) over (ii) the grant price of the stock appreciation right as determined by the Compensation Committee as of the date of grant. Stock appreciation rights vest and become exercisable in accordance with a vesting schedule established by the Compensation Committee.

**Bonus and Other Stock-Based Awards.** The Compensation Committee is authorized to grant such other awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of common stock, including without limitation, shares of common stock awarded purely as a "bonus" and not subject to any restrictions or conditions, convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of common stock, purchase rights, and awards valued by reference to the value of shares of common stock or the value of securities of or the performance of the Company. The Compensation Committee will determine the terms and conditions of any such awards, including but not limited to performance criteria, if any.

#### Change in Control

Upon the occurrence of a change in control (as defined under the Amended and Restated 2011 Incentive Plan), except to the extent otherwise provided in a particular Award Agreement, all awards will become fully vested and, with respect to any award that is an option or stock appreciation right, exercisable in full. Each participant will be afforded an opportunity to exercise his or her options or stock appreciation rights immediately prior to the occurrence of the change in control (and conditioned upon the consummation of the change in control) so he or she can participate in the transaction if he or she desires.

#### Clawback

The Compensation Committee will, in all appropriate circumstances, require reimbursement of any annual incentive payment where: (i) the payment was predicated upon achieving certain financial results that were subsequently the subject of a substantial restatement of Company financial statements filed with the SEC; and (ii) a lower payment would have been made based upon the restated financial results. In each such instance, the Compensation Committee will, to the extent practicable and in a manner consistent with Section 409A of the Code, seek to recover from the recipient the amount by which his or her incentive payments for the three year period preceding the accounting restatement exceeded the lower payment that would have been made based on the restated financial results.

#### Amendment and Termination

The Board may amend, suspend or discontinue the Amended and Restated 2011 Incentive Plan at any time, except that it may not amend the Amended and Restated 2011 Incentive Plan in any way that would adversely affect a recipient with respect to an award previously granted without the consent of the affected recipient. In addition, the Board may not amend the Amended and Restated 2011 Incentive Plan without stockholder approval if such approval is then required pursuant to Section 162(m) or 422 of the Code, the regulations promulgated thereunder or the rules of any securities exchange or similar regulatory body.

## U.S. Federal Income Tax Consequences

The following summary is intended only as a general guide to the U.S. federal income tax consequences under current law of equity-based awards that may be granted under the Amended and Restated 2011 Incentive Plan. It does not attempt to describe all possible federal or other tax consequences of participation in the Amended and Restated 2011 Incentive Plan or tax consequences based on particular circumstances.

### Incentive Stock Options

An optionholder recognizes no taxable income for regular income tax purposes as a result of the grant or exercise of an incentive stock option qualifying under Code Section 422. However, an optionholder may be subject to the alternative minimum tax if the fair market value of our common stock on the date of exercise exceeds the optionholder's purchase price for the shares. Optionholders who neither dispose of their shares within two years following the date the option was granted nor within one year following the exercise of the option will normally recognize a capital gain or loss upon a sale of the shares equal to the difference, if any, between the sale price and the purchase price of the shares. If an option holder satisfies such holding periods upon a sale of the shares, we will not be entitled to any deduction for federal income tax purposes. If an optionholder disposes of shares within two years after the date of grant or within one year after the date of exercise (referred to as a "disqualifying disposition"), the optionholder will normally recognize ordinary income in the tax year during which the disqualifying disposition occurs equal to the lesser of the difference between (i) the fair market value of the shares on the date of exercise and the purchase price of such shares, or (ii) the sales price and the purchase of such shares. The optionholder will normally also recognize capital gain equal to the difference, if any, between the sales price and the fair market value of such shares on the exercise date. However, if a loss is recognized on the sale (i.e., the sales price is less than the purchase price of the disposed shares), the optionholder will not recognize any ordinary income and such loss will be a capital loss. Any ordinary income recognized by the optionholder upon the disqualifying disposition of the shares generally will result in a deduction by us for federal income tax purposes.

### Nonstatutory Stock Options

Options not designated or qualifying as incentive stock options will be nonstatutory stock options having no special tax status. An optionholder generally recognizes no taxable income as the result of the grant of such an option. Upon exercise of a nonstatutory stock option, the optionee normally recognizes ordinary income in the amount of the difference between the fair market value of the shares on the exercise date and the option exercise price. If the option holder is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a nonstatutory stock option, any gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as a capital gain or loss. No tax deduction is available to us with respect to the grant of a nonstatutory stock option or the sale of the stock acquired pursuant to such grant. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the optionholder as a result of the exercise of a nonstatutory stock option.

#### Restricted Stock; Stock Appreciation Rights

Generally speaking, the grant of restricted stock will not be taxable to the recipient until such time as the stock vests (i.e., the restrictions lapse or are satisfied), unless the recipient makes a special election to treat the stock as vested upon the date of grant. Upon vesting (or grant, if the special election is made), the recipient will recognize ordinary income in the amount of the difference between the fair market value of the shares and the price paid, if any, for the shares. If the recipient is an employee, such ordinary income generally is subject to withholding of income and employment taxes. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the recipient, unless the provisions of Section 162(m) of the Code are applicable.

A holder of a stock appreciation right generally recognizes no taxable income as the result of the grant of such right. Upon exercise of a stock appreciation right, the holder normally recognizes ordinary income in the amount of the fair market value of the shares (or the amount of cash, if any, in lieu of shares) received on the exercise date. If the holder is an employee, such ordinary income generally is subject to withholding of income and employment taxes. No tax deduction is available to us with respect to the grant of a stock appreciation right. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the holder as a result of the exercise of a stock appreciation right.

#### Other Types of Awards

With respect to other awards under the Amended and Restated 2011 Incentive Plan, generally when the participant receives payment with respect to an award, the amount of cash and fair market value of any other property received will be ordinary income to the participant, and if the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. We generally will be entitled to a tax deduction equal to the amount of ordinary income recognized by the participant.

#### Section 162(m) of the Code

Section 162(m) of the Code generally precludes a public corporation from taking a deduction for annual compensation in excess of \$1.0 million paid to its principal executive officer or any of its three other highest-paid officers (other than the chief financial officer). However, compensation that qualifies under Section 162(m) of the Code as "performance-based" is specifically exempt from the deduction limit. Based on Section 162(m) of the Code and the regulations thereunder, the Company's ability to deduct compensation income generated in connection with the exercise of stock options or stock appreciation rights granted under the Amended and Restated 2011 Incentive Plan should not be limited by Section 162(m) of the Code. Further, the Company believes that compensation income generated in connection with performance awards granted under the Amended and Restated 2011 Incentive Plan should not be limited by Section 162(m) of the Code. The Amended and Restated 2011 Incentive Plan has been designed to provide flexibility with respect to whether restricted stock awards or other awards will qualify as performance-based compensation under Section 162(m) of the Code and, therefore, be exempt from the deduction limit. If the vesting restrictions relating to any such award are based solely upon the satisfaction of one of the performance goals set forth in the Amended and Restated 2011 Incentive Plan, then Company believes that the compensation expense relating to such an award will be deductible by us if the awards become vested. However, compensation expense deductions relating to such awards will be subject to the Section 162(m) deduction limitation if such awards become vested based upon any other criteria set forth in such award.



**Vote Required**

The affirmative ("FOR") vote of a majority of the votes cast on the matter is required to adopt and approve the Amended and Restated 2011 Incentive Plan.

**Recommendation of the Board**

The Board recommends a vote "FOR" the adoption and approval of the Amended and Restated 2011 Incentive Plan.

21

---

Proposal No. 3: Ratification of Appointment of Independent Registered Public Accounting Firm  
 Selection of Independent Registered Public Accounting Firm for Fiscal 2016

The Audit Committee has appointed RSM as our independent registered public accounting firm for the fiscal year ending December 31, 2016. Although this appointment does not require ratification, the Board has directed that the appointment of RSM be submitted to stockholders for ratification due to the significance of its appointment. If stockholders do not ratify the appointment of RSM as our independent registered public accounting firm for the fiscal year ending December 31, 2016, the Audit Committee will consider the appointment of another independent registered public accounting firm.

RSM, formerly known as McGladrey LLP, served as our independent registered public accounting firm for the fiscal years ended December 31, 2015 and 2014. Representatives of RSM are expected to be present at the Annual Meeting, will have an opportunity to make a statement and will be available to respond to appropriate questions.

Fees Billed During Fiscal 2015 and 2014

The following table presents aggregate fees billed for professional services rendered by RSM for fiscal years 2015 and 2014. There were no other professional services rendered or fees billed by RSM for fiscal years 2015 and 2014.

	2015	2014
Audit Fees <sup>(1)</sup>	\$197,000	\$196,000
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—

Include fees for services relating to auditing the Company's annual financial statements, reviewing the Company's (1) financial statements included in the Company's quarterly reports on Form 10-Q, and procedures performed in connection with registration statements.

Pre-Approval Policies and Procedures

The Audit Committee policy and procedures for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm are reflected in the Audit Committee Charter. The Audit Committee Charter provides that the Audit Committee shall pre-approve all audit and non-audit services provided by the independent registered public accounting firm and shall not engage the independent registered public accounting firm to perform the specific non-audit services proscribed by law or regulation. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Audit Committee member to whom pre-approval authority is delegated must be presented to the full Audit Committee at its next scheduled meeting.

If any services other than audit services are rendered by our independent registered public accounting firm, the Audit Committee determines whether such services are compatible with maintaining our independent registered public accounting firm's independence.

All services performed by our independent registered public accounting firm were pre-approved by the Audit Committee.

Vote Required

The affirmative ("FOR") vote of a majority of the votes cast on the matter is required to ratify the appointment of RSM as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

Recommendation of the Board

The Board recommends a vote "FOR" the ratification of the appointment of RSM as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

23

---

Proposal No. 4: Advisory Vote on Executive Compensation

We are asking stockholders to indicate their support for the compensation of our named executive officers named in the "Summary Compensation Table" included in this Proxy Statement. This proposal, commonly known as a "say-on-pay" proposal, gives stockholders the opportunity to express their views on the compensation of our named executive officers. Accordingly, we will ask stockholders to vote "FOR" the following resolution at the Meeting: "RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2016 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Summary Compensation Table and the other related tables and disclosure."

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or the Board. The Board and the Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this Proxy Statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Vote Required

The affirmative ("FOR") vote of a majority of the votes cast on the matter is required to adopt the resolution approving the compensation of our named executive officers.

Recommendation of the Board

The Board recommends a vote "FOR" the adoption of the resolution approving the compensation of the Company's named executive officers.

24

---

## CORPORATE GOVERNANCE

### Director Independence

As required under NYSE MKT rules, a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by such board of directors. The Board has determined that Messrs. Foufas, Hunter, Kalha, Salerno, Susanto and Visconti are independent within the meaning of NYSE MKT rules. In determining that Mr. Kalha is independent, the Board considered that Mr. Kalha and Mr. Gabelli are partners in a joint venture, which relationship the Board determined would not interfere with Mr. Kalha's independence, as defined by NYSE MKT rules.

### Board and Committee Meetings

The Board met six times during the fiscal year ended December 31, 2015. Each of the directors attended at least 75% of the aggregate of (i) the total number of meetings of the Board (held while he was a director); and (ii) the total number of meetings held by all committees of the Board on which he served (while he served on such committees). All of our incumbent directors attended the Company's 2015 Annual Meeting of Stockholders.

The Audit Committee, Compensation Committee and Nominating Committee met four times, three times and two times, respectively, during the 2015 fiscal year.

### Board Committees

The three principal committees of the Board and their duties are described below.

**Audit Committee.** The incumbent members of the Audit Committee are Messrs. Hunter (Chairman), Foufas and Kalha. The Board has determined that all Audit Committee members are financially literate and independent in accordance with SEC and NYSE MKT rules concerning audit committee membership requirements. Mr. Hunter qualifies as an "audit committee financial expert" as defined under the Exchange Act. The Audit Committee operates in accordance with its charter. The charter gives the Audit Committee the authority and responsibility for the appointment, retention, compensation and oversight of our independent registered public accounting firm, including pre-approval of all audit and non-audit services to be performed by our independent registered public accounting firm. The Audit Committee also reviews the independence of our independent registered public accounting firm, reviews with management and our independent registered public accounting firm our annual financial statements prior to their filing with the SEC, reviews the report by our independent registered public accounting firm regarding management procedures and policies and determines whether our independent registered public accounting firm has received satisfactory access to our financial records and full cooperation of corporate personnel in connection with their audit of our records. The Audit Committee also reviews our financial reporting process on behalf of the Board and reviews the financial information issued to stockholders and others, including a discussion of the quality and reasonableness of the accounting principles used, the reasonableness of significant judgments, and the clarity of discussions in the financial statements, and monitors the systems of internal control and the audit process.

Management has primary responsibility for the financial statements and the reporting process. The Audit Committee Charter is available at [www.lglgroup.com](http://www.lglgroup.com).

**Compensation Committee.** The incumbent members of the Compensation Committee are Messrs. Foufas (Chairman), Hunter and Visconti. All members of the Compensation Committee are independent in accordance with NYSE MKT rules for compensation committee members. The responsibilities of the Compensation Committee are to review the Company's compensation and benefits policies and objectives, determine whether our officers and directors are compensated in accordance with these policies and objectives, and carry out the Board's responsibilities relating to compensation of our executives. The Compensation Committee Charter is available at [www.lglgroup.com](http://www.lglgroup.com).

See further discussion of the Compensation Committee's role in setting executive compensation beginning on page 29.

Nominating Committee. The incumbent members of the Nominating Committee are Messrs. Kalha (Chairman), Foufas and Hunter. All members of the Nominating Committee are independent in accordance with NYSE MKT rules. The responsibilities of the Nominating Committee are to identify individuals qualified to become Board members and recommend that the Board select director nominees for election at the annual meetings of stockholders. The Nominating Committee Charter is available at [www.lglgroup.com](http://www.lglgroup.com).

#### Director Nominations

In evaluating and determining whether to nominate a candidate for a position on the Board, the Nominating Committee utilizes a variety of methods and considers criteria such as high professional ethics and values, relevant management and/or manufacturing experience and a commitment to enhancing stockholder value. Candidates may be brought to the attention of the Nominating Committee by current Board members, stockholders, officers or other persons. The Nominating Committee will review all candidates in the same manner regardless of the source of the recommendation.

The Company does not have a formal policy with regard to the consideration of diversity in identifying director nominees, but the Nominating Committee strives to nominate director candidates with a variety of complementary skills so that, as a group, the Board will possess the appropriate talent, skills and expertise to oversee the Company's businesses.

The Nominating Committee also considers stockholder recommendations for director nominees that are properly received in accordance with the Company's By-Laws and applicable rules and regulations of the SEC. In order to validly nominate a candidate for election or reelection as a director, stockholders must give timely notice of such nomination in writing to the Corporate Secretary and include, as to each person whom the stockholder proposes to nominate, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, and the other rules and regulations under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected). For more information on director candidate nominations by stockholders, see "Stockholder Proposals" herein.

#### Board Leadership Structure

The Board is led by Mr. Ferrantino, the Executive Chairman of the Board and our Chief Executive Officer. The Board does not have a policy regarding a separation of the roles of Chief Executive Officer and Chairman of the Board, as the Board believes it is in the best interests of the Company to make that determination based on the then-current position and direction of the Company and the membership of the Board. The Board has determined that combining the roles of Chief Executive Officer and Executive Chairman of the Board is in the best interests of the Company's stockholders at this time. This structure leverages Mr. Ferrantino's significant industry and management experience for the Board while aligning the leadership of the Company's day-to-day operations and strategic initiatives.

#### Board Role in Risk Oversight

Senior management is responsible for assessing and managing the Company's various exposures to risk on a day-to-day basis, including the creation of appropriate risk management programs and policies. We have developed a consistent, systemic and integrated approach to risk management to help determine how best to identify, manage and mitigate significant risks throughout the Company, which includes our system of internal controls over financial reporting, annual reviews conducted by our directors and officers, monitoring compliance with our Business Conduct Policy and general liability insurance coverage. The Board is responsible for overseeing management in the execution of its responsibilities and for assessing the Company's approach to risk management. The Board exercises these responsibilities periodically as part of its meetings and also through the Board's three principal committees, each of which examines various components of enterprise risk as part of its responsibilities. In addition, an overall review of risk is inherent in the Board's consideration of the Company's long-term strategies and in the transactions and other matters presented to the Board, including capital expenditures, acquisitions and divestitures, and financial matters.

#### Stockholder Communications

Stockholders may communicate with the Board, including the non-management directors, by sending an e-mail to our Corporate Secretary at [pasmith@lglgroup.com](mailto:pasmith@lglgroup.com) or by sending a letter to The LGL Group, Inc., 2525 Shader Road, Orlando, Florida 32804, Attention: Corporate Secretary. The Corporate Secretary will submit all such correspondence to any specific director to whom the correspondence is directed.

#### Code of Ethics

We adopted a code of ethics as part of our Business Conduct Policy, which applies to all of our employees, including our principal executive, financial and accounting officers. Our Business Conduct Policy is available at [www.lglgroup.com](http://www.lglgroup.com). Amendments to and waivers of our code of ethics and Business Conduct Policy will be disclosed on our website.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed and discussed the consolidated financial statements for the fiscal year ended December 31, 2015, with both management and RSM US LLP, the Company's independent registered public accounting firm.

The Audit Committee meets with the Company's independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting. The Audit Committee has discussed with RSM US LLP the matters required to be discussed by Statement on Auditing Standard No. 16, "Communications with Audit Committees," issued by the Public Company Accounting Oversight Board (the "PCAOB").

RSM US LLP provided to the Audit Committee the written disclosures and the letter required by the applicable requirements of the PCAOB regarding RSM US LLP's communications with the Audit Committee concerning independence, and the Audit Committee discussed with RSM US LLP its independence.

Based on the Audit Committee's review of the audited financial statements and discussions, including those noted above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

AUDIT COMMITTEE

Donald Hunter (Chairman)

Timothy Foufas

Manjit Kalha

28

---



## EXECUTIVE COMPENSATION

### Overview

The Compensation Committee is responsible for the design and administration of the Company's compensation policy and plans. The plans are designed to successfully implement the Company's business strategy and create stockholder value. As a matter of policy, the Compensation Committee submits its recommendations to the full Board for approval.

### Compensation Philosophy and Objectives

The Company's compensation program emphasizes performance-based compensation promoting the achievement of short-term and long-term business objectives. This aligns our executives' compensation with stockholder interests, while providing competitive compensation to attract, motivate and retain executives with superior skills and abilities.

### Determination of Compensation Awards

The Compensation Committee recommends to the Board the compensation awards for the named executive officers based on (i) Company performance versus annual budgeted financial targets, and (ii) individual performance.

The Compensation Committee conducts an annual review of the Chief Executive Officer's performance prior to making its recommendation to the Board regarding the Chief Executive Officer's compensation. Our Chief Executive Officer reviews the performance of our Chief Financial Officer with the Compensation Committee and makes a recommendation to the Compensation Committee regarding the Chief Financial Officer's compensation. During these reviews, the Compensation Committee considers the Company's performance in the following categories: (i) improvement in the Company's market value; (ii) the achievement of agreed upon short- and long-term objectives; and (iii) predetermined individual goals.

### Compensation Benchmarking

The Company has not retained a compensation consultant to review its policies and procedures with respect to the compensation of the named executive officers, though it may choose to do so in the future. The Compensation Committee benchmarks the compensation of the named executive officers against the median compensation paid by comparable companies determined at the time. To that end, the Compensation Committee will conduct a benchmark review as often as deemed necessary of the aggregate level of compensation of the named executive officers as well as the mix of elements used to compensate the named executive officers, taking into account input from independent members of the Board and publicly available data relating to the compensation practices and policies of comparable companies. While benchmarking may not always be appropriate as a stand-alone tool for setting the compensation of the named executive officers due to the Company's potentially unique circumstances and objectives, the Compensation Committee generally believes that gathering such information is an important part of the Compensation Committee's decision-making process.

Notwithstanding the foregoing, the Compensation Committee may determine that it is in the Company's best interest to recommend total compensation packages that deviate from the Compensation Committee's general principle of benchmarking the compensation of the named executive officers.

## Elements of Compensation

### Base Salary

Base salary levels for the Company's named executive officers are designed to be competitive with those of employees with similar responsibilities working for companies of comparable size, capitalization and complexity. In determining base salaries, the Compensation Committee takes into account a variety of factors, including experience, performance, and benchmarking.

### Incentive Compensation

The Company provides annual and long-term incentive compensation to its executives and managers under the Company's 2011 Incentive Plan. The 2011 Incentive Plan, which the Company is seeking stockholder approval to amend and restate as described in Proposal No. 2, is designed to provide annual and long-term incentives for executive performance by rewarding participating executives for their contributions to profitability and stockholder value based on achieving short-term Company and individual performance goals for a given year, as well as by aligning a significant portion of compensation with the long-term interests of stockholders. Short-term Company performance goals include revenue growth, EBITDA, earnings per share and return on equity. Long-term Company performance goals include increasing the Company's total market value. The Compensation Committee may recommend that other corporate performance measures be substituted or added (including but not limited to operating income after tax, return on capital employed and stockholder return) in order to achieve the Company's business strategy. Individual performance goals for the Chief Executive Officer are established by the Compensation Committee and recommended to the Board for approval, while individual performance goals for our other employees are established by the Chief Executive Officer and reviewed by the Compensation Committee.

The 2011 Incentive Plan was approved by stockholders on August 4, 2011, and the Company is submitting the Amended and Restated 2011 Incentive Plan to stockholders for their adoption and approval at the Annual Meeting.

### The LGL Group, Inc. 401(k) Savings Plan

The 401(k) Savings Plan (the "401(k) Plan"), which is subject to limitations imposed by the Internal Revenue Code of 1986, as amended (the "Code"), permits the Company's employees to defer a portion of their compensation by making contributions to the 401(k) Plan and thereby obtain certain tax benefits. Participating employees also benefit from the 401(k) Plan by sharing in discretionary contributions made by the Company to the 401(k) Plan based on each employee's contribution made in a particular year. A participant's interest in his or her individual contributions, the Company's contributions and earnings thereon is fully vested at all times. The 401(k) Plan's proceeds are invested in guaranteed investment contracts or certain mutual funds, subject to the discretion of the participants.

The named executive officers and all other employees of the Company and certain of its subsidiaries are eligible to participate in the 401(k) Plan after having completed three months of service and reached the age of 18. All of the named executive officers, who were eligible to do so, participated in the 401(k) Plan in 2015.

### Other Benefits

The Company provides the named executive officers with medical insurance, life insurance and disability benefits that are generally made available to Company's employees to ensure that the Company's employees have access to basic healthcare and income protection for themselves and their family members. In addition to the above coverage, the Company may elect to provide additional benefits such as supplemental life and disability coverage to some or all of the named executive officers at the discretion of the Compensation Committee, subject to approval by the Board.

## Summary Compensation Table

The following table sets forth information with respect to compensation earned by the Company's named executive officers:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards <sup>(1)</sup> (\$)	Option Awards <sup>(1)</sup> (\$)	All Other Compensation (\$)	Total (\$)
Michael J. Ferrantino, Sr. Chief Executive Officer	2015	144,000	40,000 <sup>(2)</sup>	160,000 <sup>(3)</sup>	—	6,804 <sup>(4)</sup>	350,804
	2014	144,000	—	10,000 <sup>(3)</sup>	112,479 <sup>(3)</sup>	4,537 <sup>(4)</sup>	274,592
Patti A. Smith <sup>(5)</sup> Chief Financial Officer	2015	90,000	—	—	5,150 <sup>(6)</sup>	—	95,150

Reflects the aggregate grant date fair value of stock awards or option awards granted in the applicable year, computed in accordance with Financial Accounting Standard Board Standards Codification Topic 718. For a discussion of the assumptions and methodologies used to calculate these amounts, please see Note D – Stock-Based Compensation in the Notes to Consolidated Financial Statements included in the 2015 Form 10-K.

(1) On May 8, 2015, the Company awarded Mr. Ferrantino a discretionary cash bonus of \$40,000.

On May 8, 2015, the Company granted Mr. Ferrantino a discretionary award of 37,296 restricted shares of common stock with a grant date fair value of \$160,000. On June 11, 2014, the Company granted Mr. Ferrantino a discretionary award of options to purchase 75,000 shares of common stock with a grant date fair value of \$111,055. These options vest as follows: 60% on grant date; an additional 20% on the second anniversary of the grant date; and the remaining 20% on the third anniversary of the grant date. On March 1, 2016, Mr. Ferrantino forfeited 30,000 of these options that were unvested. In addition, on December 11, 2014, the Company granted Mr. Ferrantino discretionary awards of 3,115 restricted shares of common stock with a grant date fair value of \$10,000 and options to purchase 1,558 shares of common stock with a grant date fair value of \$1,424. The restricted shares of common stock vested immediately. The options vest as follows: 30% on the first anniversary of the grant date; an additional 30% on the second anniversary of the grant date; and the remaining 40% on the third anniversary of the grant date.

In 2015 and 2014, Mr. Ferrantino was reimbursed for \$6,804 and \$4,537 of healthcare insurance costs, respectively. These amounts also include a reimbursement for the personal income tax expense arising from these expenses.

(5) Ms. Smith has served as the Company's Chief Financial Officer since April 2015.

(6) On March 12, 2015, the Company granted Ms. Smith a discretionary award of options to purchase 5,000 shares of common stock with a grant date fair value of \$5,150. These options vest as follows: 30% on the first anniversary of the grant date; an additional 30% on the second anniversary of the grant date; and the remaining 40% on the third anniversary of the grant date.

## Employment Agreements

Michael J. Ferrantino, Sr.

On October 1, 2013, the Company entered into an offer letter with Michael J. Ferrantino, Sr. (the "Offer Letter"). Mr. Ferrantino is employed by the Company on an "at will" basis. The Offer Letter provided for Mr. Ferrantino to be paid a monthly draw of \$12,000, or \$144,000 annually, earned against Annual Incentive Payments (as defined below). In addition, he is eligible to receive annual incentive payments (the "Annual Incentive Payments") based on the increase in the economic value of the Company ("EV"), as further described in the Offer Letter, over the prior fiscal year, starting with the fiscal year ending December 31, 2013. The total amount of the Annual Incentive Payments payable for any fiscal year shall be the greater of (x) \$144,000 or (y) 3.0% of the increase in EV over the prior fiscal year; provided, however, that such amount shall not exceed \$1.0 million for any fiscal year and the Annual Incentive Payments for the fiscal year ending December 31, 2013, shall be pro-rated based on the number of days remaining in the fiscal year following the commencement of his employment with the Company.

Effective as of May 21, 2014, the date of Mr. Ferrantino's appointment as the Company's interim Chief Executive Officer, and in connection with his appointment as Executive Chairman of the Board of Directors and Chief Executive Officer of the Company on June 11, 2014, the Company replaced Mr. Ferrantino's annual draw of \$144,000, as provided for in the Offer Letter, with an annual salary of \$144,000, and removed the \$1.0 million cap on Annual Incentive Payments. In addition, on June 11, 2014, the Company granted Mr. Ferrantino options to purchase 75,000 shares of the Company's common stock at an exercise price of \$4.90 per share with an expiration date of June 11, 2019, of which 60% vested on the grant date, 20% will vest on the second anniversary of the grant date, and the remaining 20% will vest on the third anniversary of the grant date. Mr. Ferrantino is also eligible for a bonus at the discretion of the Board.

## Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding equity awards held by our named executive officers as of December 31, 2015:

Name	Option Awards Number of Securities		Number of Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date
	Exercisable	Unexercisable			
Michael J. Ferrantino, Sr.	45,000 <sup>(1)</sup>	—		4.90	6/11/2019
	468	1,090	<sup>(2)</sup>	3.53	12/11/2019
Patti A. Smith	—	5,000	<sup>(3)</sup>	4.15	3/12/2020

On June 11, 2014, the Company granted Mr. Ferrantino options to purchase 75,000 shares of common stock under the 2011 Incentive Plan with a grant date fair value of \$111,055. These options vest as follows: 60% on the grant date; an additional 20% on the second anniversary of the grant date; and the remaining 20% on the third anniversary of the grant date. On March 1, 2016, Mr. Ferrantino forfeited 30,000 of these options that were unvested.

On December 11, 2014, Mr. Ferrantino, as a director of the Company, received a retainer in the form of options to purchase 1,558 shares of common stock under the 2011 Incentive Plan with a grant date fair value of \$1,424. These options vest as follows: 30% on the first anniversary of the grant date; an additional 30% on the second anniversary of the grant date; and the remaining 40% on the third anniversary of the grant date.



On March 12, 2015, the Company granted Ms. Smith options to purchase 5,000 shares of common stock under the 2011 Incentive Plan with a grant date fair value of \$5,150. These options vest as follows: 30% on the first anniversary of the grant date; an additional 30% on the second anniversary of the grant date; and the remaining 40% on the third anniversary of the grant date.

#### Director Compensation

The following table sets forth information with respect to compensation earned by or awarded to each non-employee director who served on the Board during the fiscal year ended December 31, 2015:

Name	Fees			Total
	Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(1)</sup>	
Marc Gabelli	10,000	10,000	1,101	21,101
Patrick J. Guarino	12,250	10,000	1,101	23,351
Timothy Foufas	17,750	10,000	1,101	28,851
Donald H. Hunter	18,000	10,000	1,101	29,101
Manjit Kalha <sup>(1)</sup>	15,500	—	3,303	18,803
Antonio Visconti	13,000	10,000	1,101	24,101

On December 10, 2015, non-employee directors received grants of 2,531 shares of restricted common stock as 50% of their base compensation for fiscal 2015 (\$10,000) and options to purchase 1,266 shares of common stock as 25% of their base compensation for fiscal 2015 (\$5,000), except for Mr. Kalha, who elected to receive a grant of options to purchase 3,797 shares of common stock as 75% of his base compensation for fiscal 2015. The number of (1) shares and options granted to each director was determined by dividing the dollar amount of the base compensation paid in the form of the share or option grant by the closing price of the Company's common stock on the grant date. Such shares were granted under the 2011 Incentive Plan. The shares of restricted common stock vested immediately. The options vest as follows: 30% on the first anniversary of the grant date; 30% on the second anniversary of the grant date; and the remaining 40% on the third anniversary of the grant date.

In 2015, our directors also received the following in addition to the equity awards granted as part of their base compensation (i) the remaining 25% of their annual base compensation in cash (\$5,000); (ii) \$2,000 for each meeting of the Board attended in person or \$750 for each meeting held telephonically; and (iii) the Audit Committee Chairman received a \$2,000 annual cash retainer and the Nominating Committee Chairman and Compensation Committee Chairman each received a \$1,000 annual cash retainer.

From 2015 to 2016, the standard compensation arrangements for our non-employee directors has not changed.

#### Equity Compensation Plan Information

The following table provides information as of December 31, 2015, about our common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans (including individual arrangements):

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders <sup>(1)</sup>	194,726	\$ 9.27	216,308
Equity compensation plans not approved by security holders	—	—	—
Total	194,726	\$ 9.27	216,308

(1) The 2001 Equity Incentive Plan was originally approved by our stockholders on May 2, 2002, an amendment to the 2001 Equity Incentive Plan was approved by our stockholders on May 26, 2005, and the 2001 Equity Incentive Plan was terminated pursuant to a Board resolution on August 4, 2011. No additional shares of common stock are authorized for issuance under the 2001 Equity Incentive Plan. Options to purchase 47,500 shares of common stock issued under the 2001 Equity Incentive Plan were outstanding as of December 31, 2015. The 2011 Incentive Plan was approved by our stockholders on August 4, 2011. 500,000 shares of common stock are authorized for issuance under the 2011 Incentive Plan. Options to purchase 147,226 shares of common stock issued under the 2011 Incentive Plan were outstanding as of December 31, 2015.

## STOCKHOLDER PROPOSALS

Proposals of stockholders made in accordance with the requirements of Rule 14a-8 promulgated under the Exchange Act and intended to be presented at the 2017 Annual Meeting must be received by the Corporate Secretary, The LGL Group, Inc., 2525 Shader Road, Orlando, Florida 32804, by no later than December 30, 2016, for inclusion in our proxy statement and form of proxy relating to the 2017 Annual Meeting.

Under SEC rules, if we do not receive notice of a stockholder proposal at least 45 days prior to the first anniversary of the date of mailing of the prior year's proxy statement, then the Company's appointed proxy holders will be permitted to use their discretionary voting authority when the proposal is raised at the annual meeting, without any discussion of the matter in the proxy statement. In connection with the 2017 Annual Meeting, if we do not have notice of a stockholder proposal on or before March 15, 2017, we will be permitted to use our discretionary voting authority as outlined above.

Our By-Laws establish procedures for stockholder nominations for elections of directors and bringing other business before any annual meeting or special meeting of stockholders. Any stockholder entitled to vote generally in the election of directors may nominate one or more persons for election as directors at or properly bring other business before a meeting only if written notice of such stockholder's intent has been delivered, either by personal delivery or by United States mail, postage prepaid, to the Corporate Secretary at our principal executive offices not later than the close of business on the 90<sup>th</sup> day, which is March 18, 2017, nor earlier than the close of business on the 120<sup>th</sup> day, which is February 16, 2017, prior to the first anniversary of the preceding year's annual meeting. However, in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120<sup>th</sup> day prior to such annual meeting and not later than the close of business on the later of the 90<sup>th</sup> day prior to such annual meeting or the 10<sup>th</sup> day following the day on which public announcement of the date of such meeting is first made by us. In no event must the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above.

The stockholder's notice must set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act and the rules and regulations thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and any additional information reasonably requested by the Board; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on our books, and of such beneficial owner, (ii) the class and number of shares of the Company that are owned beneficially and of record by such stockholder and such beneficial owner, (iii) all information relating to such stockholder and such beneficial owner that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act and Rule 11a-11 thereunder, and (iv) any additional information reasonably requested by the Board.



Notwithstanding anything in the previous paragraph, in the event that the number of directors to be elected to the Board is increased and there is no public announcement by us naming all of the nominees for director or specifying the size of the increased Board at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by our By-Laws will also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Corporate Secretary at our principal executive offices not later than the close of business on the 10<sup>th</sup> day following the day on which such public announcement is first made by us.

We may require any proposed nominee to furnish such other information as may reasonably be required to determine the eligibility of such proposed nominee to serve as a director. The Board or chairman of the meeting may, if the facts warrant, determine that a nomination was not made in accordance with the foregoing procedure, in which event, the officer will announce that determination to the meeting and the defective nomination will be disregarded.

#### PROXY SOLICITATION

The solicitation of proxies is made on behalf of the Board, and the cost thereof will be borne by us. We have employed the firm of Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut, 06902, to assist in this solicitation at a cost of \$4,500, plus out-of-pocket expenses. We will also reimburse brokerage firms and nominees for their expenses in forwarding proxy material to beneficial owners of our common stock. In addition, our officers and employees (none of whom will receive any compensation therefor in addition to their regular compensation) may solicit proxies. The solicitation will be made by mail and, in addition, may be made by telegrams, personal interviews and the telephone.

#### ANNUAL REPORT

Our 2015 Form 10-K is being sent with this Proxy Statement to each stockholder. The 2015 Form 10-K is available at [www.lglgroupproxy.com](http://www.lglgroupproxy.com). The 2015 Form 10-K, however, is not to be regarded as part of the proxy soliciting material.

Annex A

THE LGL GROUP, INC.

AMENDED AND RESTATED 2011 INCENTIVE PLAN

This Amended and Restated 2011 Incentive Plan (the "Plan") has been adopted by the Board of Directors (the "Board") of The LGL Group, Inc. (the "Company"), subject to the approval of the Company's stockholders. The original 2011 Incentive Plan was adopted by the Board on May 13, 2011, subject to the approval of the Company's stockholders, which was obtained on August 4, 2011. The amendments to the original 2011 Incentive Plan set forth in the Plan, effective subject to the approval of the Company's stockholders, shall affect only Awards granted under the Plan on or after the "Effective Date" (as hereinafter defined). Awards granted prior to the Effective Date shall be governed by the terms of the original 2011 Incentive Plan and Award Agreements as in effect prior to the Effective Date. The terms of the Plan are not intended to affect the interpretation of the terms of the original 2011 Incentive Plan as they existed prior to the Effective Date.

1. Purpose. The purpose of the Plan is to promote the long-term success of the Company by attracting, motivating and retaining directors, officers, employees, advisors and consultants of, and others providing services to, the Company and its affiliates through the use of competitive incentives that are tied to stockholder value. The Plan seeks to balance the interest of Plan participants and stockholders by providing incentives in the form of cash bonuses, stock options, restricted stock, performance awards, stock appreciation rights, as well as other stock-based awards relating to the Company's common stock, \$0.01 par value (the "Common Stock"), to be granted under the Plan and consistent with the terms of the Plan (the "Awards").

2. Administration.

2.1. Committee. The Plan shall be administered by the Compensation Committee (the "Committee") of the Board. The Committee shall consist of not less than three directors of the Company who shall be appointed from time to time by the Board. Each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act of 1934, as amended (together with the rules and regulations promulgated thereunder, the "Exchange Act"), and an "outside director" as defined in Treasury Regulations Section 1.162-27(e)(3) under the Internal Revenue Code of 1986, as amended (the "Code"). The Committee shall have complete authority to determine all provisions of all Awards, to interpret the Plan, and to make any other determination which it believes necessary and advisable for the proper administration of the Plan. The Committee's decisions on matters relating to the Plan shall be final and conclusive on the Company and the Participants. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Awards granted under the Plan. The Committee shall also have the authority under the Plan to amend or modify the terms of any outstanding Awards in any manner; provided, however, that the amended or modified terms are permitted by the Plan as then in effect and that any recipient of an Award adversely affected by such amended or modified terms has consented to such amendment or modification. No amendment or modification to an Award, however, whether pursuant to this Section 2 or any other provisions of the Plan, shall be deemed to be a re-grant of such Award for purposes of the Plan. If at any time there is no Committee, then for purposes of the Plan, the term "Committee" shall mean the Board.

2.2. Maximum Term. The maximum term for any Award shall not exceed 10 years from the date of the grant of such Award, provided, however, in the case of an Incentive Stock Option granted to a Participant who, at the time such Incentive Stock Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any affiliate thereof, no such Incentive Stock Option shall be exercisable more than five years after the date such Incentive Stock Option is granted.

A - 1

---

3. Eligible Participants. Employees of the Company or its subsidiaries (including officers and other employees of the Company or its subsidiaries), directors, consultants, advisors or other independent contractors who provide services to the Company or its subsidiaries (including members of the Company's scientific advisory board) (the "Participants") shall become eligible to receive Awards under the Plan when designated by the Committee, provided, however, that Awards of Incentive Stock Options may only be awarded to employees of the Company or its subsidiaries within the meaning of Section 424(f) of the Code. Participants may be designated individually or by groups or categories (for example, by pay grade) as the Committee deems appropriate. Participation by officers of the Company or its subsidiaries and any performance objectives relating to such officers must be approved by the Committee.

Participation by others and any performance objectives relating to others may be approved by groups or categories (for example, by pay grade) and authority to designate Participants who are not officers and to set or modify such targets may be delegated to the Company's executive management.

In selecting Participants, and in determining the type and amount of Awards, the Committee may consider the office or position held by a Participant or the Participant's relationship to the Company, the Participant's degree of responsibility for and contribution to the growth and success of the Company, the Participant's length of service, promotions and potential, and any other factors that the Committee may consider relevant. Participants may receive multiple Awards under the Plan.

4. Types of Awards. Awards under the Plan may be granted in any one or a combination of the following forms: (a) Incentive Stock Options and Non-Qualified Stock Options (Section 6); (b) restricted stock (Section 7); (c) performance awards (Section 8); and (d) other awards (Section 8). The terms of an Award shall be evidenced by an agreement entered into by and between the Company and a Participant at the time the Award is granted (which may include an employment agreement or consulting agreement by and between the Company and the Participant) (the "Award Agreement"). In the event of any inconsistency between the terms of the Award Agreement and the Plan, the terms of the Plan shall govern. In the event of any inconsistency between the terms of any employment agreement and any other Award Agreement, the terms of the employment agreement shall govern.

5. Shares Subject to the Plan and Other Limitations.

5.1. Number of Shares. The number of shares of Common Stock that may be issued under the Plan shall not exceed 750,000 shares of Common Stock, up to all of which may be issued upon exercise of Incentive Stock Options under Section 422 of the Code. Any shares of Common Stock available for issuance as Incentive Stock Options may be alternatively issued as other types of Awards under the Plan. Shares of Common Stock that are issued under the Plan or that are subject to outstanding Awards will be applied to reduce the maximum number of shares of Common Stock remaining available for issuance under the Plan. Except with respect to cash-based awards granted pursuant to Section 8.1 or Section 8.3 ("Cash-Based Awards"), no Participant may be granted Awards under the Plan with respect to more than 125,000 shares of Common Stock in any year. With respect to Cash-Based Awards no Participant may be granted Cash-Based Awards that could result in such Participant receiving more than \$500,000 in any year.

A - 2

---

5.2. Cancellation. Except as otherwise required by Section 162(m) of the Code, in the event that a stock option granted hereunder expires or is terminated or canceled unexercised or unvested as to any shares of Common Stock, such shares may again be issued under the Plan either pursuant to stock options or otherwise. In the event that shares of Common Stock are issued as restricted stock or as part of another Award and thereafter are forfeited or reacquired by the Company pursuant to rights reserved upon issuance thereof, such forfeited and reacquired shares may again be issued under the Plan, either as restricted stock or otherwise.

6. Stock Options. The Committee shall determine for each option the number of shares of Common Stock for which the option is granted, whether the option is to be treated as an Incentive Stock Option or as a Non-Qualified Stock Option and all other terms and conditions of the option not inconsistent with the Plan. Options granted pursuant to the Plan shall comply with and be subject to the following terms and conditions:

6.1. Option Price. The exercise price for each option shall be established in the sole discretion of the Committee, provided it shall not be less than the Fair Market Value of a share of Common Stock on the date of grant, and provided further, that the exercise price per share of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, within the meaning of Section 422(b)(6) of the Code (a "Ten Percent Owner"), shall be not less than 110% of the Fair Market Value of a share of Common Stock on the date the option is granted. Notwithstanding the foregoing, an option may be granted by the Committee in its discretion with an exercise price lower than the minimum exercise price set forth above if such option is granted pursuant to an assumption or substitution for another option in a manner qualifying with the provisions of Section 424(a) and 409A of the Code to the extent applicable. Nothing hereinabove shall require that any such assumption or modification will result in the option having the same characteristics, attributes or tax treatment as the option for which it is substituted.

6.2. Exercise Period of Options. The Committee shall have the power to set the time or times within which each option shall be exercisable, or the event or events upon the occurrence of which all or a portion of each option shall be exercisable, and the term of each option; provided, however, that (a) no Incentive Stock Option shall be exercisable after the expiration of 10 years after the date such Incentive Stock Option is granted, and (b) no Incentive Stock Option granted to a Ten Percent Owner shall be exercisable after the expiration of five years after the date such Incentive Stock Option is granted. Unless otherwise specifically provided in an Award Agreement, an option shall terminate and cease to be exercisable no later than 90 days after the date on which the Participant's employment with or service to the Company or a subsidiary terminates. Whether a Participant's employment has terminated will be determined in accordance with Treasury Regulation Section 1.421-1(h)(2).

6.3. Payment of Option Price. Payment of the exercise price for the number of shares being purchased pursuant to any option shall be made in any manner permitted by the Committee, including, but not limited to: (a) payment in cash, (b) by check or cash equivalent, (c) with the consent of the Committee, by delivery or attestation of ownership of a number of shares of Common Stock that have been owned by the Participant for at least six months (or such other period as necessary to prevent an accounting charge) with a Fair Market Value equal to the exercise price, (d) with the consent of the Committee, by delivery of a stock power and instructions to a broker to sell a sufficient number of shares of Common Stock subject to the option to pay such exercise price, (e) such other consideration as the Committee determines is consistent with the Plan and applicable law, or (f) with the consent of the Committee, any combination of the foregoing methods. Any shares of Common Stock used to exercise options (including shares withheld upon the exercise of an option to pay the exercise price of the option) shall be valued at their Fair Market Value. If the Committee, in its discretion, permits the consideration to be paid through a broker-dealer sale and remittance procedure, the Committee may require the Participant (a) to provide irrevocable written instructions to a designated brokerage firm to effect the immediate sale of a sufficient number of the purchased shares to pay the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate option exercise price payable for the purchased shares and/or all applicable foreign, federal, state and local income and employment taxes required to be withheld by the Company in connection with such purchase, (b) to provide written directives to the Company to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale transaction, and (c) to provide irrevocable instructions to the brokerage firm to remit such sale proceeds to the Company.

6.4. \$100,000 Limitation. The aggregate Fair Market Value, determined as of the date on which an Incentive Stock Option is granted, of the shares of Common Stock with respect to which Incentive Stock Options are first exercisable during any calendar year (under the Plan or under any other plan of the Company or a subsidiary within the meaning of Section 424(f) of the Code) by any Participant shall not exceed \$100,000 or such other limitation imposed under Section 422 of the Code. If such limitation would be exceeded with respect to a Participant for a calendar year, the Incentive Stock Option shall be deemed a Non-Qualified Stock Option to the extent of such excess. If an Incentive Stock Option is accelerated pursuant to Section 9.2, it will be considered first exercisable in the year of the Change in Control.

7. Restricted Stock.

7.1. Awards of Restricted Stock. Restricted shares of Common Stock may be granted under the Plan in such form and on such terms and conditions as the Committee may from time to time approve, including, without limitation, restrictions on the sale, assignment, transfer or other disposition or encumbrance of such shares of Common Stock during the Restricted Period (as defined below) and the requirement that the Participant forfeit such shares back to the Company without any consideration paid by the Company therefor upon failure to satisfy within the Restricted Period the requirements set forth in the Award Agreement. Restricted stock may be granted alone or in addition to other Awards under the Plan.

7.2. Restricted Period. The Committee shall establish the "Restricted Period" with respect to each award of restricted stock. The Committee may, in its sole discretion, at the time an award of restricted stock is made, prescribe conditions for the lapse or termination of all or a portion of the restrictions upon the satisfaction prior to the expiration of the Restricted Period of the requirements set forth in the Award Agreement. The Committee also may, in its sole discretion, shorten or terminate the Restricted Period or waive any conditions for the lapse or termination of restrictions with respect to all or any portion of the restricted stock.

Except as otherwise provided in an Award Agreement, a Participant shall cease vesting in all or any portion of a restricted stock award as of the date his employment with or service to the Company or a subsidiary terminates, for whatever reason, and any shares of restricted stock that are not vested as of such date shall be forfeited; provided the Committee may, in its discretion, provide that a Participant whose employment with or service to the Company terminates for any reason (including as a result of death or disability) and/or following a Change in Control, may vest in all or any portion of his restricted stock award. Any restricted stock award not so vested shall be forfeited.

A - 4

---

7.3. Rights of Holders of Restricted Stock. Except as otherwise provided in the Award Agreement or except as otherwise provided in the Plan, the Participant shall be the owner of the restricted stock and shall have all the rights of a stockholder, including the right to receive dividends paid on such restricted stock and the right to vote such restricted stock.

7.4. Delivery of Restricted Stock. Restricted stock awarded to a Participant under the Plan may be held under the Participant's name in a book entry account maintained by the Company or, if not so held, stock certificates for restricted stock awarded pursuant to the Plan may be registered in the name of the Participant and issued and deposited, together with a stock power endorsed in blank, with the Company or an agent appointed by the Company and shall bear an appropriate legend restricting the transferability thereof. Subject to Section 10.4 below, a Participant shall be entitled to delivery of stock certificates only when he or she becomes vested in accordance with the terms of his or her restricted stock award.

8. Performance Awards and Other Awards.

8.1. Performance Awards. The Committee is authorized, in its sole discretion, to grant performance awards to Participants on the following terms and conditions:

(a) Awards and Conditions. A performance award shall confer upon the Participant rights, valued as determined by the Committee, and payable to, or exercisable by, the Participant to whom the performance award is granted, in whole or in part, as determined by the Committee, conditioned upon the achievement of performance criteria determined by the Committee. Performance goals established by the Committee may be based on objectively determinable performance goals selected by the Committee that apply to an individual or group of individuals, or the Company as a whole, over such a performance period as the Committee may designate. The performance goals may be based on one or more of the following criteria: EBITDA, stock price, earnings per share, net earnings, operating or other earnings, profits, revenues, net cash flow, financial return ratios, return on assets, stockholder return, return on equity, growth in assets, market share or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, geographic business expansion goals or goals relating to acquisitions or strategic partnerships. "EBITDA" means earnings before interest, taxes, depreciation and amortization. Performance goals need not be based on an increase or positive result. Performance goals need not be based on financial criteria and may reflect such other goals as the Committee deems appropriate.

(b) Other Terms. A performance award may be payable in cash, shares of Common Stock, other Awards, or any combination thereof, and shall have such other terms as shall be determined by the Committee.

(c) Annual Awards. The Committee may determine to grant performance awards on an annual basis and in connection therewith may set performance goals, both personal and Company-related, and determine the form of such awards.

(d) Performance-Based Awards. Performance awards, as well as restricted stock with performance-based vesting provisions, and certain other Awards subject to performance criteria, intended to be "qualified performance-based compensation" within the meaning of Section 162(m) of the Code, shall be paid solely on account of the attainment of one or more pre-established, objective performance goals within the meaning of Section 162(m) and the regulations thereunder.

A - 5

---

The payout of any such Award to a Participant may be reduced, but not increased, based on the degree of attainment of performance criteria, or otherwise at the discretion of the Committee, as may be provided in the Award Agreement.

8.2. Stock Appreciation Rights. The Committee is authorized, in its sole discretion, to grant stock appreciation rights to Participants on the following terms and conditions:

(a) Right to Payment. A stock appreciation right shall confer on the Participant to whom it is granted a right to receive payment in cash or shares of Common Stock (at the discretion of the Committee), upon exercise of a stock appreciation right, an amount equal to the excess of (i) the Fair Market Value of one share of Common Stock on the date of exercise (or, if the Committee shall so determine in the case of any such right, other than one related to an Incentive Stock Option, the Fair Market Value of one share of Common Stock at any time during a specified period before or after the date of exercise or a Change in Control) over (ii) the grant price of the stock appreciation right as determined by the Committee as of the date of grant of the stock appreciation right.

(b) Other Terms. The Committee shall determine the time or times at which a stock appreciation right may be exercised in whole or in part, the method of exercise, method of settlement, form of consideration payable in settlement, method by which shares (if any) will be delivered or deemed to be delivered to Participants, and any other terms and conditions of any stock appreciation right. Such stock appreciation right shall be evidenced by an Award Agreement in such form as the Committee shall from time to time approve.

8.3. Bonus and Other Stock-Based Awards. The Committee is authorized, in its sole discretion, to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of Common Stock, as deemed by the Committee to be consistent with the purposes of the Plan, including without limitation, shares of Common Stock awarded purely as a "bonus" and not subject to any restrictions or conditions, convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of Common Stock, purchase rights, and Awards valued by reference to the value of shares of Common Stock or the value of securities of or the performance of the Company. The Committee shall determine the terms and conditions of such Awards, which may include performance criteria. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 8.3 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, shares of Common Stock, other Awards, or other property, as the Committee shall determine.

9. Change in Control.

9.1. Definition. For purposes of this Section 9, a "Change in Control" means, except as otherwise provided in any Award Agreement of a Participant:

(a) the merger or consolidation of the Company into another entity unless the stockholders of the Company immediately prior to such merger or consolidation own, directly or indirectly, more than 50% of the total combined voting power of the surviving entity's outstanding securities immediately after such merger or consolidation;

A - 6

---

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company other than to a person that directly or indirectly controls, is controlled by or is under common control with the Company prior to such disposition;

(c) the liquidation or dissolution of the Company other than in connection with the merger or consolidation of the Company with and into another entity if stockholders of the Company immediately prior to such merger or consolidation own, directly or indirectly, more than 50% of the total combined voting power of the surviving entity's outstanding securities immediately after such merger or consolidation;

(d) the acquisition, directly or indirectly, by any person or related group of persons (other than the Company, a person that directly or indirectly controls or is controlled by or is under common control with the Company) of the beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities; or

(e) a majority of the Board ceasing to comprise "Incumbent Directors." For the purposes hereof, Incumbent Directors means the individuals who, as of the date of adoption of the Plan by the Board, are directors of the Company, and any individual becoming a director subsequent to such date whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of then Incumbent Directors (either by a specific vote or by approval of the Company's proxy statement in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual's election occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) under the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents on behalf of anyone other than the Board.

9.2. Effect of Change in Control Transactions. Upon the occurrence of a Change in Control, except to the extent otherwise provided in a particular Participant's Award Agreement, all Awards shall become fully vested and, with respect to any Award that is an option or stock appreciation right, exercisable in full. Each Participant will be afforded an opportunity to exercise his or her options or stock appreciation rights immediately prior to the occurrence of the Change in Control (and conditioned upon the consummation of the Change in Control) so he or she can participate in the transaction if he or she desires.

#### 10. General.

10.1. Effective Date. The Plan has been adopted by the Board, and will become effective upon its approval by the Company's stockholders (the date of such approval, the "Effective Date").

10.2. Term. No Awards may be granted under the Plan after the tenth anniversary of August 4, 2011, the date the original 2011 Incentive Plan was approved by the stockholders of the Company.

10.3. Non-transferability of Awards. Except, in the event of the Participant's death, by will or the laws of descent and distribution to the limited extent provided in the Plan or the Award Agreement, unless approved by the Committee, no stock option, restricted stock, performance award or other Award may be transferred, pledged or assigned by the holder thereof, either voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise except for a qualified domestic relations order, and the Company shall not be required to recognize any attempted assignment of such rights by any Participant. During a Participant's lifetime, an Award may be exercised only by him or her or by his or her guardian or legal representative.

A - 7

---



10.4. Additional Conditions. Notwithstanding anything in the Plan to the contrary: (a) the Company may, if it shall determine it necessary or desirable for any reason, at the time of award of any Award or the issuance of any shares of Common Stock pursuant to any Award, require the recipient of the Award, as a condition to the receipt thereof or to the receipt of shares of Common Stock issued pursuant thereto, to deliver to the Company a written representation of present intention to acquire the Award or the shares of Common Stock issued pursuant thereto for his or her own account for investment and not for distribution; and (b) if at any time the Company further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of any Award or the shares of Common Stock issuable pursuant thereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the award of any Award, the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such Award shall not be awarded or such shares of Common Stock shall not be issued or such restrictions shall not be removed, as the case may be, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company. Notwithstanding any other provision of the Plan or any agreements entered into pursuant to the Plan, the Company will not be required to issue any shares of Common Stock under the Plan, and a Participant may not sell, assign, transfer or otherwise dispose of shares of Common Stock issued pursuant to any Awards granted under the Plan, unless (a) there is in effect with respect to such shares a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any applicable state or foreign securities laws or an exemption from such registration under the Securities Act and applicable state or foreign securities laws, and (b) there has been obtained any other consent, approval or permit from any other regulatory body which the Committee, in its sole discretion, deems necessary or advisable. The Company may condition such issuance, sale or transfer upon the receipt of any representations or agreements from the parties involved, and the placement of any legends on certificates representing shares of Common Stock, as may be deemed necessary or advisable by the Company in order to comply with such securities law or other restrictions. The Committee may restrict the rights of Participants to the extent necessary to comply with Section 16(b) of the Exchange Act, the Code or any other applicable law or regulation. The grant of an Award pursuant to the Plan shall not limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, exchange or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

10.5. Incentive Plans and Agreements. The terms of each Award shall be stated in a plan or Award Agreement approved by the Committee. The Committee may also determine to enter into agreements with holders of options to reclassify or convert certain outstanding options, within the terms of the Plan, as Incentive Stock Options or as Non-Qualified Stock Options.

A - 8

---

10.6. Withholding.

(a) The Company shall have the right to (i) withhold and deduct from any payments made under the Plan or from future wages of the Participant (or from other amounts that may be due and owing to the Participant from the Company or a subsidiary of the Company in a manner consistent with Section 409A of the Code), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all foreign, federal, state and local withholding and employment-related tax requirements attributable to an Award, or (ii) require the Participant promptly to remit the amount of such withholding to the Company before taking any action, including issuing any shares of Common Stock, with respect to an Award. At any time when a Participant is required to pay to the Company an amount required to be withheld under applicable foreign, federal, state or local income or employment tax laws in connection with a distribution of Common Stock or upon exercise of an option, the Participant, with the prior consent of the Committee, may satisfy this obligation in whole or in part by electing to have the Company withhold from the distribution shares of Common Stock having a value up to the minimum amount required to be withheld. The value of the shares to be withheld shall be based on the Fair Market Value of the Common Stock on the date that the amount of tax to be withheld shall be determined.

(b) If the option granted to a Participant hereunder is an Incentive Stock Option, and if the Participant sells or otherwise disposes of any of the shares of Common Stock acquired pursuant to the Incentive Stock Option on or before the later of (i) the date two years after the date of grant, or (ii) the date one year after the date of exercise, the Participant shall immediately notify the Company in writing of such disposition.

10.7. No Continued Employment, Engagement or Right to Corporate Assets. No Participant under the Plan shall have any right, because of his or her participation in the Plan, to continue in the employ of the Company for any period of time or to continue his or her present or any other rate of compensation. Nothing contained in the Plan shall be construed as giving an employee, consultant, such persons' beneficiaries or any other person any equity or interests of any kind in the assets of the Company or creating a trust of any kind or a fiduciary relationship of any kind between the Company and any such person.

10.8. Amendment of the Plan. The Board may amend, suspend or discontinue the Plan at any time; provided, however, that no amendments to the Plan will be effective without approval of the stockholders of the Company if stockholder approval of the amendment is then required pursuant to Section 422 or Section 162(m) of the Code, the regulations promulgated thereunder or the rules of any securities exchange or similar regulatory body. Except as provided in Section 10.15, no termination, suspension or amendment of the Plan may adversely affect any outstanding Award without the consent of the affected Participant or his or her beneficiary; provided, however, that this sentence will not impair the right of the Committee to take whatever action it deems appropriate under the Plan.

10.9. Definition of Fair Market Value. For purposes of the Plan, the "Fair Market Value" of a share of Common Stock at a specified date means, so long as the Common Stock is traded on a nationally recognized securities exchange or automated dealer quotation system, the closing price of the Common Stock on that day. If the Common Stock is not traded on such an exchange or system and is traded solely on the over-the-counter market, the Fair Market Value shall be the average of the closing bid and asked prices for that day. If the Common Stock is not publically traded, then Fair Market Value shall mean the value assigned to a share for a given day by the Committee in good faith in the exercise of its reasonable discretion and in a manner consistent with Code Section 409A.

A - 9

---

10.10. Breach of Confidentiality, Assignment of Inventions, or Non-Compete Agreements. Notwithstanding anything in the Plan to the contrary, in the event that a Participant materially breaches the terms of any confidentiality, assignment of inventions, or non-compete agreement entered into with the Company or any subsidiary of the Company, whether such breach occurs before or after termination of such Participant's employment with or service to the Company or any subsidiary, the Committee in its sole discretion may immediately terminate all rights of the Participant under the Plan and any agreements evidencing an Award then held by the Participant, whether or not vested, without notice of any kind. To the extent that any Participant has been paid in cash, the Company may seek to recover such payment.

10.11. Governing Law. The validity, construction, interpretation, administration and effect of the Plan and any rules, regulations and actions relating to the Plan will be governed by and construed in a manner consistent with Code Section 409A and exclusively in accordance with the laws of the State of Delaware, notwithstanding the conflicts of laws principles of any jurisdictions.

10.12. Successors and Assigns. The Plan will be binding upon and inure to the benefit of the successors and permitted assigns of the Company and the Participants.

10.13. Nature of Payments. Awards shall be special incentive payments to the Participants and shall not be taken into account in computing the amount of salary or compensation of a Participant for purposes of determining any pension, retirement, death or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance or other employee benefit plan of the Company or any subsidiary or (b) any agreement between the Company or any subsidiary and a Participant, except as such plan or agreement shall otherwise expressly provide.

10.14. Non-Uniform Determinations. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among persons who receive, or are eligible to receive, Awards, whether or not such persons are similarly situated. Without limiting the generality of the foregoing, the Committee shall be entitled to enter into non-uniform and selective Award agreements as to (a) the identity of the Participants, (b) the terms and provisions of Awards and (c) the treatment of terminations of employment or service.

10.15. Rule 409A. It is the intention of the Board that the Plan comply strictly with the provisions of Code Section 409A to the extent feasible and the Committee shall exercise its discretion in granting Awards hereunder (and the terms of such Award grants), accordingly. The Plan and any grant of an Award hereunder may be amended from time to time without the consent of the participant as may be necessary or appropriate to comply with the Code Section 409A.

10.16. Clawback. The Committee shall, in all appropriate circumstances, require reimbursement of any annual incentive payment including Incentive Stock Options and Non-Qualified Stock Option to a Participant where: (i) the payment was predicated upon achieving certain financial results that were subsequently the subject of a substantial restatement of Company financial statements filed with the U.S. Securities and Exchange Commission; and (ii) a lower payment would have been made to the Participant based upon the restated financial results. In each such instance, the Committee shall, to the extent practicable and in a manner consistent with Section 409A of the Code, seek to recover from the individual Participant the amount by which the individual Participant's incentive payments for the three year period preceding the accounting restatement exceeded the lower payment that would have been made based on the restated financial results.

A - 10

---

10.17. Adjustment. In the event of any recapitalization, reclassification, stock dividend, stock split, combination of shares or other similar change in the corporate structure of the Company or capitalization of the Company, the exercise price of an outstanding Award and the number of shares of Common Stock then subject to the Plan, and the maximum number of shares with respect to which Awards may be granted in any year, including shares subject to restrictions, options or achievements of performance shares, shall be adjusted in proportion to the change in outstanding shares of Common Stock in order to prevent dilution or enlargement of the rights of the Participants. In the event of any such adjustments, the purchase price of any option, the performance objectives of any Award, and the shares of Common Stock issuable pursuant to any Award shall be adjusted as and to the extent appropriate, in the discretion of the Committee, to provide Participants with the same relative rights before and after such adjustment. The adjustments described above will be made in a manner consistent with Section 162(m) and Section 409A of the Code.

10.18. Reservation of Shares. The Company, during the term of the Plan, will at all times reserve and keep available such number of shares of Common Stock as shall be sufficient to satisfy the requirements of the Plan.



