SECURITIES & EXCHANGE COMMISSION EDGAR FILING

LGL Group, Inc.

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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 (AMENDMENT NO.)

Filed by the Registrant /X/

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))

/X/ Definitive Proxy Statement

/ / Definitive Additional Materials

/ / Soliciting Material Pursuant to ss. 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):

/X/ 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:

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(2) Aggregate number of securities to which transaction applies:

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(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:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

THE LGL GROUP, INC.
140 GREENWICH AVE, 4TH FLOOR
GREENWICH, CONNECTICUT 06830

NOTICE OF THE 2007 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD AUGUST 28, 2007

July 17, 2007

To the Shareholders of The LGL Group, Inc.:

NOTICE IS HEREBY GIVEN that the 2007 Annual Meeting of Shareholders (the "2007 Annual Meeting") of The LGL Group, Inc., an Indiana corporation (the "Corporation"), will be held at The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut on Tuesday, August 28, 2007, at 9:30 a.m. for the following purposes:

1. To elect nine directors to serve until the 2008 Annual Meeting of Shareholders and until their successors are duly elected and qualify;

2. To consider and approve a proposal to reincorporate the Corporation in the State of Delaware;

3. To ratify the appointment of J.H. Cohn LLP as the Corporation's independent auditors for the fiscal year ending December 31, 2007; and

4. To transact such other business as may properly come before the 2007 Annual Meeting of Shareholders or any adjournments thereof.

Information relating to the above matters is set forth in the attached Proxy Statement. As determined by the Board of Directors, only shareholders of record at the close of business on July 2, 2007 are entitled to receive notice of, and to vote at, the 2007 Annual Meeting and any adjournments thereof.

THE BOARD OF DIRECTORS ENCOURAGES ALL SHAREHOLDERS TO PERSONALLY ATTEND THE 2007 ANNUAL MEETING. YOUR VOTE IS VERY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, WE ENCOURAGE YOU TO READ THIS PROXY STATEMENT AND SUBMIT YOUR PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE AS SOON AS POSSIBLE IN ORDER TO INSURE THAT YOUR SHARES OF COMMON STOCK WILL BE REPRESENTED AT THE 2007 ANNUAL MEETING. YOUR COOPERATION IS GREATLY APPRECIATED.

By Order of the Board of Directors

Steve Pegg
SECRETARY

THE LGL GROUP, INC.
140 GREENWICH AVENUE, 4TH FLOOR
GREENWICH, CONNECTICUT 06830

PROXY STATEMENT

This Proxy Statement is furnished by the Board of Directors of The LGL Group, Inc. (the "Corporation") in connection with the solicitation of proxies for use at the 2007 Annual Meeting of Shareholders (the "2007 Annual Meeting") to be held at The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut on Tuesday, August 28, 2007, at 9:30 a.m. and any adjournments thereof. This Proxy Statement and the accompanying proxy are first being mailed to shareholders on or about July 17, 2007.

SUMMARY OF THE REINCORPORATION PROPOSAL

The Board of Directors of the Corporation proposes, in Proposal 2 below, to reincorporate the Corporation in the State of Delaware. Currently, the Corporation is an Indiana corporation. This summary highlights selected information about the reincorporation proposal and may not contain all of the information that is important to you. To better understand the reincorporation proposal and for a complete description of the legal terms of the reincorporation, you should read this entire proxy statement carefully, as well as those additional documents to which we have referred you.

PRINCIPAL TERMS

- In order to reincorporate as a Delaware corporation, the Corporation will organize a Delaware corporation and will own all of its stock. The Corporation will then merge into its new Delaware subsidiary, and the Delaware corporation will be the corporation that survives the merger (the "Reincorporation Merger"). The surviving corporation's name will remain "The LGL Group, Inc." ("LGL Delaware"). The form of Merger Agreement is included as EXHIBIT A to this Proxy Statement.

- LGL Delaware will succeed to all of the rights, properties and assets and assume all of the liabilities of the Corporation, which will cease to exist as a result of the Reincorporation Merger. The principal offices, business, management and capitalization of LGL Delaware will be the same as those of the Corporation.

- Upon the effectiveness of the Reincorporation Merger, every one share of the common stock of the Corporation, par value $0.01 (the "Common Stock"), will automatically be converted into one share of common stock of LGL Delaware. The existing stock certificates of the Corporation will serve as valid stock certificates for LGL Delaware until replaced.

- As an Indiana corporation, the Corporation is governed by the Indiana Business Corporation Law ("IBCL") and its Articles of Incorporation ("Present Articles of Incorporation") and By-Laws ("Present By-Laws"). Following the Reincorporation Merger, LGL Delaware will be governed by the Delaware General Corporation Law ("DGCL") and the terms of its Certificate of Incorporation ("New

Certificate of Incorporation") and its By-Laws ("New By-Laws"), which are attached hereto as EXHIBIT B and EXHIBIT C, respectively. Because there are differences between the DGCL and the IBCL and corresponding differences between the Present Articles of Incorporation and Present By-Laws as compared to the New Certificate of Incorporation and New By-Laws, the Reincorporation Merger will result in some differences in the rights of stockholders. These differences are discussed below.

- Although your rights as a stockholder of LGL Delaware will be governed by the laws of the State of Delaware, the New Certificate of Incorporation and New By-Laws of LGL Delaware will be substantially the same as the Present Articles of Incorporation and Present By-Laws of the Corporation.

- If the Reincorporation Merger is approved, the directors of the Corporation elected at the 2007 Annual Meeting will continue to serve as directors of LGL Delaware.

RECOMMENDATION OF THE CORPORATION'S BOARD

- The Board of Directors has unanimously approved the proposed reincorporation of the Corporation in the State of Delaware and has determined that the reincorporation is in the best interests of the Corporation's shareholders. The Board of Directors unanimously recommends that you vote FOR the reincorporation proposal.

VOTE REQUIRED/CONDITIONS

- No action may be taken on any matter to be acted upon at the meeting unless a quorum is present with respect to that matter. For each

matter to be acted upon at the meeting, a quorum consists of a majority of the votes entitled to be cast by the holders of all shares of Common Stock outstanding on the Record Date for the meeting. The proposed reincorporation must be approved by a majority of the outstanding shares of Common Stock.

- Notwithstanding the above, before the reincorporation becomes effective, the Board of Directors may decide not to cause the reincorporation to occur if, for any reason, the Board of Directors determines that the reincorporation is no longer in the best interests of the Corporation.

FINANCIAL CONDITION OF LGL DELAWARE

- Prior to the consummation of the Reincorporation Merger, LGL Delaware will have no material assets and no business operations and will be formed solely for the purpose of the reincorporation.

- Upon consummation of the Reincorporation Merger, LGL Delaware will succeed to all of the rights, properties and assets and assume all of the liabilities of the Corporation by operation of law, and its financial statements will be substantially identical to the Corporation's financial statements, the only difference being those appropriate to reflect the Corporation's new corporate identity.

DISSENTERS' RIGHTS NOT AVAILABLE

- Dissenters' rights will not be available to shareholders who dissent from the Reincorporation Merger.

GENERAL INFORMATION

HOW TO VOTE

- No action may be taken on any matter to be acted upon at the meeting unless a quorum is present with respect to that matter. For each matter to be acted upon at the meeting, a quorum consists of a majority of the votes entitled to be cast by the holders of all shares of Common Stock outstanding on the Record Date for the meeting.

- Shares held directly in your name as the "Shareholder of Record" may be voted in person at the 2007 Annual Meeting. If you choose to do so, please bring the enclosed proxy card or proof of identification. Even if you currently plan to attend the 2007 Annual Meeting, we recommend that you submit your proxy as described below so that your vote will be counted if you later decide not to attend the meeting. Shares held in street name may be voted in person by you only if you obtain a signed proxy from the record holder giving you the right to vote the shares.

- Whether you hold shares directly as the shareholder of record or beneficially in street name, you may direct your vote without attending the meeting. You may vote by granting a proxy or, for shares held in street name, by submitting voting instructions to your broker or nominee. Please refer to the instructions included on your proxy card or, for shares held in street name, the voting instruction card included by your broker or nominee.

- Only shareholders of record at the close of business on July 2, 2007

are entitled to notice of, and to vote at, the 2007 Annual Meeting. As of the close of business on such date, 2,154,702 shares of Common Stock were outstanding and eligible to be voted by their holders. Each share of Common Stock is entitled to one vote on each matter submitted to shareholders. Where specific instructions are given in the proxy, the proxy will be voted in accordance with such instructions. If no such instructions are given, the proxy will be voted FOR the nominees for director named below, FOR approval of a

change of the Corporation's state of incorporation, and FOR ratification of the appointment of the Corporation's independent auditors and in the discretion of the proxies with respect to any other matter that is properly brought before the 2007 Annual Meeting.

- Under the laws of Indiana (the Corporation's current domicile), abstentions and broker non-votes are not counted for purposes of determining whether a proposal has been approved, but will be counted for purposes of determining whether a quorum is present. A broker non-vote occurs when a bank, broker or other nominee holding shares for a beneficial owner does not receive voting instructions from the beneficial owner on a particular matter and the nominee cannot vote the shares under American Stock Exchange ("AMEX") rules.

REVOKING YOUR PROXY

- You may revoke your proxy at any time before it is voted at the 2007 Annual Meeting by any one of the following actions: (1) executing and returning a proxy bearing a later date to the Corporation's Secretary at the Corporation's principal offices; (2) giving notice of such revocation to the Corporation's Secretary; or (3) by attending the 2007 Annual Meeting and voting in person.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of July 2, 2007, certain information with respect to all persons known to the Corporation to own beneficially more than 5% of the Common Stock, which is the only class of voting stock of the Corporation outstanding. The table also sets forth information with respect to the Common Stock beneficially owned by each of the Directors and named executive officers and by all Directors and executive officers as a group. The number of shares beneficially owned is determined under rules of the Securities and Exchange Commission (the "SEC"). Under such rules, beneficial ownership includes any shares as to which a person has sole or shared voting or investment power or any shares that such person can acquire within 60 days (e.g., through exercise of stock options or conversion of securities). Except as otherwise indicated, the shareholders listed in the table have sole voting and investment power with respect to the Common Stock indicated. The following information is reflected in filings with the SEC.

Name and Address of	Amount and Nature of Beneficial	Percent of

Beneficial Owner (1)	Ownership	Class (2)
Marc Gabelli	528,383(3)	24.5%
Mario J. Gabelli	366,874(4)	17.0%
Bulldog Investors, Phillip Goldstein and Andrew Dakos	143,199(5)	6.6%
Jeremiah M. Healy	10,000(6)	*
Steve Pegg	10,000(7)	*
Robert R. Zylstra	10,400(8)	*
E. Val Cerutti	1,445(9)	*
Peter DaPuzzo	9,000	*
Timothy Foufas	0	*
Avrum Gray	13,385(10)	*
Patrick J. Guarino	2,000	*
Kuni Nakamura	1,000(11)	*
Anthony R. Pustorino	3,004	*
Javier Romero	0	*
All Directors and executive officers as a group (12 in total)	588,617(12)	27.3%

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* Represents holdings of less than 1%

(1) Unless otherwise indicated, the address of each holder of more than 5% of the Common Stock is 401 Theodore Fremd Ave., Rye, New York 10580-1430.

(2) The applicable percentage of ownership for each beneficial owner is based on 2,154,702 shares of Common Stock outstanding as of July 2, 2007. Shares of Common Stock issuable upon exercise of options, warrants or other 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 but are not deemed outstanding for computing the percentage ownership of any other person.

(3) Includes (i) 1,504 shares of Common Stock owned directly by Marc Gabelli and (ii) 506,879 shares beneficially owned by Venator Fund and Venator Global, LLC ("Venator Global") and 20,000 shares issuable upon the exercise of options held by Marc Gabelli at a $13.173 per share exercise price. Venator Global, which is the sole general partner of Venator Fund, is deemed to have beneficial ownership of the securities owned beneficially by Venator Fund. Marc Gabelli is the President of Venator Global.

(4) Includes (i) 244,396 shares of Common Stock owned directly by Mario J. Gabelli (including 8,903 held for the benefit of Mario J. Gabelli under the Lynch Interactive Corporation 401(k) Savings Plan); (ii) 1,203 shares owned by a charitable foundation of which Mario J. Gabelli is a trustee; (iii) 96,756 shares owned by a limited partnership in which Mario J. Gabelli is the general partner and has an approximate 5% interest; and (iv) 24,519 shares owned by Lynch Interactive Corporation, of which Mario J. Gabelli is Chairman and the beneficial officer of approximately 24% of the outstanding common stock. Mario J. Gabelli disclaims beneficial ownership of the shares owned by such charitable foundation, by Lynch Interactive Corporation and by such limited partnership, except to the extent of his 5% interest in such limited partnership.

(5) Based solely on information contained in a report on Schedule 13D/A filed with the SEC on June 5, 2007 by Bulldog Investors, Phillip Goldstein and Andrew Dakos. Mr. Goldstein and Mr. Dakos are investment advisors and

principals of Bulldog Investors. The address of Bulldog Investors and Phillip Goldstein is 60 Heritage Drive, Pleasantville, NY 10570. The address of Andrew Dakos is Park 80 West, Plaza Two, Saddle Brook, NJ 07663.

(6) Represents 10,000 shares of restricted stock granted under the Corporation's 2001 Equity Incentive Plan.

(7) Represents 10,000 shares of restricted stock granted under the Corporation's 2001 Equity Incentive Plan.

(8) Includes (i) 10,000 shares of restricted stock granted under the Corporation's 2001 Equity Incentive Plan and (ii) 400 shares jointly owned with Mr. Zylstra's wife, with whom he shares voting and investment power.

(9) 1,445 shares are jointly owned with Mr. Cerutti's wife, with whom he shares voting and investment power.

(10) Includes (i) 5,114 shares owned by Mr. Gray; (ii) 751 shares owned by a partnership of which Mr. Gray is the general partner; (iii) 2,407 shares owned by a partnership of which Mr. Gray is one of the general partners; (iv) 2,105 shares owned by Mr. Gray's wife; and (v) 3,008 shares owned by a partnership of which Mr. Gray's wife is one of the general partners.

(11) These shares are jointly owned with Mr. Nakamura's wife, with whom he shares voting and investment power.

(12) Includes an aggregate of 20,000 shares issuable upon exercise of options held by all Directors and executive officers as a group.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Nine directors are to be elected at the 2007 Annual Meeting to serve until the 2008 Annual Meeting and until their successors are duly elected and qualify. 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, however, has no reason to expect that any of the nominees will be not stand for election. The election of directors shall be determined by a plurality of the votes cast.

The by-laws of the Corporation provide that the Board of Directors shall consist of no fewer than five and no more than 13 members. Each of the nine nominees currently serves as a director of the Corporation. Biographical summaries and ages of the nominees as of July 2, 2007 are set forth below. Data with respect to the number of shares of Common Stock beneficially owned by each of the nominees is set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" herein. All such information has been furnished to the Corporation by the nominees.

Name	Age	Served as Director From	Offices and Positions Held With the Corporation, Business Experience and Principal Occupation for Last Five Years, and Directorships in Public Corporations and Investment Companies

Marc Gabelli	39	2003	Chairman of the Corporation (September 2004 to present); Managing director (1996 to 2004) and President (2004 to present), GGCP, Inc., a private corporation that makes investments for its own account and the parent company of GAMCO Investors, Inc., a NYSE listed provider of financial advisory services; President of Gemini Capital Management LLC; President of the general partner of Venator Merchant Fund, LP.
E. Val Cerutti	66	1990	Business Consultant (1992 to present); Consulting Vice Chairman (2006 to present) and President and Chief Operating Officer (1975 to 1992), Stella D'Oro Biscuit Co., Inc., producer of bakery products; Director or Trustee of four registered investment companies included within the Gabelli Funds Mutual Fund Complex

			(1990 to present); Director, Approach, Inc. (1999 to 2005), a private company providing computer consulting services; former Chairman of Board of Trustees, Fordham Preparatory School.
Peter DaPuzzo	67	2006	Retired; Senior Managing Director, Cantor Fitzgerald LP (2002 to 2005); Co-President and CEO, Cantor Fitzgerald and Company, the equity institutional sales and trading division of Cantor Fitzgerald LP (1993 to 2002); former Chairman, the National Organization of Investment Professionals, a professional group of institutional and broker dealer senior managers; member, the Presidential Advisory Committee to the President of Security Traders Association of New York; member and past Chairman, the Securities Industry Association - Institutional Traders Committee; member of the Advisory Committee to the Board of Directors, the Shelter for the Homeless in Stamford, CT; member, the National Italian-American Business Council; member, the Greenwich Roundtable.
Timothy Foufas	38	2007	Managing Partner, Plato Foufas & Co. (2005 to present), a financial services company; President, Levalon Properties (2007 to present), a real estate property management company; Senior Vice President, Bayshore Management Co. (2005 to 2006); Director of Investments, Liam Ventures (2000 to

			2005), a private equity investment firm.
Avrum Gray	71	1999	Chairman and Chief Executive Officer, G-Bar Limited Partnership and affiliates (1982 to present), proprietary computer based derivative arbitrage trading companies; Chairman of the Board, Lynch Systems, Inc., (1997 to 2001); Director, Nashua Corp. (2001 to present), a NASDAQ listed manufacturer of paper products and labels; Director, SL Industries, Inc. (2001 to present), an American Stock Exchange listed manufacturer of power and data quality equipment and systems; Director, Material Sciences Corporation (2003 to present), a NYSE listed provider of material-based solutions for electronic, acoustical, thermal and coated metal applications; Director, Lynch Interactive Corporation (2006 to present), an operator of independent telephone companies and television stations; member, Illinois Institute of Technology Financial Markets and Trading Advisory Board; former member, Illinois Institute of Technology Board of Overseers MBA Program; former

			Chairman, Chicago Presidents Organization; former Chairman of the Board of Trustees, Spertus College; former Presidential Appointee to The U.S. Dept. of Commerce ISAC 16.
Patrick J. Guarino	64	2006	Business Consultant (2005 to present); Managing Partner of Independent Board Advisory Services, LLC (2002 to 2005), a corporate governance consulting firm; 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 of Ultramar PLC, (1986 to 1992), a London Stock Exchange listed international, integrated oil company.
Kuni Nakamura	38	2007	President, Advanced Polymer, Inc. (1990 to present), a privately held chemical manufacturer and distributor.
Anthony R. Pustorino, CPA	81	2002	Retired; Professor Emeritus, Pace University (2001 to present); Professor of Accounting, Pace University (1965 to

			2001); former Assistant Chairman, Accounting Department, Pace University; President and Shareholder, Pustorino, Puglisi & Co., P.C., CPAs (1961 to 1989); Instructor, Fordham University (1961-1965); Assistant Controller, Olivetti-Underwood Corporation (1957 to 1961); CPA, Peat, Marwick, Mitchell & Co., CPAs (1953 to 1957); former Chairman, Board of Directors, New York State Board for Public Accountancy; former Chairman, CPA Examination Review Board of National Association of State Boards of Accountancy; former member, Council of American Institute of Certified Public Accountants; former Vice President, Treasurer, Director and member, Executive Committee of New York State Society of Certified Public Accountants; current Director or Trustee of fourteen registered investment companies included within the Gabelli Funds Mutual Fund Complex.
Javier Romero	34	2007	Head of Corporate Finance & Strategy practice (2000 to present), Arthur D. Little, a consulting firm; International Consultant for the World Bank in Washington DC (1999 to 2000); attorney, Arthur Andersen Law Firm, based in Spain and specializing in corporate law (1996 to 1998).

TRANSACTIONS WITH RELATED PERSONS, PROMOTERS AND CERTAIN CONTROL PERSONS

For the fiscal year ended December 31, 2006, there were no transactions that were required to be described under Item 404(a) of Regulation S-K promulgated by the SEC. All transactions between the Corporation and any of its officers, directors, director nominees, principal stockholders or their immediate family members are to be approved by a majority of its independent and disinterested directors, and are to be on terms no less favorable to it than it could obtain from unaffiliated third parties. Such policy and procedures are set forth in a resolution of the Board of Directors.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Corporation's directors, executive officers and holders of more than 10% of the Corporation's Common Stock to file with the SEC and the AMEX initial reports of ownership and reports of changes in the ownership of Common Stock and other equity securities of the Corporation. Such persons are required to furnish the Corporation with copies of all Section 16(a) filings.

Based solely upon a review of the copies of the forms furnished to the Corporation, the Corporation believes that its officers and directors complied with all applicable filing requirements during the 2006 fiscal year, except as noted below:

On January 23, 2006, Anthony R. Pustorino filed a Statement of Changes in

Beneficial Ownership of Securities on Form 4 covering one transaction that occurred on January 12, 2006.

On May 1, 2006, Eugene C. Hynes filed an Annual Statement of Changes in Beneficial Ownership of Securities on Form 5 covering one stock option grant that occurred on May 26, 2005.

On May 1, 2006, Marc Gabelli filed an Annual Statement of Changes in Beneficial Ownership of Securities on Form 5 covering one stock option grant that occurred on May 26, 2005.

On May 1, 2006, John C. Ferrara filed an Annual Statement of Changes in Beneficial Ownership of Securities on Form 5 covering one stock option grant that occurred on May 26, 2005.

VOTES REQUIRED

Each director receiving a plurality of affirmative votes will be elected. You may withhold votes from any or all nominees. Except for the votes that shareholders of record withhold from any or all nominees, the persons named in the proxy card will vote such proxy FOR the nominees.

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF ITS NOMINEES FOR THE BOARD OF DIRECTORS TO SERVE UNTIL THE 2008 ANNUAL MEETING OF SHAREHOLDERS AND UNTIL THEIR SUCCESSORS ARE DULY ELECTED AND QUALIFY.

CORPORATE GOVERNANCE

The Board of Directors met on four occasions during the year ended December 31, 2006. Each of the directors attended at least 75% of the aggregate of (i) the total number of meetings of the Board of Directors (held during the period for which he was a director); and (ii) the total number of meetings held by all committees of the Board of Directors on which he served (during the periods that he served). All five members of the Board of Directors nominated for reelection at last year's annual meeting of the Corporation's shareholders attended such meeting. The Board of Directors has three committees, the principal duties of which are described below.

AUDIT COMMITTEE: The members of the Audit Committee are Messrs. Pustorino (Chairman), Cerutti, DaPuzzo and Gray. The Board of Directors has determined that all audit committee members are financially literate and independent under the current listing standards of the AMEX. Mr. Pustorino serves as Chairman and qualifies as an "audit committee financial expert." The Audit Committee met four times during 2006. The Audit Committee operates in accordance with its charter, which is available on our website at WWW.LGLGROUP.COM. The charter gives the Audit Committee the authority and responsibility for the appointment, retention, compensation and oversight of our independent auditors, including pre-approval of all audit and non-audit services to be performed by our independent auditors. The Audit Committee also reviews the independence of the independent auditors, reviews with management and the independent auditors the annual financial statements prior to their filing with the SEC, reviews the report by the independent auditors regarding management procedures and policies and determines whether the independent auditors have received satisfactory access to the Corporation's financial records and full cooperation of corporate personnel in

connection with their audit of the Corporation's records. The Audit Committee also reviews the Corporation's financial reporting process on behalf of the Board of Directors, reviews the financial information issued to shareholders and others, including a discussion of the quality, not just the acceptability, of the accounting principles; 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. See "Report of the Audit Committee" herein.

COMPENSATION COMMITTEE: The members of the Compensation Committee are Messrs. Guarino (Chairman), Cerutti, DaPuzzo and Gray. All members of the Compensation Committee are "independent" in accordance with AMEX rules. The Compensation Committee met two times during 2006. The responsibilities of the Compensation Committee are to review and approve compensation and benefits policies and objectives, determine whether the Corporation's officers and directors are compensated in accordance with these policies and objectives and carry out the Board of Directors' responsibilities relating to compensation of the Corporation's executives. The Compensation Committee Charter is available at WWW.LGLGROUP.COM.

NOMINATING COMMITTEE: The members of the Nominating Committee are Messrs. DaPuzzo (Chairman), Gray and Pustorino. All members of the Nominating Committee are "independent" in accordance with the AMEX rules. The Nominating Committee met one time during 2006. The responsibilities of the Nominating Committee are to identify individuals qualified to become Board members and recommend that the

Board select director nominees for the annual meetings of shareholders. The Nominating Committee Charter is available at WWW.LGLGROUP.COM.

In evaluating and determining whether to nominate a candidate for a position on the Board of Directors, 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 shareholder value. Candidates may be brought to the attention of the Nominating Committee by current Board members, shareholders, officers or other persons. The Nominating Committee will review all candidates in the same manner regardless of the source of the recommendation.

The Nominating Committee also considers shareholder recommendations for director nominees that are properly received in accordance with the Corporation'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, shareholders must give timely notice of such nomination in writing to the Corporate Secretary and include, as to each person whom the shareholder 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 Securities Exchange Act of 1934, as amended, 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). For more information on director candidate nominations by shareholders, see "Shareholder Proposals" herein.

Shareholders may communicate with the Board of Directors, including the non-management directors, by sending an e-mail to SPEGG@LGLGROUP.COM or by sending a letter to The LGL Group, Inc., 140 Greenwich Ave, 4th Floor, Greenwich, Connecticut 06830, attention: Corporate Secretary. The Corporate Secretary will submit such correspondence to the Chairman of the Board or to any specific director to whom the correspondence is directed.

CODE OF ETHICS: The Corporation has adopted a code of ethics as part of its Amended and Restated Business Conduct Policy, which applies to all employees of the Corporation including its principal executive, financial and accounting officers. The Amended and Restated Business Conduct Policy is available at WWW.LGLGROUP.COM.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed and discussed the consolidated financial statements for the fiscal year ended December 31, 2006 with both management and Ernst & Young LLP, the Corporation's independent auditors for the fiscal year ended December 31, 2006. In its discussion, management has represented to the Audit Committee that the Corporation's consolidated financial statements for the fiscal year ended December 31, 2006 were prepared in accordance with generally accepted accounting principles.

The Audit Committee meets with our independent auditors, with and without management present, to discuss the results of their examinations, the evaluations of the Corporation's internal controls and the overall quality of

the Corporation's financial reporting. The Audit Committee discussed with the independent auditors, matters required to be discussed by Codification of Statements on Auditing Standards No. 61 (Communication with Audit Committees).

The Corporation's independent auditors also provided to the Committee the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee has considered and discussed with Ernst & Young the firm's independence and the compatibility of the non-audit services provided by the firm with its independence.

Based on the Audit Committee's review of the audited financial statements and the various discussions noted above, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2006, and the Board has approved this recommendation.

AUDIT COMMITTEE

Anthony R. Pustorino (Chairman)
E. Val Cerutti
Peter DaPuzzo
Avrum Gray

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

OVERVIEW

The Compensation Committee of the Board of Directors is responsible for developing and determining the Corporation's executive compensation policies and administering the Corporation's executive compensation plans. Additionally, the Compensation Committee determines the compensation to be paid to each of the principal executive officer and the principal financial officer of the Corporation (such executives who served during the fiscal year ended December 31, 2006 are hereinafter referred to as "named executive officers"), as well as other key employees.

COMPENSATION PHILOSOPHY AND OBJECTIVES

The Compensation Committee considers the ultimate objective of an executive compensation program to be the creation of stockholder value. An effective executive compensation program pursues this objective by (i) aligning each executive officer's interests with those of stockholders by rewarding each executive officer based on the Corporation's performance and (ii) ensuring the Corporation's continued ability to hire and retain superior employees in key positions by insuring that compensation provided to such employees remains competitive with the compensation paid to employees with similar responsibilities and experience working for companies of comparable size, capitalization, and complexity. The Compensation Committee designs compensation

packages for named executive officers that include both cash and stock-based compensation (some of the latter vesting over time) tied to an individual's experience and performance and the Corporation's achievement of certain short-term and long-term goals.

DETERMINATION OF COMPENSATION AWARDS

The Compensation Committee has the primary authority to determine the compensation awards available to the named executive officers other than the Corporation's Chief Executive Officer (with respect to whom it has sole authority). To assist the Compensation Committee in making such determinations, the Chief Executive Officer conducts an annual performance review with each of the named executive officers in which each such officer provides the Chief Executive Officer with input about his or her contributions to the Corporation's business during the given fiscal year. Subsequently, the Chief Executive Officer provides compensation recommendations to the Compensation Committee regarding each of such officers.

The Compensation Committee conducts an annual review of the Chief Executive Officer's performance prior to making its determination. During this review, the Compensation Committee considers the Corporation's performance in the following categories: the performance of the Common Stock, the achievement of agreed upon objectives such as cost reductions and other business performance improvements.

COMPENSATION BENCHMARKING AND PEER GROUP

The Corporation has not retained a compensation consultant to review its policies and procedures with respect to the compensation of the named executive officers. The Compensation Committee benchmarks the compensation of the named executive officers against the median compensation paid by comparable companies in both related and unrelated industries such as Frequency Electronics, Inc., Valpey Fisher Corp., American Technical Ceramics Corp., ARC Wireless Solutions, Inc., and RF Monolithics, Inc. To that end, the Compensation Committee conducted a benchmark review 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 Corporation's Board of Directors and publicly available data relating to the compensation practices and policies of other 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 Corporation's potentially unique aspects and objectives, the Compensation Committee generally believes that gathering such information is an important part of the Compensation Committee's decision-making process.

The Compensation Committee recognizes that in order to attract, retain and

motivate the named executive officers, the Compensation Committee may determine that it is in the Corporation's best interest to negotiate total compensation packages that deviate from the Compensation Committee's general principal of benchmarking the compensation of the named executive officers.

ELEMENTS OF COMPENSATION

BASE SALARY

Base salary levels for the Corporation'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 the named executive officer's experience and performance, as well as the salaries of similarly positioned executives within the Corporation and general compensation levels in the region in which the named executive officer is based.

ANNUAL PERFORMANCE-BASED CASH INCENTIVE BONUS

The Corporation's bonus plan is designed to award the named executive officers annually based on objective measures of the Corporation's performance and subjective evaluations of the individual's performance. Examples of individual evaluation elements are: division EBIT, inventory reduction and days sales outstanding management, shipment to plan, cycle time reduction, customer lead-times and outgoing quality, growth in military and aerospace revenue and gross margins.

In general, the plan provides for an annual bonus pool equal to 20% of the excess of the consolidated pre-tax profits of the Corporation for the calendar year over 25% of the Corporation's shareholders equity at the beginning of such year. The Compensation Committee, in its discretion, may take other factors into consideration when determining the size of the bonus pool and individual awards, such as the Corporation's progress toward the achievement of strategic goals. The breakdown of the bonus pool is not based on a formula, but on factors such as the relative importance of a named executive officer's area of responsibility and contributions to the Corporation's earnings.

DISCRETIONARY LONG-TERM EQUITY INCENTIVE AWARDS

The named executive officers are also eligible for stock option grants and restricted stock awards. Such stock options and shares of restricted stock generally vest over a period of two years in order to provide an incentive for continued employment. Stock options generally expire 10 years after the date of the grant and are awarded with their exercise price set at the fair market value of the underlying stock on the date of grant.

The Compensation Committee uses various factors to determine the amount of stock options and restricted stock it will award to each named executive officer, including the named executive officer's base salary, evaluations of the individual's performance and the value of the stock options and restricted stock at the time of the award. Consequently, an individual's award may increase or decrease materially from year to year due to, for example, a significant change in the individual's responsibilities or in recognition of a significant achievement. Additionally, the Compensation Committee has approved the awarding of stock options or restricted shares to newly hired named executive officers in order to ensure the Corporation's ability to attract talented candidates.

THE LGL GROUP, INC. 401(K) SAVINGS PLAN

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

The named executive officers and all other employees of the Corporation and certain of its subsidiaries are eligible to participate in the LGL Group, Inc. 401(k) Savings Plan after having completed three months of service and reached the age of 18. Certain of the named executive officers participated in the 401(k) Savings Plan in 2006.

OTHER BENEFITS

The Corporation provides the named executive officers with medical insurance, life insurance and disability benefits that are generally made available to Corporation's employees to ensure that the Corporation's employees have access to basic healthcare and income protection for themselves and their family members.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

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

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Jeremiah Healy(1)	2006	60,280	(*)	82,500(2)	(*)	(*)	(*)	(*)	142,780
	2005	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
	2004	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
John C. Ferrara(3)	2006	250,000	(*)	(*)	(*)	(*)	(*)	(*)	250,000
	2005	250,000	100,000	(*)	24,592(4)	(*)	(*)	(*)	374,592
	2004	79,808	(*)	(*)	(*)	(*)	(*)	(*)	79,808
Robert Zylstra(5)	2006	183,750	154,554	82,500(6)	(*)	(*)	164,000(7)	(*)	584,804
	2005	183,750	91,175	(*)	(*)	(*)	(*)	(*)	274,925
	2004	183,750	43,609	(*)	(*)	(*)	(*)	(*)	227,359
Eugene C. Hynes(8)	2006	80,769	50,000	(*)	10,357(9)	(*)	(*)	(*)	141,126
	2005	150,000	50,000	(*)	8,197(9)	(*)	(*)	(*)	208,197
	2004	43,269	(*)	(*)	(*)	(*)	(*)	(*)	43,269

(1) Mr. Healy has served as the Corporation's Chief Executive Officer since January 1, 2007. Mr. Healy also served as the Corporation's Chief Financial Officer from September 5, 2006 to March 19, 2007.

(2) On September 5, 2006, the Corporation granted Mr. Healy 10,000 shares of restricted stock under the Corporation's 2001 Equity Incentive Plan. Mr. Healy currently exercises full voting rights with respect to such restricted stock, which shall vest as follows: 5,000 shares on September 5, 2007 and 1,250 shares on each of December 5, 2007, March 5, 2008, June 5, 2008 and September 5, 2008.

(3) Mr. Ferrara was elected as President and Chief Executive Officer of the Corporation on October 1, 2004. Mr. Ferrara resigned from his positions with the Corporation effective December 31, 2006.

(4) On May 26, 2005, the Corporation granted Mr. Ferrara an option to purchase 75,000 shares of Common Stock at an exercise price of $13.173. Such option lapsed as a result of his resignation from his positions with the Corporation.

(5) Mr. Zylstra was elected as Senior Vice President of Operations of the Corporation as of September 5, 2006. Mr. Zylstra's salary is paid by M-tron Industries, Inc., a subsidiary of the Corporation, where he has served as the President and Chief Executive Officer since January 24, 2000.

(6) On September 5, 2006, the Corporation granted Mr. Zylstra 10,000 shares of restricted stock under the Corporation's 2001 Equity Incentive Plan. Mr. Zylstra currently exercises full voting rights with respect to such restricted stock, which shall vest as follows: 5,000 shares on September 5, 2007 and 1,250 shares on each of December 5, 2007, March 5, 2008, June 5, 2008 and September 5, 2008.

(7) Mr. Zylstra has an agreement entitling him to 3% of the increase in the economic value of the Corporation from January 1, 2000 through the end of the last fiscal quarter next preceding termination of his employment. For additional information regarding Mr. Zylstra's potential payments upon termination, please see "Potential Payments Upon Termination or Change-in Control" below.

(8) Mr. Hynes resigned from his positions with the Corporation effective July 7, 2006.

(9) On May 26, 2005, the Corporation granted Mr. Hynes the option to purchase 25,000 shares of Common Stock under the Corporation's 2001 Equity Incentive Plan. Such option lapsed as a result of his resignation from his positions with the Corporation.

GRANT OF PLAN-BASED AWARDS

The following table sets forth certain information regarding grants made to named executive officers during the fiscal year ended December 31, 2006:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards	Estimated Future Payouts Under Equity Incentive Plan Awards	All Other Stock Awards:	All Other Option Awards:	Exercise or Base Price of	Grant Date Fair

		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	Number of Shares of Stock or Units (#)	Number of Securities Underlying Options (#)	Option Awards ($/Sh)	Value of Stock and Option Awards ($)
Jeremiah Healy	9/5/06							10,000(1)			82,500
Robert Zylstra	9/5/06							10,000(2)			82,500

(1) On September 5, 2006, the Corporation granted Mr. Healy 10,000 shares of restricted stock under the Corporation's 2001 Equity Incentive Plan. Mr. Healy currently exercises full voting rights with respect to such restricted stock, which shall vest as follows: 5,000 shares on September 5, 2007 and 1,250 shares on each of December 5, 2007, March 5, 2008, June 5, 2008 and September 5, 2008.

(2) On September 5, 2006, the Corporation granted Mr. Zylstra 10,000 shares of restricted stock under the Corporation's 2001 Equity Incentive Plan. Mr. Zylstra currently exercises full voting rights with respect to such restricted stock, which shall vest as follows: 5,000 shares on September 5, 2007 and 1,250 shares on each of December 5, 2007, March 5, 2008, June 5, 2008 and September 5, 2008.

OUTSTANDING EQUITY AWARDS AT FISCAL-YEAR END

The following table presents information regarding unexercised options, stock that has not vested and equity incentive plan awards for each named executive officer as of the end of the fiscal year ended December 31, 2006:

Name	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
John Ferrara	75,000(1)			13.173	3/31/07				
Jeremiah Healy						10,000(2)	70,000		

Robert Zylstra		10,000(3)	70,000

(1) Mr. Ferrara resigned from his positions with the Corporation effective December 31, 2006. Under the 2001 Equity Incentive Plan, the option to purchase 75,000 shares of Common Stock lapsed three months after Mr. Ferrara's resignation.

(2) On September 5, 2006, the Corporation granted Mr. Healy 10,000 shares of restricted stock under the Corporation's 2001 Equity Incentive Plan. Mr. Healy currently exercises full voting rights with respect to such restricted stock, which shall vest as follows: 5,000 shares on September 5, 2007 and 1,250 shares on each of December 5, 2007, March 5, 2008, June 5, 2008 and September 5, 2008.

(3) On September 5, 2006, the Corporation granted Mr. Zylstra 10,000 shares of restricted stock under the Corporation's 2001 Equity Incentive Plan. Mr. Zylstra currently exercises full voting rights with respect to such restricted stock, which shall vest as follows: 5,000 shares on September 5, 2007 and 1,250 shares on each of December 5, 2007, March 5, 2008, June 5, 2008 and September 5, 2008.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

An agreement between Mr. Zylstra and the Corporation entitles him to 3% of the increase in the economic value of the Corporation from January 1, 2000 through the end of the last fiscal quarter next preceding termination of his employment (the "Valuation Date"). The economic value of the Corporation for January 1, 2000 is deemed to be 7.5 times the earnings before interest, taxes, depreciation and amortization ("EBITDA") (plus cash and marketable securities and minus debt) of the Corporation for the year ended December 31, 1999 and the economic value of the Corporation for the last fiscal quarter next preceding termination shall be deemed to be 7.5 times the EBITDA (plus cash and marketable securities and minus debt) of the Corporation for the 12 months ended on the Valuation Date. At the Corporation's option, the amount of the benefit shall be payable either in one lump sum or in three equal installments payable on the first, second and third anniversary dates of the termination of Mr. Zylstra's employment. Any such deferred payments shall bear interest at an annual rate equal to 8%, which interest shall be payable in arrears on each said anniversary date, at the Corporation's option, in cash or in the Common Stock of the Corporation, valued at the average closing market price thereof for the 10 trading days on which the stock traded prior to the date of the payment.

DIRECTOR COMPENSATION

COMPENSATION OF DIRECTORS

A director who is an employee of the Corporation is not compensated for services as a member of the Board of Directors or any committee thereof. In 2006, Directors who were not employees received (i) a cash retainer of $5,000 per quarter; (ii) a fee of $2,000 for each meeting of the Board of Directors attended in person or telephonically that had a duration of at least one hour; (iii) a fee of $1,500 for each Audit Committee meeting attended in person or telephonically that had a duration of at least one hour; and (iv) a fee of $750 for each Compensation Committee, each Executive Committee and each Nominating Committee meeting attended in person. The Audit Committee Chairman receives an additional $4,000 annual cash retainer and the Nominating and Compensation Committee Chairmen receive additional $2,000 annual retainers.

Marc Gabelli, the Chairman, receives a $100,000 annual fee, payable in equal quarterly installments. Mr. Gabelli has elected to defer payment of his

annual fee for fiscal 2006 to a later date.

The following table sets forth information with respect to compensation earned by or awarded to each Director of the Corporation who is not a named executive officer and who served on the Board of Directors during the fiscal year ended December 31, 2006:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Marc Gabelli	100,000(1)						100,000
E. Val Cerutti	34,500						34,500
Peter DaPuzzo(2)	9,167						9,167
Avrum Gray	34,000						34,000
Patrick J. Guarino(2)	9,417						9,417
Anthony R. Pustorino	36,000						36,000

(1) Mr. Gabelli has elected to defer the payment of his annual fee to a later date.

(2) Elected effective September 2006; paid for one third of the third quarter and the entirety of the fourth quarter of the fiscal year ending December 31, 2006.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the fiscal year ended December 31, 2006, the Compensation Committee comprised only non-employee independent directors. There were no interlocks or other relationships among the Corporation's executive officers and directors that are required to be disclosed under applicable executive compensation disclosure regulations.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board oversees our compensation program on behalf of the Board of Directors. In fulfilling its oversight responsibilities, the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis set forth in the Corporation's Annual Report on Form 10-K, as amended, and this Proxy Statement. In reliance on the review and discussions referred to above, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion

and Analysis be included in the Corporation's Annual Report on Form 10-K, as amended, and this Proxy Statement.

COMPENSATION COMMITTEE

Patrick J. Guarino (Chairman)
E. Val Cerutti
Peter DaPuzzo
Avrum Gray

PROPOSAL NO. 2

REINCORPORATION OF THE CORPORATION IN THE STATE OF DELAWARE

The Board has unanimously approved the reincorporation proposal and recommends that the Shareholders approve and adopt the reincorporation proposal. The reincorporation proposal will be effected by merging the Corporation with and into its wholly-owned subsidiary incorporated in the State of Delaware ("LGL Delaware") pursuant to an Agreement and Plan of Merger (the "Merger Agreement") entered into between the Corporation and LGL Delaware. The form of Merger Agreement is included as EXHIBIT A to this Proxy Statement.

LGL Delaware will be newly incorporated in Delaware solely for the purpose of effecting the Reincorporation Merger, and the Corporation will be its sole stockholder. LGL Delaware will have no material assets and no business operations prior to the Reincorporation Merger. In the Reincorporation Merger, the Corporation will merge with and into LGL Delaware, and LGL Delaware will be the surviving entity and will maintain the name "The LGL Group, Inc." The address of the principal executive offices of LGL Delaware will be the same as the current principal executive offices of the Corporation.

REASONS FOR THE REINCORPORATION MERGER

The Board believes that the Reincorporation Merger will provide added flexibility for both the management and business of the Corporation. Delaware is recognized both domestically and internationally as a favorable legal and regulatory environment within which to operate. Such an environment should enhance the Corporation's operations and its ability to effect acquisitions and other transactions. For many years, Delaware has followed a policy of encouraging incorporation in that state and, in furtherance of that policy, has adopted comprehensive, modern and flexible corporate laws, which are periodically updated and revised to meet changing business needs. In addition, the Delaware courts have developed considerable expertise in dealing with corporate issues, and a substantial body of case law has developed in the construction of Delaware law, resulting in greater predictability with respect to corporate legal affairs. Consequently, various major companies have either incorporated or have subsequently reincorporated in Delaware.

THE REINCORPORATION MERGER

As a result of the Reincorporation Merger, the Corporation will be reincorporated as a new Delaware corporation that will succeed to all of the rights, properties, assets and liabilities of the Corporation. The terms and conditions of the Reincorporation Merger are set forth in the Merger Agreement, and the summary of the terms and conditions of the Merger set forth above is qualified by reference to the full text of the Merger Agreement included as EXHIBIT A to this Proxy Statement. Following the Reincorporation Merger, the composition of the Board of Directors of the Corporation will remain the same, and the rights of stockholders and the Corporation's corporate affairs will be governed and controlled by the General Corporation Law of the State of Delaware

(the "DGCL") and the New Certificate of Incorporation and New By-Laws of LGL Delaware, rather than by the Indiana Business Corporation Law (the "IBCL") and the Present Articles of Incorporation and Present By-Laws. Set forth below, under the heading "Delaware and Indiana Corporate Laws," is a comparison of the

material rights of shareholders and other matters of corporate governance before and after the Reincorporation Merger. The forms of the New Certificate of Incorporation and New By-Laws of LGL Delaware are included as EXHIBIT B and EXHIBIT C to this Proxy Statement, respectively. The summary of the New Certificate of Incorporation and the New By-Laws set forth below is qualified by reference to the full text of the New Certificate of Incorporation and New By-Laws. The Present Articles of Incorporation and Present By-Laws and LGL Delaware's New Certificate of Incorporation and New By-Laws are available, upon request by stockholders of the Corporation, at the principal offices of the Corporation located at 140 Greenwich Ave, 4th Floor, Greenwich, Connecticut 06830.

Upon the effectiveness of the Reincorporation Merger, and without any action on the part of the Corporation or the holder of any securities of the Corporation, every one share outstanding of Common Stock of the Corporation will be automatically converted into one share of common stock, $0.01 par value, of LGL Delaware. Until replaced by new stock certificates, each outstanding certificate representing shares of Common Stock of the Corporation will be deemed for all corporate purposes to evidence ownership of shares of common stock of LGL Delaware.

Consummation of the Reincorporation Merger is subject to the approval of the Corporation's shareholders. The affirmative vote of the holders of a majority of the outstanding shares of Common Stock, whether or not present at the 2007 Annual Meeting, who are entitled to vote at the 2007 Annual Meeting is required for the approval and adoption of the reincorporation proposal. The Reincorporation Merger is expected to become effective as soon as practicable after shareholder approval is obtained and all other conditions to the Reincorporation Merger have been satisfied, including the receipt of all consents, orders and approvals necessary for consummation of the Reincorporation Merger. Prior to its effectiveness, however, the Reincorporation Merger may be abandoned by the Board if, for any reason, the Board determines that consummation of the Reincorporation Merger is no longer in the best interests of the Corporation.

Dissenters' rights are not available to shareholders of the Corporation with respect to the proposed Reincorporation Merger.

ACCOUNTING TREATMENT OF THE REORGANIZATION

The Reincorporation Merger will have no accounting implications on the historical financial statements of the Corporation.

FEDERAL INCOME TAX CONSEQUENCES OF THE REINCORPORATION MERGER

The Corporation intends the Reincorporation Merger to be a tax free "reorganization" within the meaning of the Internal Revenue Code of 1986, as amended. If the Reincorporation Merger qualifies as a reorganization, the material federal income tax consequences of the Reincorporation Merger will be as follows:

- No gain or loss will be recognized by holders of the Corporation's Common Stock;

- Each shareholder of LGL Delaware will have the same tax basis in his LGL Delaware common stock as he had in the Corporation's Common Stock immediately prior to the Reincorporation Merger;

- The holding period of the LGL Delaware's common stock will include the period during which a shareholder held the Corporation's Common Stock prior to the Reincorporation Merger, provided such shareholder held the Corporation's Common Stock as a capital asset at the time of the Reincorporation Merger;

- Neither the Corporation nor LGL Delaware will recognize a gain or loss as a result of the Reincorporation Merger; and

- LGL Delaware will succeed, without adjustment, to the tax attributes of the Corporation.

The Corporation has not requested a ruling from the IRS or received an opinion of counsel with respect to the federal income tax consequences of the Reincorporation Merger. The foregoing summary of federal income tax consequences is included for general information only and does not address all income tax consequences to all of the Corporation's shareholders. The Corporation's shareholders are urged to consult their own tax advisors as to the specific tax consequences of the Reincorporation Merger, including the application and effect of state, local and foreign income and other tax laws.

COMPARISON OF RIGHTS OF SHAREHOLDERS

The DGCL differs from the IBCL in many respects. The material differences in these statutes are discussed below. The material differences between the Present Articles of Incorporation and Present By-Laws as compared to the New Certificate of Incorporation and New By-Laws are also discussed below.

CAPITAL STOCK

The Reincorporation Merger will not affect the capital stock of the Corporation, except to the extent that the rights of shareholders will be governed by Delaware law rather than Indiana law. The number of authorized shares of common stock will remain at 10,000,000, $0.01 par value per share. The common stock will remain the only class of capital stock of the Corporation.

After the Reincorporation Merger, holders of the Corporation's Common Stock will continue to be entitled to one vote per share on all matters submitted to a vote of the shareholders, including the election of directors. The holders of the Corporation's Common Stock will be entitled to such dividends as may be declared from time to time by the Board of Directors from funds legally available therefor, and will be entitled to receive, pro rata, all assets available for distribution to such holders upon liquidation. No shares of the Corporation's Common Stock have any preemptive, redemption or conversion rights, or the benefits of any sinking fund. All of the shares issued by the surviving corporation in the Reincorporation Merger will be validly issued, fully paid and nonassessable.

Both the IBCL and the DGCL permit the certificate or articles of incorporation to allow the board of directors to issue and fix dividend, voting and redemption rights, liquidation preferences and other rights and privileges without further shareholder action.

SIZE AND CLASSIFICATION OF THE BOARD OF DIRECTORS

Section 23-1-33-3 of the IBCL provides that the board of directors of an Indiana corporation must consist of one or more individuals, with the number specified in or fixed in accordance with the articles of incorporation or by-laws. Section 141(b) of the DGCL provides that the board of directors of a Delaware corporation shall consist of one or more members. The number of directors shall be fixed by, or in the manner provided in, the by-laws unless the certificate of incorporation fixes the number of directors, in which case a change in the number of directors shall be made only by amendment of the certificate.

Pursuant to Section 23-1-33-6 of the IBCL, the articles of incorporation or the by-laws, may provide for staggering the terms of directors by dividing the total number of directors into either two or three classes. Section 141(d) of the DGCL provides that the directors may, by the certificate of incorporation, by an initial by-law or by a by-law adopted by a vote of the shareholders, be divided into one, two or three classes. Neither the Present Articles of Incorporation nor the New Certificate of Incorporation provides for a classified Board of Directors.

The Corporation's Board of Directors currently comprises nine members, which number may be changed by the Board of Directors, provided that the number of directors must not be less than five or more than thirteen. The Board of Directors of the Corporation following the Reincorporation Merger will have the same number of directors and composition as the Corporation's current Board of Directors.

REMOVAL OF DIRECTORS

Under Section 23-1-33-8 of the IBCL, directors may be removed in any manner provided in the articles of incorporation. In addition, unless the articles of incorporation provide otherwise, the shareholders or directors may remove one or more directors with or without cause. A director may be removed by the shareholders, if they are otherwise authorized to do so, only at a meeting called for that purpose and such purpose must be stated in the notice of the meeting. A director elected by a voting group of shareholders may be removed only by that voting group.

Section 141(k) of the DGCL provides that any director or the entire board of directors may generally be removed with or without cause by a majority stockholder vote.

NEWLY CREATED DIRECTORSHIPS AND VACANCIES

Under Section 23-1-33-9 of the IBCL, unless the articles of incorporation provide otherwise, if a vacancy occurs on the board of directors, including a vacancy resulting from an increase in the number of directors, the remaining directors may fill the vacancy by majority vote. If the remaining directors do not comprise a quorum, the remaining directors may fill the vacancy by majority vote of the remaining directors. If the vacant office was held by a director elected by a voting group of shareholders, only the holders of shares of that voting group may vote to fill the vacancy if it is filled by shareholders. A

vacancy that will occur at a specific later date by reason of resignation of a director effective at a later date may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

Under Section 223 of the DGCL, unless the certificate of incorporation or the by-laws of a corporation provide otherwise, a majority vote of the directors

then in office may fill vacancies and newly created directorships, even if the number of directors then in office is less than a quorum or only one director remains. If the directors filling a vacancy on the board constitute less than a majority of the whole board (as measured before an increase in the size of the board), the Delaware Court of Chancery may, upon application of stockholders holding at least 10% of the outstanding voting shares, summarily order an election to fill the vacancy or replace directors chosen by the directors then in office. Unless otherwise provided in the certificate of incorporation or by-laws, when one or more directors resign effective at a future date, a majority of directors then in office, including those who have so resigned, may vote to fill the vacancy.

The Present Articles of Incorporation permit vacancies and newly created directorships to be filled as provided by the Present By-Laws or relevant corporate law. The New Certificate of Incorporation contains the same provision.

QUORUM AND VOTE REQUIRED TO TAKE ACTION

Under Section 23-1-34-5 of the IBCL, unless the articles of incorporation or by-laws require a greater number, a majority of the fixed or prescribed number of directors constitutes a quorum. Additionally, the articles of incorporation or by-laws may authorize a quorum of no fewer than one-third of the fixed or prescribed number of directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of the directors present is the act of the board of directors unless the articles of incorporation or by-laws provide otherwise.

Section 141(b) of the DGCL provides that a majority of the total number of directors shall constitute a quorum for the transaction of business unless the certificate of incorporation or by-laws of the incorporation require a greater number. In addition, unless the certificate of incorporation provides otherwise, the by-laws may provide for a quorum of less than a majority, which in no case shall be less than one-third of the total number of directors. The board of directors shall act by the vote of a majority of the directors present at a meeting at which a quorum is present, unless the certificate of incorporation or the by-laws require a vote of a greater number.

The Present By-Laws provide that a majority of the total number of directors constitutes a quorum for the transaction of business and that, unless otherwise provided by law, the certificate of incorporation, the Present By-Laws or any contract or agreement to which the Corporation is a party, the act of a majority of the directors present at any meeting at which there is quorum is the act of the Board of Directors. The New By-Laws contain the same provision.

LIMITATION ON DIRECTORS' LIABILITY

Section 23-1-35-1 of the IBCL provides that a director is not liable for any action taken as a director, or any failure to act, unless the director has breached or failed to perform the duties of the director's office in compliance with Section 23-1-35-1 and the breach or failure to perform constitutes willful misconduct or recklessness.

Section 102(b)(7) of the DGCL allows a corporation, through its certificate of incorporation, to limit or eliminate the personal liability of directors to the corporation and its shareholders for damages for breach of fiduciary duty. However, this provision excludes any limitation on liability for: (i) any breach of the director's duty of loyalty to the corporation or its shareholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) willful or negligent violation of the laws governing the payment of dividends or the purchase or

redemption of stock; or (iv) any transaction from which the director derives an improper personal benefit.

The Present Articles of Incorporation contain a provision limiting director liability as permitted by law. The New Certificate of Incorporation contains the same provision.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 23-1-37-8 and Section 23-1-37-13 of the IBCL provide that a corporation may indemnify any individual made a party to a proceeding (including a proceeding by or in the right of the corporation) because the individual is or was a director, officer, employee or agent of the corporation against liability incurred in the proceeding if the individual acted in good faith and reasonably believed (i) in the case of conduct in the individual's official capacity with the corporation, that the individual's conduct was in the corporation's best interests and (ii) in all other cases, that the individual's conduct was at least not opposed to the corporation's best interests. In the case of any criminal proceeding, the individual must have had either reasonable cause to believe the conduct was lawful or no reasonable cause to believe that it was unlawful. In addition, Section 23-1-37-9 and Section 23-1-37-13 provide that a corporation, unless limited by its articles of incorporation, must indemnify a director or officer who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director or officer was a party because the director or officer is or was a director or officer of the corporation against reasonable expenses incurred by the director or officer in connection with the proceeding.

Section 145 of the DGCL provides that a corporation may indemnify any person made a party or threatened to be made a party to any threatened, pending or completed proceeding (other than certain actions by or in right of the corporation) because he or she is or was a director, officer, employee or agent of the corporation or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation; or in a criminal proceeding, if he or she had no reasonable cause to believe his or her conduct was unlawful. Expenses incurred by an officer or director (or other employees or agents as deemed appropriate by the board of directors) in defending a civil, criminal or administrative proceeding may be paid by the corporation in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it is ultimately determined that such person is not entitled to be indemnified by the corporation. To indemnify a party, the corporation must determine that the party met the applicable standards of conduct.

The provisions concerning indemnification in the Present Articles of Incorporation are substantially identical to the IBCL provisions. The New Certificate of Incorporation provides for indemnification to the fullest extent permitted by Delaware law.

DIVIDENDS

Section 23-1-28-1 of the IBCL allows a board of directors to make distributions to shareholders, unless otherwise provided in the articles of incorporation. However, pursuant to Section 23-1-28-3 of the IBCL, no distribution may be made if after giving effect to the distribution the corporation would be unable to pay its debts as they become due in the ordinary

course of business or the corporation's assets would be less than the sum of its liabilities plus (except as otherwise specifically allowed by the articles of incorporation) the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights are superior to those receiving the distribution.

Subject to any restrictions in a corporation's certificate of incorporation, Section 170 of the DGCL allows the board of directors of a Delaware corporation to declare and pay dividends out of surplus, or if there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

ACTION BY SHAREHOLDERS THROUGH WRITTEN CONSENT

Under Section 23-1-29-4 of the IBCL, any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if a written consent thereto is signed by all of the shareholders entitled to vote on the action.

Under Section 228(a) of the DGCL, unless otherwise provided in a corporation's certificate of incorporation, any action required to be taken at an annual or special meeting of the stockholders may be taken in the absence of a meeting, without prior written notice and without a vote. Such action may be taken by the written consent of stockholders in lieu of a meeting setting forth the action so taken and signed by the holders of outstanding stock representing the number of shares necessary to take such action at a meeting at which all shares entitled to vote were present and voted. There is no contrary provision in the New Certificate of Incorporation.

SPECIAL MEETINGS OF SHAREHOLDERS

Section 23-1-29-2 of the IBCL provides that a corporation with more than 50 shareholders must hold a special meeting of shareholders on demand of its board of directors or the person or persons specifically authorized to do so by the articles of incorporation or by-laws.

Under Section 211(d) of the DGCL, special meetings of stockholders may be called by the board of directors and by such other person or persons as may be authorized to do so by the corporation's certificate of incorporation or by-laws.

Under the Present By-Laws, special meetings of the shareholders may be called by the Board of Directors, the Chairman of the Board or the President. The Board of Directors must call a special meeting if the Secretary receives appropriate demand for a special meeting from holders of shares representing at least 25% of all votes entitled to be cast on any issue proposed to be considered at the proposed special meeting. The New By-Laws contain the same provision.

CUMULATIVE VOTING

Both Section 23-1-30-9 of the IBCL and Section 214 of the DGCL allow a corporation to provide for cumulative voting in the articles of incorporation or the certificate of incorporation. Neither the Present Articles of Incorporation nor the New Certificate of Incorporation provides for cumulative voting.

NECESSARY VOTE TO EFFECT MERGER (NOT INVOLVING INTERESTED SHAREHOLDER)

Section 23-1-40-3 of the IBCL requires a majority vote of the shares entitled to vote in order to effectuate a merger or share exchange. However, the

vote of the shareholders of the surviving corporation under a plan of merger is not required if: (i) the articles of incorporation of the surviving corporation will not differ from its articles of incorporation before the merger; (ii) each shareholder of the surviving corporation whose shares were outstanding immediately before the effective date of the merger will hold the same proportionate number of shares relative to the number of shares held by all such shareholders (except for shares of the surviving corporation received solely as a result of the shareholder's proportionate shareholdings in the other corporations party to the merger), with identical designations, preferences, limitations and relative rights, immediately after the merger; (iii) the number of voting shares outstanding immediately after the merger, plus the number of voting shares issuable as a result of the merger (either by the conversion of securities issued pursuant to the merger or the exercise of rights and warrants issued pursuant to the merger), will not exceed by more than 20% the total number of voting shares of the surviving corporation outstanding immediately before the merger; and (iv) the number of participating shares outstanding immediately after the merger, plus the number of participating shares issuable as a result of the merger (either by the conversion of securities issued pursuant to the merger or the exercise of rights and warrants issued pursuant to the merger), will not exceed by more than 20% the total number of participating shares of the surviving corporation outstanding immediately before the merger.

The DGCL requires a majority vote of the shares outstanding and entitled to vote in order to effectuate a merger between two Delaware corporations (Section 251(c)) or between a Delaware corporation and a corporation organized under the laws of another state (a "foreign corporation") (Section 252(c)). However, unless required by the certificate of incorporation, Sections 251(f) and 252(e) do not require a vote of the shareholders of a constituent corporation surviving the merger if: (i) the merger agreement does not amend that corporation's certificate of incorporation; (ii) each share of that corporation's stock outstanding before the effective date of the merger is identical to an outstanding or treasury share of the surviving corporation after the merger; and (iii) in the event the merger plan provides for the issuance of common stock or securities convertible into common stock by the surviving corporation, the common stock issued plus the common stock issuable upon conversion of the issued securities do not exceed 20% of the shares outstanding immediately before the effective date of the merger.

BUSINESS COMBINATIONS INVOLVING INTERESTED SHAREHOLDERS

Sections 23-1-43-1 to 23-1-43-23 of the IBCL restrict the ability of a "resident domestic corporation" to engage in any business combination with an "interested shareholder" for five years after the interested shareholder's date of acquiring shares unless the business combination or the purchase of shares by the interested shareholder on the interested shareholder's share acquisition date is approved by the board of directors of the resident domestic corporation before that date. If the combination was not previously approved, the interested shareholder may effect a combination after the five-year period only if such shareholder receives approval from a majority of the disinterested shares or the offer meets certain fair price criteria. For purposes of the above provisions, "resident domestic corporation" means an Indiana corporation that has 100 or more shareholders. "Interested shareholder" means any person, other than the resident domestic corporation or its subsidiaries, who is (i) the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the resident domestic corporation or (ii) an affiliate or associate of the resident domestic corporation and at any time within the five-year period immediately before the date in question was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding shares of the resident domestic corporation. The above provisions do not apply to corporations that so elect in its original articles

of incorporation or in an amendment to its articles of incorporation approved by a majority of the disinterested shares. Such an amendment, however, would not become effective for 18 months after its passage and would apply only to stock acquisitions occurring after its effective date.

Section 203 of the DGCL provides that, with certain exceptions, a Delaware corporation may not engage in any of a broad range of business combinations, such as mergers, consolidations and sales of assets, with an "interested stockholder" for a period of three years from the date that such person became an interested stockholder unless: (i) the transaction that results in the person's becoming an interested stockholder or the business combination is approved by the board of directors of the corporation before the person becomes an interested stockholder; (ii) upon consummation of the transaction which results in the stockholder becoming an interested stockholder, the interested stockholder owns 85% or more of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by persons who are directors and also officers and shares owned by certain employee stock plans; or (iii) on or after the date the person becomes an interested stockholder, the business combination is approved by the corporation's board of directors and by holders of at least 66 2/3% of the corporation's outstanding voting stock, excluding shares owned by the interested stockholder, at a meeting of stockholders. Under Section 203, an "interested stockholder" is defined as any person, other than the corporation and any direct or indirect majority-owned subsidiary, (i) that is the owner of 15% or more of the outstanding voting stock of the corporation or (ii) an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder. Section 203 does not apply to a corporation that so provides in an amendment to its certificate of incorporation or by-laws passed by a majority of its outstanding shares at any time. Such stockholder action does not become effective for 12 months following its adoption and would not apply to persons who were already interested stockholders at the time of the amendment.

Neither the Present Articles of Incorporation nor the New Certificate of Incorporation excludes the Corporation from restrictions imposed under Sections 23-1-43-1 to 23-1-43-23 of the IBCL or Section 203 of the DGCL.

CONTROL SHARE ACQUISITIONS

Pursuant to Sections 23-1-42-1 to 23-1-42-11 of the IBCL, an acquiring person who makes a "control share acquisition" in an "issuing public corporation" may not exercise voting rights on any "control shares" unless such voting rights are conferred by a majority vote of the disinterested shareholders of the issuing corporation. Unless otherwise provided in a corporation's articles of incorporation or by-laws before a control share acquisition has occurred, in the event that control shares acquired in a control share acquisition are accorded full voting rights and the acquiring person acquires control shares with a majority or more of all voting power, all shareholders of the issuing corporation have dissenters' rights to receive the fair value of their shares. Under the IBCL, "control shares" means shares acquired by a person that, when added to all other shares of the issuing public corporation owned by that person or in respect of which that person may exercise or direct the exercise of voting power, would entitle that person (directly or indirectly, alone or as a part of a group) to exercise voting power of the issuing public corporation in the election of directors within any of the following ranges of voting power: (i) one-fifth or more but less than one-third; (ii) one-third or more but less than a majority; or (iii) a majority or more. "Control share acquisition" means, subject to certain exceptions, the acquisition, directly or indirectly, by any person of ownership of, or the power to direct the exercise

of voting power with respect to, issued and outstanding control shares. Shares acquired within 90 days or pursuant to a plan to make a control share acquisition are considered to have been acquired in the same acquisition. "Issuing public corporation" means a corporation which is organized in Indiana, has 100 or more shareholders, has its principal place of business, its principal office or substantial assets within Indiana and has either: (i) more than 10% of its shareholders resident in Indiana; (ii) more than 10% of its shares owned by Indiana residents; or (iii) 10,000 shareholders resident in Indiana. The above provisions do not apply if, before a control share acquisition is made, the corporation's articles of incorporation or by-laws (including board adopted by-laws) provide that they do not apply.

There is no corresponding provision under the DGCL.

CONSTITUENT INTERESTS

Section 23-1-35-1 of the IBCL provides that the board of directors, in discharging its duties, may consider, in its discretion, both the long-term and short-term best interests of the corporation, taking into account, and weighing as the directors deem appropriate, the effects of an action on the corporation's shareholders, employees, suppliers and customers and the communities in which offices or other facilities of the corporation are located and any other factors the directors consider pertinent. Section 23-1-35-1 specifically provides that certain judicial decisions in Delaware and other jurisdictions, which might be looked upon for guidance in interpreting Indiana law, including decisions that propose a higher or different degree of scrutiny in response to a proposed acquisition of the corporation, are inconsistent with the proper application of that section.

There is no corresponding provision in the DGCL.

PROCEDURES TO REGULATE CHANGES IN CONTROL

Section 23-1-22-4 of the IBCL provides that, in addition to any other provision authorized by any other section of the IBCL or contained in the articles of incorporation or the by-laws, a corporation may establish one or more procedures to regulate transactions that would, when consummated, result in a change of "control" of the corporation. Such a procedure may be established in the original articles of incorporation or by-laws, by an amendment to the articles of incorporation, or, notwithstanding the fact that a vote of the shareholders would otherwise be required by any other provision of the IBCL or the articles of incorporation, by an amendment to the by-laws. For the purposes of Section 23-1-22-4, "control" means, for any corporation that has 100 or more shareholders, the beneficial ownership, or the direct or indirect power to direct the voting, of not less than 10% of the voting shares of a corporation's outstanding voting shares.

There is no corresponding provision under the DGCL.

DISSENTERS' RIGHTS; APPRAISAL RIGHTS

Both Section 23-1-44-8 of the IBCL and Section 262 of the DGCL provide that shareholders have the right, in some circumstances, to dissent from certain corporate reorganizations and to instead demand payment of the fair value of their shares. Under Section 23-1-44-8 of the IBCL, dissenters do not have rights of appraisal with respect to shares of any class or series of stock registered on a national securities exchange or traded on the National Association of Securities Dealers, Inc. Automated Quotation System Over-the-Counter Markets-National Market Issues or a similar market or unless the articles of incorporation, by-laws or resolution of the board of directors provide that

non-voting shares are entitled to dissent, if they were not entitled to vote on the corporate reorganization.

Under Section 262 of the DGCL, unless a corporation's certificate of incorporation provides otherwise, dissenting stockholders do not have the rights of appraisal with respect to a merger or consolidation by a corporation, the shares of which are either listed on a national securities exchange or held by more than 2,000 stockholders, if the stockholders receive (a) shares in the surviving corporation, (b) shares of another corporation that are listed on a national securities exchange or held by more than 2,000 stockholders, (c) cash in lieu of fractional shares described in (a) and (b) of this paragraph or (d) any combination of the above. Further, dissenters' rights are not available to stockholders of a corporation surviving a merger if no vote of the stockholders of the surviving corporation is required to approve the merger.

REDEEMABLE SHARES

Section 23-1-25-1 of the IBCL provides that the articles of incorporation of a corporation may authorize one or more classes of shares that are redeemable or convertible as specified in the articles of incorporation at the option of the corporation, the shareholder or another person or upon the occurrence of a designated event.

Section 151(b) of the DGCL provides that the certificate of incorporation or a resolution of the board of directors providing for the issuance of a class of stock may make such class of stock subject to redemption at the option of the

corporation or the stockholders, or upon the happening of a specified event, as long as immediately following any such redemption the corporation has at least one share of at least one series of stock with full voting powers.

RIGHTS, WARRANTS OR OPTIONS

Under Section 23-1-26-5 of the IBCL, a corporation, acting through its board of directors, may create or issue rights, options or warrants for the purchase of shares or other securities of the corporation or any successor in interest of the corporation. The board of directors is to determine the terms upon which the rights, options or warrants are issued, their form and content, and the consideration for which the shares or other securities are to be issued.

Under Section 157 of the DGCL, rights or options to purchase shares of any class of stock may be authorized by a corporation's board of directors subject to the provisions of the certificate of incorporation. The terms of such rights or options must be fixed and stated in the certificate of incorporation or in a resolution or resolutions adopted by the board of directors.

PREEMPTIVE RIGHTS

Under Section 23-1-27-1 of the IBCL and Section 102(b)(3) of the DGCL, absent an express provision in a corporation's articles of incorporation or certificate of incorporation, a shareholder does not, by operation of law, possess preemptive rights to subscribe to an additional issue of stock. Neither the Present Articles of Incorporation nor the New Certificate of Incorporation provide for preemptive rights.

AMENDMENT OF CERTIFICATE OR ARTICLES OF INCORPORATION AND BY-LAWS

Sections 23-1-38-1 - 23-1-38-7 of the IBCL and Section 242 of the DGCL permit a corporation to amend its certificate of incorporation or articles of incorporation in any respect, provided the amendment contains only provisions

that would be lawful in an original certificate of incorporation or articles of incorporation filed at the time of amendment. To amend articles of incorporation or a certificate of incorporation, the board must adopt a resolution presenting the proposed amendment. In addition, under the DGCL, a majority of the shares entitled to vote, as well as a majority of shares of each class entitled to vote, must approve the amendment to make it effective. Under the IBCL, an amendment to the articles of incorporation of an Indiana corporation generally may be adopted if the votes cast favoring the amendment exceed the votes cast opposing the amendment, except that any amendment that would create dissenters' rights must be approved by a majority of the votes entitled to be cast. Under the IBCL and the DGCL, when the substantial rights of a class of shares will be affected by an amendment, the holders of those shares are entitled to vote as a class even if the shares are non-voting shares. Additionally, when one or more series in a class of shares, and not the entire class, will be adversely affected by an amendment, the affected series may vote as a class.

Under Section 242(b)(2) of the DGCL, the right to vote as a class may be limited in certain circumstances. Any provision in the certificate of incorporation that requires a greater vote than required by law cannot be amended or repealed except by such greater vote. Section 242(c) of the DGCL provides that, in its resolution proposing an amendment, the board may insert a provision allowing the board to abandon the amendment, without concurrence by shareholders, after the amendment has received stockholder approval but before its filing with the Secretary of State.

Section 23-1-39-1 of the IBCL provides that, unless the articles of incorporation provide otherwise, only the board of directors of a corporation may amend the by-laws. Section 109 of the DGCL, on the other hand, provides that the power to amend the by-laws rests with the shareholders entitled to vote, although the certificate of incorporation may confer the power to amend the by-laws upon the board of directors. Section 109 further provides that the fact that the certificate of incorporation confers such power upon the board of directors neither limits nor divests the shareholders of the power to amend the by-laws. The New Certificate of Incorporation does not provide otherwise.

The Present Articles of Incorporation and New Certificate of Incorporation provide that the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by law, and all rights conferred upon shareholders herein are granted subject to this reservation.

The Present and New By-Laws provide that the Board of Directors or stockholders may adopt, alter, amend or repeal them. Such action by the Board of Directors requires the affirmative vote of a majority of the directors then in office.

INSPECTION OF BOOKS AND RECORDS

Section 23-1-52-2 of the IBCL entitles any shareholder of a corporation to inspect and copy, during regular business hours, certain enumerated corporate records if the shareholder gives the corporation at least five days' advance written notice. Certain records may be inspected only if: (i) the shareholder's demand is made in good faith and for a proper purpose, (ii) the shareholder describes with reasonable particularity the shareholder's purpose, and (iii) the records to be inspected are directly connected with the shareholder's purpose.

Section 220 of the DGCL entitles any stockholder of record of a corporation, in person or by an agent, upon written demand under oath stating the purpose thereof, to inspect during usual business hours, for any proper purpose, the corporation's stock ledger, a list of its stockholders and its

other books and records, and to make copies or extracts therefrom. A proper purpose means a purpose reasonably related to such person's interest as a stockholder.

VOTES REQUIRED

The affirmative vote of the holders of a majority of the outstanding shares of Common Stock who are entitled to vote at the 2007 Annual Meeting is required for the approval and adoption of the reincorporation proposal.

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE REINCORPORATION PROPOSAL.

PROPOSAL NO. 3

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

TERMINATION OF ERNST & YOUNG LLP

Ernst & Young LLP audited the consolidated financial statements of the Corporation for the year ended December 31, 2006 and has reported the results of its audit to the Audit Committee of the Board of Directors.

On July 10, 2007, the Corporation terminated Ernst & Young LLP as its independent registered public accountant, effective immediately. The termination was recommended by the Audit Committee of the Board of Directors.

The reports of Ernst & Young LLP on the consolidated financial statements of the Corporation as at and for the fiscal years ended December 31, 2006 and 2005 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended December 31, 2006 and 2005 and through the date of termination, there were no disagreements with Ernst & Young LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to the satisfaction of Ernst & Young LLP would have caused it to make reference thereto in connection with its reports on the financial statements for such years.

During the fiscal years ended December 31, 2006 and 2005 and through the date of termination, there were no events of the type described in Item 304(a)(1)(v) of Regulation S-K.

ENGAGEMENT OF J.H. COHN LLP

On July 10, 2007, the Corporation engaged J.H. Cohn LLP as the Corporation's independent registered public accountant. The engagement of J.H. Cohn LLP was approved by the Audit Committee of the Board of Directors.

During the years ended December 31, 2006 and 2005 and through the date of termination of Ernst & Young LLP, the Corporation did not consult with J.H. Cohn LLP with respect to any of (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on the Corporation's financial statements; or (iii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or an event of the type described in Item 304(a)(1)(v) of Regulation S-K.

The Corporation provided Ernst & Young LLP with a copy of the foregoing disclosure and requested Ernst & Young LLP to furnish the Corporation with a letter addressed to the SEC stating whether it agrees with the statements made therein. A copy of Ernst & Young LLP's letter dated July 12, 2007, is filed as Exhibit 16 to the Current Report on Form 8-K filed by the Corporation with the SEC on July 12, 2007.

The Audit Committee of the Board of Directors has appointed J.H. Cohn LLP as the Corporation's independent auditors for the fiscal year ending December 31, 2007. Although the selection of independent auditors does not require ratification, the Board of Directors has directed that the appointment of J.H. Cohn LLP be submitted to shareholders for ratification due to the significance of their appointment to the Corporation. If shareholders do not ratify the appointment of J.H. Cohn LLP as the Corporation's independent auditors, the Audit Committee of the Board of Directors will consider the appointment of other certified public accountants. A representative of J.H. Cohn LLP will be present at the 2007 Annual Meeting, will be available to respond to appropriate questions and will have the opportunity to make a statement if he so desires. The Corporation does not expect that a representative of Ernst & Young LLP will be present at the 2007 Annual Meeting, but if present, such representative will have the opportunity to make a statement if he so desires.

AUDIT FEES

The aggregate audit fees billed for each of the last two fiscal years by Ernst & Young LLP were $436,800 for 2006 and $392,500 for 2005. Audit fees include services relating to auditing the Corporation's annual financial statements, reviewing the financial statements included in the Corporation's quarterly reports on Form 10-Q and certain accounting consultations.

AUDIT RELATED FEES

The aggregate audit related fees billed for each of the last two fiscal years by Ernst & Young LLP totaled $24,000 for 2006 and $22,000 for 2005. Audit related fees include services relating to employee benefit plans.

TAX FEES

The aggregate tax fees billed for each of the last two fiscal years by Ernst & Young LLP totaled $25,000 for 2006 and $32,000 for 2005. Tax fees include services performed relating to tax compliance and customs services.

ALL OTHER FEES

The Corporation was not billed for any other services by Ernst & Young LLP during 2006 or 2005.

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 auditors 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 auditors and shall not engage the independent auditors 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 Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.

The Audit Committee has determined that the rendering of the services other than audit services by Ernst & Young LLP was compatible with maintaining Ernst & Young LLP's independence.

All audit-related and tax services performed by our independent auditors were pre-approved by the Audit Committee.

VOTES REQUIRED

The affirmative vote of a majority of those shares present in person or represented by proxy and entitled to vote on the proposal at the annual meeting is required to ratify the appointment of J.H. Cohn LLP as the Corporation's independent auditors for the fiscal year ending December 31, 2007. Thus, abstentions will not affect the outcome of the vote on the proposal.

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF J.H. COHN LLP AS THE CORPORATION'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2007.

SHAREHOLDER PROPOSALS

Proposals of shareholders intended to be presented at the 2008 Annual Meeting of Shareholders must be received by the Corporate Secretary, The LGL Group, Inc., 140 Greenwich Avenue, 4th Floor, Greenwich, Connecticut 06830, by no later than March 19, 2008, for inclusion in the Corporation's proxy statement and form of proxy relating to the 2008 Annual Meeting.

Under SEC rules, if the Corporation does not receive notice of a shareholder proposal at least 45 days prior to the first anniversary of the date of mailing of the prior year's proxy statement, then the Corporation will be permitted to use its 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 Corporation's 2008 Annual Meeting of Shareholders, if the Corporation does not have notice of a shareholder proposal on or before June 2, 2008, the Corporation will be permitted to use its discretionary voting authority as outlined above.

If the Reincorporation Merger is approved, the By-Laws of LGL Delaware will govern the merged corporation. The By-Laws of LGL Delaware establish procedures for stockholder nominations for elections of directors of LGL Delaware and bringing business before any annual meeting or special meeting of stockholders of LGL Delaware. Any stockholder entitled to vote generally in the election of directors may nominate one or more persons for election as directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been delivered, either by personal delivery or by United States mail, postage prepaid, to the Corporate Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day 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 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which

public announcement of the date of such meeting is first made by the Corporation. In no event shall 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. Such stockholder's notice shall 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 Securities Exchange Act of 1934, as amended, 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 of Directors; (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 the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation 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 Securities Exchange Act of 1934, as amended, and Rule 11a-11 thereunder, and (iv) any additional information reasonably requested by the Board of Directors.

Notwithstanding anything in the previous paragraph, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by the By-Laws of the Corporation 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 the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

The Corporation 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 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.

MISCELLANEOUS

The Board of Directors knows of no other matters that are likely to come before the 2007 Annual Meeting. If any other matters should properly come before the 2007 Annual Meeting, it is the intention of the persons named in the accompanying form of proxy to vote on such matters in accordance with their best judgment.

The solicitation of proxies is made on behalf of the Board of Directors of the Corporation, and the cost thereof will be borne by the Corporation. The Corporation has employed the firm of Morrow & Co. Inc., 470 West Avenue, 3rd Floor, Stamford, Connecticut, 06902 to assist in this solicitation at a cost of

$4,000, plus out-of-pocket expenses. The Corporation will also reimburse brokerage firms and nominees for their expenses in forwarding proxy material to beneficial owners of the Common Stock of the Corporation. In addition, officers and employees of the Corporation (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

The Corporation's Annual Report to Shareholders for the fiscal year ended December 31, 2006 is being sent herewith to each shareholder. Such Annual Report, however, is not to be regarded as part of the proxy soliciting material.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
OF THE LGL GROUP, INC.

PROXY -- ANNUAL MEETING OF SHAREHOLDERS AUGUST 28, 2007

The undersigned, a shareholder of The LGL Group, Inc., an Indiana corporation (the "Corporation"), does hereby appoint Marc Gabelli, Jeremiah Healy and Steve Pegg, and each of them, the true and lawful attorneys and proxies with full power of substitution, for and in the name, place and stead of the undersigned, to vote all of the shares of Common Stock of the Corporation that the undersigned would be entitled to vote if personally present at the 2007 Annual Meeting of Shareholders of the Corporation to be held at The Greenwich Library, 101 West Putnam Avenue, Greenwich, Connecticut, on Tuesday, August 28, 2007 at 9:30 a.m., local time, or at any adjournment or adjournments thereof.

(CONTINUED AND TO BE MARKED, DATED AND SIGNED, ON THE OTHER SIDE)

ADDRESS CHANGE/COMMENTS (MARK THE CORRESPONDING BOX ON THE REVERSE SIDE)

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH ANY DIRECTIONS HERE BELOW GIVEN. Please UNLESS OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS, FOR THE APPROVAL OF THE REINCORPORATION IN THE STATE OF DELAWARE AND FOR RATIFICATION OF THE APPOINTMENT DF THE INDEPENDENT AUDITORS. Mark Here for Address Change or Comments SEE REVERSE SIDE

FOR ALL NOMINEES | WITHHOLD AUTHORITY TO VOTE FOR ALL NOMINEES

1. ELECTION OF DIRECTORS:

The election of

01-Marc Gabelli, 02-E. Val Cerutti, 03-Peter DaPuzzo, 04-Timothy Foufas, 05-Avrum Gray, 06-Patrick J. Guarino, 07-Kuni Nakamura, 08-Anthony R. Pustorino and 09-Javier Romero to the Board of Directors, to serve until the 2008 Annual Meeting of Shareholders and until their respective successors are elected and shall qualify.

	FOR	AGAINST	ABSTAIN
2. APPROVAL OF THE REINCORPORATION IN THE STATE OF DELAWARE.	-----	-----	-----
3. RATIFICATION OF THE APPOINTMENT OF J.H. COHN LLP AS THE INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2007	-----	-----	-----

To withhold authority to vote for any individual nominee(s),
print name(s) below.

The undersigned hereby revokes any proxy or proxies heretofore given, and ratifies and confirms all that the proxies appointed hereby, or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

NOTE: PLEASE SIGN EXACTLY AS YOUR NAME OR NAMES APPEAR HEREON. WHEN SIGNING AS ATTORNEY, EXECUTOR, ADMINISTRATOR, TRUSTEE OR GUARDIAN, PLEASE INDICATE THE CAPACITY IN WHICH SIGNING. WHEN SIGNING AS JOINT TENANTS, ALL PARTIES IN THE JOINT TENANCY MUST SIGN. WHEN A PROXY IS GIVEN BY A CORPORATION, IT SHOULD BE SIGNED WITH FULL CORPORATE NAME BY A DULY AUTHORIZED OFFICER.

Dated: , 2007

(L.S.)

(Signature of Shareholder)

(L.S.)

(Signature of Shareholder)

Exhibit A

AGREEMENT AND PLAN OF MERGER
OF
THE LGL GROUP, INC., A DELAWARE CORPORATION
AND
THE LGL GROUP, INC., AN INDIANA CORPORATION

AGREEMENT AND PLAN OF MERGER (the "Merger Agreement"), dated as of August ___, 2007, between The LGL Group, Inc. ("LGL Delaware"), and The LGL Group, Inc. an Indiana corporation ("LGL Indiana"), pursuant to Section 253 of the Delaware General Corporation Law (the "DGCL") and Sections 23-1-38.5-5 and 23-1-40-7 of the Indiana Business Corporation Law (the "IBCL").

W I T N E S S E T H:

WHEREAS, LGL Delaware is a corporation duly organized and in good standing under the laws of the State of Delaware;

WHEREAS, LGL Indiana is a corporation duly organized and in good standing under the laws of the State of Indiana;

WHEREAS, the Board of Directors of LGL Delaware and the Board of Directors of LGL Indiana have determined that it is advisable and in the best interests of each of them that LGL Indiana merge with and into LGL Delaware upon the terms and subject to the conditions herein provided;

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein, the parties hereto agree as follows:

ARTICLE 1: MERGER. Upon the filing of a Certificate of Ownership and

Merger with the Secretary of State of the State of Delaware and the Articles of Merger with the Secretary of State of the State of Indiana (the "Effective Time"), LGL Indiana shall be merged (the "Merger") with and into LGL Delaware, and LGL Delaware shall be the corporation surviving the Merger (hereinafter referred to as the "Surviving Corporation").

ARTICLE 2: DIRECTORS, OFFICERS AND GOVERNING DOCUMENTS. The directors of the Surviving Corporation from and after the Effective Time shall be the directors of LGL Indiana immediately prior to the Effective Time. The officers of the Surviving Corporation immediately after the Effective Time shall be the officers of LGL Indiana immediately prior to the Effective Time. These officers and directors shall hold office in accordance with the Certificate of Incorporation and By-Laws of the Surviving Corporation. After the Effective Time, the existing Certificate of Incorporation and By-Laws of LGL Delaware, in the forms attached hereto as Annex A and B, shall remain the Certificate of Incorporation and By-Laws of the Surviving Corporation.

ARTICLE 3: NAME. The name of the Surviving Corporation shall be: The LGL Group, Inc.

ARTICLE 4: EFFECT OF MERGER ON SHARES OF STOCK OF LGL INDIANA. At the Effective Time, each share of common stock, $0.01 par value, of LGL Indiana outstanding immediately prior to the Effective Time shall be converted into and become one share of common stock, $0.01 par value, of the Surviving Corporation. At the Effective Time, each issued and outstanding share of stock of LGL Delaware shall be canceled, without the payment of consideration therefor.

ARTICLE 5: EFFECT OF THE MERGER. The Merger shall have the effect set forth in Section 259 of the DGCL.

ARTICLE 6: APPROVAL. The Plan of Merger herein made and approved shall be submitted to the shareholders of LGL Indiana and stockholders of LGL Delaware, respectively, for their approval in the manner prescribed by the provisions of the IBCL and the provisions of the DGCL.

ARTICLE 7: AUTHORIZATION. The Board of Directors and the proper officers of LGL Indiana and of the Surviving Corporation, respectively, are hereby authorized, empowered, and directed to do any and all acts and things, and to make, execute, deliver, file, and/or record any and all instruments, papers, and documents which shall be or become necessary, proper, or convenient to carry out or put into effect any of the provisions of this Agreement and Plan of Merger or of the merger provided for herein.

ARTICLE 8: FURTHER ASSURANCES. From time to time, as and when required by the Surviving Corporation or by its successors and assigns, there shall be executed and delivered on behalf of LGL Indiana such deeds and other instruments, and there shall be taken or caused to be taken by the Surviving Corporation all such further and other actions, as shall be appropriate or necessary in order to vest, perfect or confirm in the Surviving Corporation the title to and possession of all property, interests, assets, rights, privileges, immunities, powers and authority of LGL Indiana, and otherwise to carry out the purposes of this Merger Agreement. The officers and directors of the Surviving Corporation are fully authorized, on behalf of the Surviving Corporation and LGL Indiana, to take any and all such actions and to execute and deliver any and all such deeds, documents and other instruments.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Merger Agreement as of the date first above written.

THE LGL GROUP, INC.
an Indiana corporation

By:

Name: Jeremiah M. Healy
Title: President and Chief Executive Officer

THE LGL GROUP, INC.
a Delaware corporation

By:

Name: Steve Pegg
Title: Vice President and Chief Financial Officer

Exhibit B

CERTIFICATE OF INCORPORATION

OF

THE LGL GROUP, INC.

The undersigned, being the sole incorporator herein named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does hereby certify that:

FIRST The name of the corporation is The LGL Group, Inc. (the "Corporation").

SECOND The address, including street, number, city and county of the registered office of the Corporation in the State of Delaware is 615 South DuPont Highway, Dover, Delaware 19901, County of Kent; and the name of the registered agent of the Corporation in the State of Delaware at such address is National Corporate Research, Ltd.

THIRD The nature of the business, and the objects and purposes proposed to be transacted, promoted and carried on, are to do any lawful act or thing for which a corporation may be organized under the General Corporation Law of the State of Delaware.

FOURTH The aggregate number of shares of stock that the Corporation shall have authority to issue is Ten Million (10,000,000) shares of Common Stock, $0.01 par value per share.

FIFTH The name and the mailing address of the incorporator are as follows:

Kenneth S. Mantel
Olshan Grundman Frome Rosenzweig & Wolosky LLP
Park Avenue Tower
65 East 55th Street
New York, New York 10022

SIXTH The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by paragraph (7) of subsection

(b) of Section 102 of the General Corporation Law of the State of Delaware, as same may be amended and supplemented. Any repeal or modification of this Article SIXTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation with respect to events occurring prior to the time of such repeal or modification.

SEVENTH The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed

exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in their official capacities and as to action in another capacity while holding such offices, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

EIGHTH The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, and any other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, subject to the limitations set forth in this Certificate of Incorporation and in the manner now or hereafter provided herein by statue, and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Certificate of Incorporation in its present form or as amended are granted subject to the rights reserved in this Article EIGHTH.

NINTH The Corporation hereby confers the power to adopt, amend or repeal its By-Laws upon the Board of Directors. Notwithstanding the forgoing, such power shall not divest or limit the power of the stockholders of the Corporation to adopt, amend or repeal the By-Laws of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of July 2007.

/s/ Kenneth S. Mantel

Kenneth S. Mantel, Incorporator
Olshan Grundman Frome Rosenzweig & Wolosky LLP
Park Avenue Tower
65 East 55th Street
New York, New York 10022

Exhibit C

THE LGL GROUP, INC.

BY-LAWS

ARTICLE I

STOCKHOLDERS

SECTION 1.1. ANNUAL MEETINGS. An annual meeting of stockholders to elect directors and transact such other business as may properly be presented to the meeting shall be held on such date and at such place as the Board of Directors may from time to time fix, and if that day shall be a legal holiday in the jurisdiction in which the meeting is to be held, then on the next day not a legal holiday or as soon thereafter as may be practical, as determined by the Board of Directors.

SECTION 1.2. SPECIAL MEETINGS. A special meeting of stockholders may be called at any time by the Chairman of the Board, the Chief Executive Officer, the President or the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board (as defined below) and shall be called by any of them or by the Secretary upon receipt of a written request to do so specifying the matter or matters, appropriate for action at such a meeting, proposed to be presented at the meeting and signed by holders of shares representing at least twenty-five percent (25%) of all votes entitled to be voted on such matter or matters if the meeting were held on the day such request is received and the record date for such meeting were the close of business on the preceding day. Any such meeting shall be held at such time and at such place, within or without the State of Delaware, as shall be determined by the body or person calling such meeting and as shall be stated in the notice of such meeting. The Whole Board shall mean the total number of directors that the Corporation would have if there were no vacancies.

SECTION 1.3. NOTICE OF MEETING. For each meeting of stockholders, written notice shall be given stating the place, date and hour and, in the case of a special meeting, the purpose or purposes for which the meeting is called and, if the list of stockholders required by Section 1.9 is not to be at such place at least 10 days prior to the meeting, the place where such list will be. Except as otherwise provided by Delaware law, the written notice of any meeting shall be given not less than 10 or more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

SECTION 1.4. QUORUM. Except as otherwise required by Delaware law or the Certificate of Incorporation, the holders of record of a majority of the shares of stock entitled to be voted present in person or represented by proxy at a meeting shall constitute a quorum for the transaction of business at the meeting, but in the absence of a quorum the holders of record present or represented by proxy at such meeting may vote to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is obtained. At any such adjourned session of the meeting at which there shall be present or represented the holders of record of the requisite number of shares, any business may be transacted that might have been transacted at the meeting as originally called.

SECTION 1.5. CHAIRMAN AND SECRETARY AT MEETING. At each meeting of stockholders the Chairman, or in his absence or should the Chairman so direct, the President, or in the absence of the Chairman and the President, then a person designated by the Board of Directors, shall preside as chairman of the meeting; if no person is so designated, then the meeting shall choose a chairman by plurality vote. The Secretary, or in his absence a person designated by the chairman of the meeting, shall act as secretary of the meeting.

SECTION 1.6. VOTING; PROXIES. Except as otherwise provided by Delaware law or the Certificate of Incorporation, and subject to the provisions

of Section 1.10:

(a) Each stockholder shall at every meeting of the stockholders be entitled to one vote for each share of capital stock held by him.

(b) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

(c) Directors shall be elected by a plurality vote.

(d) Each matter, other than election of directors, properly presented to any meeting shall be decided by a majority of the votes cast on the matter.

(e) Election of directors and the vote on any other matter presented to a meeting shall be by written ballot only if so ordered by the chairman of the meeting or if so requested by any stockholder present or represented by proxy at the meeting entitled to vote in such election or on such matter, as the case may be.

SECTION 1.7. ADJOURNED MEETINGS. A meeting of stockholders may be adjourned to another time or place as provided in Section 1.4. Unless the Board of Directors fixes a new record date, stockholders of record for an adjourned meeting shall be as originally determined for the meeting from which the adjournment was taken. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote. At the adjourned meeting any business may be transacted that might have been transacted at the meeting as originally called.

SECTION 1.8. CONSENT OF STOCKHOLDERS IN LIEU OF MEETING. Except as may otherwise be provided in the Certificate of Incorporation, any action that may be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Notice of the taking of such action shall be given promptly to each stockholder that would have been entitled to vote thereon at a meeting of stockholders and that did not consent thereto in writing.

SECTION 1.9. LIST OF STOCKHOLDERS ENTITLED TO VOTE. At least 10 days before every meeting of stockholders a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be prepared and shall be open to the examination of any stockholder for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, at a place within the city where the meeting is to be held. Such list shall be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present.

SECTION 1.10. FIXING OF RECORD DATE. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting

of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 or less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and the record date for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 1.11. NOTICE OF STOCKHOLDER BUSINESS AND NOMINATIONS.

(a) ANNUAL MEETINGS OF STOCKHOLDERS.

(i) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Section 1.11, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.11.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (a)(i) of this Section 1.11, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, 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 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall 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. Such stockholder's notice shall 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 Securities Exchange Act of 1934, as amended (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 of Directors; (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 the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation 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 of Directors.

Notwithstanding anything in the second sentence of paragraph (a)(ii) of this Section 1.11 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.11 shall 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 Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) SPECIAL MEETINGS OF STOCKHOLDERS. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors or (ii) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this By-Law, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.11. In the

event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder who shall be entitled to vote at the meeting may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(ii) of this Section 1.11 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(c) GENERAL.

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.11 shall be eligible to serve as directors and only such business shall be conducted at a meeting of

stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.11. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, either the Board of Directors or the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.11 and, if any proposed nomination or business is not in compliance with this Section 1.11, to declare that such defective proposal or nomination shall be disregarded.

(ii) For purposes of this Section 1.11, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 1.11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.11. Nothing in this Section 1.11 shall be deemed to affect any rights (A) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (B) of the holders of any series of preferred stock to elect directors under specified circumstances.

ARTICLE II

DIRECTORS

SECTION 2.1. NUMBER; TERM OF OFFICE; QUALIFICATIONS; VACANCIES. The number of directors that shall constitute the Whole Board shall be fixed from time to time as determined by action of the Board of Directors, but no less than five (5) nor more than thirteen (13). Until otherwise fixed by action of the Board of Directors, the number of directors constituting the Whole Board shall

be nine (9). Directors shall be elected at the annual meeting of stockholders to hold office, subject to Sections 2.2 and 2.3, until the next annual meeting of stockholders and until their respective successors are elected and qualify. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by the sole remaining director, and the directors so chosen shall hold office, subject to Sections 2.2 and 2.3, until the next annual meeting of stockholders and until their respective successors are elected and qualified.

SECTION 2.2. RESIGNATION. Any director of the Corporation may resign at any time by giving written notice of such resignation to the Board of Directors, the President or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon receipt thereof by the Board of Directors or one of the above-named officers; and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective. When one or more directors shall resign from the Board of Directors effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in these By-Laws in the filling of other vacancies.

SECTION 2.3. REMOVAL. Except for the directors elected pursuant to

and in accordance with the terms of a certificate of designation filed under Delaware law, whose removal is governed thereby, any one or more directors may be removed, with or without cause, by the vote or written consent of the holders of a majority of the shares entitled to vote at an election of directors.

SECTION 2.4. REGULAR AND ANNUAL MEETINGS; NOTICE. Regular meetings of the Board of Directors shall be held at such time and at such place, within or without the State of Delaware, as the Board of Directors may from time to time prescribe. No notice need be given of any regular meeting, and a notice, if given, need not specify the purposes thereof. A meeting of the Board of Directors may be held without notice immediately after an annual meeting of stockholders at the same place as that at which such meeting was held.

SECTION 2.5. SPECIAL MEETINGS; NOTICE. A special meeting of the Board of Directors may be called at any time by the Board of Directors, its Chairman, the President or any person acting in the place of the President and shall be called by any one of them or by the Secretary upon receipt of a written request to do so specifying the matter or matters, appropriate for action at such a meeting, proposed to be presented at the meeting and signed by at least two directors. Any such meeting shall be held at such time and at such place, within or without the State of Delaware, as shall be determined by the body or person calling such meeting. Notice of such meeting stating the time and place and principal purpose or purposes thereof shall be given (a) by deposit of the notice in the United States mail, first class, postage prepaid, at least two days before the day fixed for the meeting addressed to each director at his address as it appears on the Corporation's records or at such other address as the director may have furnished the Corporation for that purpose, or (b) by delivery of the notice similarly addressed for dispatch by electronic transmission, telegraph, cable or radio or by delivery of the notice by telephone or in person, in each case at least 24 hours before the time fixed for the meeting.

SECTION 2.6. CHAIRMAN OF THE BOARD; PRESIDING OFFICER AND SECRETARY AT MEETINGS. The Board of Directors may elect one of its members to serve at its pleasure as Chairman of the Board. Each meeting of the Board of Directors shall be presided over by the Chairman of the Board or in his absence or should the Chairman so direct, by the President, if a director, or if neither is present by such member of the Board of Directors as shall be chosen at the meeting. The Secretary, or in his absence an Assistant Secretary, shall act as secretary of the meeting, or if no such officer is present, a secretary of the meeting shall be designated by the person presiding over the meeting.

SECTION 2.7. QUORUM. A majority of the Whole Board shall constitute a quorum for the transaction of business, but in the absence of a quorum a majority of those present (or if only one be present, then that one) may adjourn the meeting, without notice other than announcement at the meeting, until such time as a quorum is present. Except as otherwise required by the Certificate of Incorporation or the By-Laws, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 2.8. MEETING BY TELEPHONE. Members of the Board of Directors or of any committee thereof may participate in meetings of the Board of Directors or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

SECTION 2.9. ACTION WITHOUT MEETING. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken

at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the Board of Directors or of such committee.

SECTION 2.10. EXECUTIVE AND OTHER COMMITTEES.

(a) The Board of Directors may, by resolution passed by a majority of the Whole Board, designate an Executive Committee and one or more other committees, each such committee, except as otherwise required by applicable law, to consist of two or more directors (or, in the case of a special-purpose committee, one or more directors) as the Board of Directors may from time to time determine. Any such committee, to the extent provided in such resolution or resolutions or in these By-Laws and not inconsistent with Section 141 of the Delaware General Corporation Law, as from time to time amended (the "DGCL"), shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, including the power to authorize the seal of the Corporation to be affixed to all papers that may require it; and unless the resolution or resolutions shall expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such committee member or members or they constitute a quorum, may unanimously appoint

another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Each such committee other than the Executive Committee shall have such name as may be determined from time to time by the Board of Directors.

(b) Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may adopt, amend and repeal rules for the conduct of its business. In the absence of a provision by the Board of Directors or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these By-Laws.

SECTION 2.11. COMPENSATION. No director shall receive any stated salary for his services as a director or as a member of a committee but shall receive such sum, if any, as may from time to time be fixed by the action of the Board of Directors.

ARTICLE III

OFFICERS

SECTION 3.1. ELECTION; QUALIFICATION. The principal officers of the Corporation shall be the President, one or more Vice Presidents, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may in addition elect a Chairman of the Board who shall be chosen from among the Directors. Any two or more offices may be held by the same person.

SECTION 3.2. TERM OF OFFICE. Each officer shall hold office from the time of his election and qualification to the time at which his successor is

elected and qualified, unless he shall die or resign or shall be removed pursuant to Section 3.4 at any time sooner.

SECTION 3.3. RESIGNATION. Any officer of the Corporation may resign at any time by giving written notice of such resignation to the Chairman of the Board of Directors, the President or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon receipt thereof by the Board of Directors or one of the above-named officers; and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.4. REMOVAL. Any officer may be removed at any time, with or without cause, by the vote of a majority of the Whole Board.

SECTION 3.5. VACANCIES. Any vacancy however caused in any office of the Corporation shall be filled by the Board of Directors.

SECTION 3.6. COMPENSATION. Unless otherwise provided by resolution passed by a majority of the Whole Board, and subject to the requirements of any national securities exchange or automated quotation system on which the stock of the Corporation is listed, the salaries of all officers elected by the Board of Directors shall be fixed by the Board of Directors.

SECTION 3.7. CHAIRMAN OF THE BOARD. The Chairman of the Board shall be the chairman of all meetings of the Board of Directors, or in the absence or in case there shall be no Chairman of the Board, the Chief Executive Officer shall be the Chairman of all meetings of the Board of Directors.

SECTION 3.8. PRESIDENT. The President, if so designated by the Board of Directors, shall be the Chief Executive Officer of the Corporation and shall have general charge of the business and affairs of the Corporation, subject however to the right of the Board of Directors to confer specified powers on officers and subject to the control of the Board of Directors and the Executive Committee, if any. If not designated by the Board of Directors as Chief Executive Officer, the President shall be the Chief Operating Officer of the Corporation and shall have general charge of the day-to-day operations of the business and affairs of the Corporation, subject however to the right of the Board of Directors to confer specified powers on officers and subject to the control of the Board of Directors. The Chief Executive Officer shall keep the Board of Directors appropriately informed regarding the business and affairs of the Corporation.

SECTION 3.9. TREASURER. The Treasurer shall have charge of and be responsible for the receipt, disbursement and safekeeping of all funds and securities of the Corporation. The Treasurer shall deposit all such funds in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these bylaws. From time to time and whenever requested to do so, the Treasurer shall render statements of the condition of the finances of the Corporation to the Board of Directors. The Treasurer shall perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her.

SECTION 3.10. VICE PRESIDENT. Each Vice President shall have such powers and duties as generally pertain to the office of Vice President and as the Board of Directors or the President may from time to time prescribe. During the absence of the president or his inability to act, the Vice President, or if there shall be more than one Vice President, then that one designated by the Board of Directors, shall exercise the powers and shall perform the duties of the President, subject to the direction of the Board of Directors and the Executive Committee, if any.

SECTION 3.11. SECRETARY. The Secretary shall keep the minutes of all meetings of stockholders and of the Board of Directors. He shall be custodian of the corporate seal and shall affix it or cause it to be affixed to such instruments as require such seal and attest the same and shall exercise the powers and shall perform the duties incident to the office of Secretary, subject to the direction of the Board of Directors and the Executive Committee, if any.

SECTION 3.12. OTHER OFFICERS. Each other officer of the Corporation shall exercise the powers and shall perform the duties incident to his office, subject to the direction of the Board of Directors.

ARTICLE IV

CAPITAL STOCK

SECTION 4.1. STOCK CERTIFICATES. The interest of each holder of stock of the Corporation shall be evidenced by a certificate or certificates in such form as the Board of Directors may from time to time prescribe. Each certificate shall be signed by or in the name of the Corporation by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. Any of or all the signatures appearing on such certificate or certificates may be a facsimile. If any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 4.2. TRANSFER OF STOCK. Shares of stock shall be transferable on the books of the Corporation pursuant to applicable law and such rules and regulations as the Board of Directors shall from time to time prescribe.

SECTION 4.3. HOLDERS OF RECORD. Prior to due presentment for registration of transfer the Corporation may treat the holder of record of a share of its stock as the complete owner thereof exclusively entitled to vote, to receive notifications and otherwise entitled to all the rights and powers of a complete owner thereof, notwithstanding notice to the contrary.

SECTION 4.4. LOST, STOLEN, DESTROYED OR MUTILATED CERTIFICATES. The Corporation shall issue a new certificate of stock to replace a certificate theretofore issued by it alleged to have been lost, destroyed or wrongfully taken, if the owner or his legal representative (i) requests replacement, before the Corporation has notice that the stock certificate has been acquired by a bona fide purchaser; (ii) files with the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against it on account of the alleged loss or destruction of any such stock certificate or the issuance of any such new stock certificate; and (iii) satisfies such other terms and conditions as the Board of Directors may from time to time prescribe.

ARTICLE V

MISCELLANEOUS

SECTION 5.1. INDEMNITY. (a) The Corporation shall indemnify, subject to the requirements of subsection (d) of this Section, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by

reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action

or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall indemnify, subject to the requirements of subsection (d) of this Section, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

(c) To the extent that a director, officer, employee or agent of the Corporation, or a person serving in any other enterprise at the request of the Corporation, has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection (a) and (b) of this Section, or in defense of any claim, issue or matter therein, the Corporation shall indemnify him against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under subsections (a) and (b) of this Section (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b) of this Section. Such determination shall be made (1) by a majority vote of the directors who are not parties to such action, suit or proceeding even though less than a quorum, or (2) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (3) by the stockholders.

(e) Expenses incurred by a director, officer, employee or agent in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or

proceeding as authorized by the Board of Directors upon receipt of an

undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Section.

(f) The indemnification and advancement of expenses provided by or granted pursuant to, the other subsections of this Section shall not limit the Corporation from providing any other indemnification or advancement of expenses permitted by law nor shall it be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

(g) The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Section.

(h) The indemnification and advancement of expenses provided by, or granted pursuant to this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(i) For the purposes of this Section, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(j) This Section 5.1 shall be construed to give the Corporation the broadest power permissible by the DGCL, as it now stands and as hereafter amended.

SECTION 5.2. WAIVER OF NOTICE. Whenever notice is required by the Certificate of Incorporation, the By-Laws or any provision of the DGCL, a written waiver thereof, signed by the person entitled to notice, whether before or after the time required for such notice, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

SECTION 5.3. FISCAL YEAR. The fiscal year of the Corporation shall start on such date as the Board of Directors shall from time to time prescribe.

SECTION 5.4. CORPORATE SEAL. The corporate seal shall be in such form as the Board of Directors may from time to time prescribe, and the same may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE VI

AMENDMENT OF BY-LAWS

SECTION 6.1. AMENDMENT. The By-Laws may be altered, amended or repealed by the stockholders or by the Board of Directors by a majority vote.