

**VISHAY PRECISION GROUP, INC.**

**AUDIT COMMITTEE CHARTER**

**(as approved by the Board of Directors on June 30, 2010)**

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**AUDIT COMMITTEE CHARTER**

This Audit Committee Charter (this “Charter”) has been adopted by the Board of Directors (the “Board”) of Vishay Precision Group, Inc. (the “Company”).

**I. Purpose and General Principles**

1. The purpose of the Company’s Audit Committee (the “Committee”) is to oversee the accounting and financial reporting processes of the Company and the audits of financial statements of the Company, and to assist the Board in its oversight of –

- the integrity of the Company’s financial statements,
- the Company’s compliance with legal and regulatory requirements,
- the independence and qualifications of the Company’s independent auditor, and
- the performance of the Company’s internal audit function and independent auditor.

2. The Committee shall also fulfill such other responsibilities as are prescribed by the United States securities laws, the rules and regulations of the Securities and Exchange Commission (the “SEC”) and the rules of the New York Stock Exchange.

In discharging its responsibilities, the Committee shall –

- provide oversight over and serve as a check and balance on the Company’s financial reporting system;
- provide an independent review of the Company’s financial reporting process, internal controls and independent auditor;
- provide an independent forum in which the Company’s independent auditor and other interested parties can candidly discuss concerns; and
- help to ensure that management properly develops and adheres to a sound system of internal controls, that procedures are in place to objectively assess management's practices and internal controls, and that the independent auditors, through its own review, objectively assesses the Company's financial reporting practices.

3. The Committee has the authority and responsibilities set out in this Charter. However, it is not the function or responsibility of the Committee to prepare the Company’s

financial statements, apply appropriate accounting or financial reporting principles, institute internal controls or procedures or conduct audits of the Company's financial statements. These are the responsibilities of management and the Company's independent auditor.

4. The Committee shall be entitled to rely in good faith on the integrity of those persons and organizations within and outside the Company from which it receives information, and upon the accuracy of the financial and other information provided by such persons or organizations.

## **II. Membership and Organization**

1. The Committee shall consist of at least three directors, as determined annually by the Board.

2. Members of the Committee shall be appointed by the Board, taking into consideration the recommendation of the Nominating and Corporate Governance Committee. The Board may remove members of the Committee with or without cause at any time.

3. Each member of the Committee shall be free of any material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company), as affirmatively determined by the Board.

4. The members of the Committee shall also meet the independence and financial expertise requirements of Section 10A(m)(3) of the Securities and Exchange Act of 1934 and the rules and regulations of the SEC, all other independence rules of the New York Stock Exchange and the rules of any other exchange on which the Company's securities are traded. In particular

- each member of the Committee must be financially literate as such qualification is interpreted by the Board in its business judgment or become literate within a reasonable period of time after his or her appointment to the Committee;
- at least one member of the Committee shall have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment; and
- at least one member of the Committee shall be an audit committee financial expert, as that term is defined in Item 407(d)(5) of SEC Regulation S-K.

5. No member of the Committee may simultaneously serve on more than three public company audit committees (including the Committee), unless the Board determines that this simultaneous service does not impair the ability of the member to effectively serve on the Committee and such determination is disclosed in the Company's annual proxy statement.

6. Unless a chairman of the Committee is appointed by the Board, the members of the Committee shall elect a chairman of the Committee by majority vote of the full Committee. The chairman shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, making regular reports to the Board, and maintaining regular liaison with the Chief Executive Officer, Chief Financial Officer, the lead partner on of the Company's independent auditor on the Company's account and the director of internal audit.

### **III. Administration and Procedures**

1. The Committee shall meet at least four times annually.

2. The chairman of the Committee may call a meeting of the Committee upon due notice to each other member at least twenty-four hours prior to the meeting and any member of the Committee may do so upon due notice at least forty-eight hours prior to the meeting. To the extent practicable, an agenda shall be distributed along with the notice of meeting.

3. A majority of the members shall constitute a quorum. If a quorum is present, a majority of the members present shall decide any question brought before the Committee.

4. The Committee shall cause to be prepared and filed with the records of the Company minutes of each of its meetings.

5. The Committee shall report to the Board regularly regarding its proceedings, in particular with respect to –

- the quality and integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements;
- the performance and independence of the Company's independent auditor;  
and
- the performance of the internal audit function.

6. The Committee shall maintain free and open communication with the Company's independent auditor, the director of internal audit, and management. The Committee shall meet separately, periodically, with management, with the personnel performing the internal audit function and with the Company's independent auditor.

7. The Committee shall have full access to all Company books, records, facilities, personnel and outside professionals.

8. The Committee may retain such independent counsel and other advisors as it determines are necessary to carry out its duties.

9. The Company shall provide appropriate funding as determined by the Committee for payment of –

- compensation to any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services;
- compensation of independent counsel and other advisors; and
- the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

10. The Committee shall conduct and present to the Board an annual performance evaluation of the Committee.

11. The Committee shall review and assess the adequacy of this charter on an annual basis and shall submit any proposed amendments to the Board for approval.

#### **IV. Responsibilities**

##### **A. The Independent Auditor**

1. The Committee shall be directly responsible for the appointment, compensation, retention, oversight and termination of the work of any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review (including the review of quarterly financial statements) or attest services for the Company statements of the Company.
2. The independent auditor shall report directly to the Committee.
3. The Committee shall either (i) approve, in advance, the engagement of the independent auditor to perform any audit or permissible non-audit service or (ii) establish pre-approval policies and procedures for such services in accordance with Rule 2-01(c)(7) of Regulation S-X.
4. The Committee shall not approve the engagement of the independent auditor to render any of the non-audit services which are prohibited by Rule 2-01(c)(4) of Regulation S-X.
5. The Committee shall review annually all relationships between the independent auditor and the Company, and shall discuss any disclosed relationships or services that may affect the objectivity and independence of the independent auditor and the senior members of the independent auditor team.

6. The Committee shall annually obtain from the independent auditor a formal written statement describing the independent auditor's communications with the Committee concerning independence as set forth in Item 407(d)(3)(i)(C) of Regulation S-K.
7. The Committee shall consider whether the independent auditor's provision of permissible non-audit services to the Company, if any, is compatible with the auditor's independence and shall take all other appropriate actions to satisfy itself as to the auditor's independence.
8. The Committee shall annually obtain from the independent auditor a formal written statement of the fees billed for audit services, audit-related services, tax services and all other services rendered by the independent auditor for the most recent fiscal year, as well as the nature of the services comprising the fees disclosed under each category other than audit fees, the percentage of hours expended on the audit engagement that were attributed to persons other than the auditor's full-time, permanent employees (if greater than 50%) and the percentage of services under each category (other than audit fees) that were approved by the Committee after the provision of services under the "de minimis" safe harbor of Rule 2-01(c)(7) of Regulation S-X.
9. The Committee shall obtain and review annually a formal written report from the independent auditor describing (i) the auditor's internal quality-control procedures; (ii) any material issues raised within the preceding five years by the auditor's internal quality-control reviews, by peer reviews of the auditor or by any governmental or other inquiry or investigation relating to any audit conducted by the auditor; (iii) any steps taken by the auditor to address any findings in the foregoing reviews; and (iv) all relationships between the auditor and the Company.
10. The Committee shall confirm, in consultation with the independent auditor, that the lead audit and reviewing partners assigned by the independent auditor have been rotated in compliance with Rule 2-01(c)(6) of Regulation S-X.
11. Taking into account all of the foregoing and the work of the independent auditor throughout the year, the Committee shall annually perform an evaluation of the auditor's qualifications, performance and independence and shall present its conclusions with respect thereto to the full Board. The evaluation shall include the review and evaluation of the lead partner of the independent auditor responsible for the Company's account.
12. In making its evaluation, the Committee shall solicit and take into account the opinions of the Company's management and the director of internal audit.

- The Committee shall also consider whether, in order to assure continuing auditor independence, there shall be regular rotation of the independent auditor itself.
- The Committee shall set clear hiring policies for employees and former employees of the independent auditor. These policies shall address –
  - the length of time following participation in an audit of the Company prior to which employees of the independent auditor may not be employed by the Company;
  - the length of time following participation in an audit of the Company prior to which employees of the independent auditor may not be named a Company executive officer, which, in the case of the Chief Executive Officer, Controller, Chief Financial Officer, Chief Accounting Officer or any person serving in an equivalent position shall not be less than one year prior to the initiation of the audit for the current year;
  - procedures for approval of all executive-band hires from the independent auditor; and
  - reporting to the Committee concerning the Company’s hiring from the independent auditor.

B. The Audit Process

1. The Committee’s oversight of the Company’s relationship with the independent auditor shall include (i) discussions with the auditors concerning the planning and staffing of the audit and the nature and rigor of the audit process, (ii) receipt and review of audit reports and (iii) consideration of the auditor’s access to the Committee and the Board.
2. The Committee shall obtain from the independent auditor, timely in accordance with Rule 2-07 of Regulation S-X, reports regarding –
  - critical accounting policies and procedures to be used in an audit;
  - all alternative treatments within GAAP for policies and practices related to material items that have been discussed with management, including the ramifications of the use of the alternative disclosures and treatments and the treatment preferred by the independent auditor; and

- other material written communications between the independent auditor and management, such as any management letters provided by the auditors and any Company response to such letters and any schedules of unadjusted differences.
3. The Committee shall discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, including: the auditor's responsibility under generally accepted auditing standards; significant accounting policies; management judgments and accounting estimates; significant audit adjustments; other information in documents containing audited financial statements; disagreements with management; consultation with other accountants; major issues discussed with management prior to retention; and difficulties encountered in performing the audit.
  4. The Committee shall be responsible for resolution of any disagreements between management and the independent auditor regarding financial reporting.
  5. The Committee shall review any significant difficulties reported by the independent auditor in conducting the audit, including any restrictions on the scope of work or access to required information. In this regard, the Committee shall discuss with the independent auditor –
    - accounting adjustments that were identified or proposed by the independent auditor and were not implemented;
    - communications between the audit team and the auditor's national office relating to auditing or accounting issues presented by the engagement;
    - any "management letter" issued or proposed to be issued by the independent auditor to the Company and any other material written communications between the independent auditor and management; and
    - any issues identified or difficulties encountered by the independent auditor with management's response to each such communication or letter.
  6. The Committee shall obtain assurances from the independent auditor that in the course of conducting its audit the independent auditor has not detected or otherwise become aware of information indicating that an illegal act, whether or not perceived to have a material effect on the Company's financial statements, has or may have occurred, or, if the independent auditor has detected or become aware of such information,

the steps that the independent auditor is taking to comply with the provisions of Section 10A(b) of the Securities Exchange Act of 1934 in respect thereof.

C. Other Financial Disclosure Issues

1. The Committee shall review and discuss with management and/or the independent auditor, as appropriate –
  - major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company’s selection, application or disclosure of accounting principles, policies and practices;
  - analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
  - the effects on the Company’s financial statements of regulatory and accounting initiatives;
  - any material off-balance sheet transactions, arrangements and obligations, including contingent obligations; and
  - any other relationships of the Company with unconsolidated entities that may have a current or future material effect on the Company or its financial statements.
2. The Committee shall review and discuss with management and the independent auditor the annual audited financial statements of the Company prior to the filing of the Company’s annual report on Form 10-K and the Company’s quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”
3. The Committee shall review with management and the independent auditor communications between the Company and any government agencies or other regulators that may have a material impact on the Company’s financial statements or the Company’s disclosure obligations.
4. The Committee shall discuss with management and/or the Company’s counsel any legal matters, including the status of pending litigation, that

may have a material impact on the Company's financial statements or the Company's disclosure obligations.

5. Based upon its review of the Company's audited financial statements, discussions with management and the independent auditor and disclosures received from the independent auditor, the Committee shall recommend that the Company's audited financial statements be included in the Company's annual report on Form 10-K.
6. The Committee shall prepare the Audit Committee Report required by the SEC's proxy rules to be included in the Company's annual proxy statement.
7. The Committee shall review and discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, which discussion may be on general terms (i.e., discussion of the types of information to be disclosed and the type of presentation to be made).
8. The Committee shall review and discuss the Company's guidelines and policies with respect to risk assessment and risk management, including the Company's major financial risk exposures (including risk relating to compensation structure) and the steps being taken by management to monitor and control such exposures.

D. Internal Controls

1. The Committee shall review and discuss with management, the Company's internal auditors and the independent auditor –
  - the quality, adequacy and effectiveness of the Company's internal controls; and
  - any special audit steps adopted in light of material control deficiencies.
2. The Committee shall receive and review any disclosure from the Company's Chief Executive Officer or Chief Financial Officer made in connection with their certification of the Company's quarterly and annual reports filed with the SEC, of –
  - all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data; and

- any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
3. The Committee shall review and evaluate any internal control report required to be prepared and filed with the SEC in accordance with Section 404 of the Sarbanes-Oxley Act and applicable SEC regulations, as well as any related attestation report of the Company's independent auditor, and the Committee shall discuss such report(s) with management and/or the independent auditor, as appropriate.

E. Internal Audit

1. The Committee shall review with the independent auditor the organization, responsibilities, plans, results, budget and staffing of the Company's internal audit function.
2. The Committee shall review significant reports, including the results of internal audits, prepared by the internal audit department, and management's response thereto.

**V. Complaints**

1. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or accounting matters.

2. At a minimum, the foregoing shall provide for –

- notification to employees regarding the availability of the procedures;
- mechanisms for receiving, processing and retaining submissions;
- actions, including investigations, that may be undertaken in response to submissions; and
- enforcement of the Company's policy prohibiting retaliation against persons making submissions.