Ballantyne Strong Inc., Amended and Restated Corporate Governance Principles

The Board of Directors ("Board") of Ballantyne Strong, Inc. (the "Company"), has adopted the following corporate governance principles for the Company. These principles reflect the Board's commitment to oversee the effectiveness of policy and decision making both at the Board and Management levels with a view to enhance stockholder value over the long term. The Board believes these Corporate Governance Principles should be an evolving set of guidelines subject to review and change as circumstances demand.

1) Board responsibilities / mission

The primary responsibilities of the Board include:

i. monitoring and assisting management in creating long-term value for the Company's shareholders in an ethical and socially responsible manner;

ii. evaluating the performance of the Chief Executive Officer;

iii. planning for Chief Executive Officer and senior management succession;

iv. determining the Chief Executive Officer's compensation and approving senior executives' compensation;

v. reviewing and overseeing the establishment and implementation of the Company's strategic plans and objectives;

vi. overseeing legal and ethical compliance;

vii. overseeing the integrity of the Company's financial statements and the Company's financial reporting processes;

viii. overseeing the Company's processes for assessing and managing risks;

ix. nominating directors, appointing committee members, and shaping effective corporate governance;

x. advising and counseling management regarding significant issues facing the Company and reviewing and approving significant corporate actions;

xi. and designing and assessing the effectiveness of its own governance practices and procedures.

2) Board membership, composition and selection

a. Size and director independence

i. Under the Company's by-laws, the Board has the authority to fix, from time to time, the size of the Board and to fill vacancies that may occur between the meetings of the stockholders. The Board periodically assesses whether a larger or smaller board would be preferable, depending upon the needs of the Company and the availability of qualified candidates.

ii. A substantial majority of the Company's directors shall be "independent," as defined by the Corporate Governance Requirements of the American Stock Exchange (AMEX).

b. Membership criteria

i. The Chief Executive Officer and the Nominating and Governance Committee periodically review the particular attributes that would be most beneficial to the Company in future Board members. These characteristics include: 1) integrity, honesty and accountability with a willingness to express independent thought; 2) substantial business experience, with practical application to the Company's needs; 3) demonstrated ability to think strategically and make decisions with a forward-looking focus, with the ability to assimilate relevant information on a broad range of topics; 4) being a team player with a demonstrated willingness to ask tough questions in a constructive manner that adds to the decision making process of the Board; 5) independence and absence of conflicts of interest; 6) willingness and ability to make a significant commitment of time and attention to the Board's processes and affairs, including meetings and preparation; and 7) ability to commit to Company stock ownership. The Nominating and Corporate Governance Committee shall strive to identify and include individuals whose diverse talents, experiences, qualifications, attributes, skills and backgrounds enhance the inclusive environment in which the board currently functions.

c. Inclusion or exclusion of company officers

i. The Chief Executive Officer is the only employee of the Company nominated by the directors to serve on the Board.

d. Selection of nominees

i. The Nominating and Governance Committee solicits and receives recommendations and reviews the qualifications of potential director candidates. The Nominating and Governance Committee recommends to the full Board candidates for election at the annual meeting by the Company's stockholders and candidates to fill vacancies on the Board.

e. Director orientation

i. Every newly elected or appointed member of the Board shall participate in an orientation program established by the Nominating and Governance Committee. This orientation program shall include presentations designed to familiarize new directors with the Company and its strategic plans, its significant financial, accounting and risk management issues, its Code of Ethics, compliance programs and other controls, its senior management and its internal and independent auditors. The program shall also address procedures of the Board, director responsibilities, the Board's Corporate Governance Principles and board committee charters.

f. Director term limits and retirement

i. The Board does not believe that term limits for directors are necessary or appropriate at the present time, especially in light of its requirement that each directors' effectiveness be evaluated on an annual basis.

g. Change in employment / affiliation of directors

i. If a director's primary job or responsibility substantially changes following his or her election or reelection as a director of the Company, that director is expected to promptly notify the Board of the changes, thereby giving the Board the opportunity to review the appropriateness of continued Board service.

3) Board organization and operation

a. Frequency of meetings

i. The Board currently conducts regular quarterly meetings, an annual meeting which in the Board's discretion may be held separately or as one of the quarterly meetings and special meetings as the need arises. One meeting per year may be held in concert with the Company's primary annual trade show in order to give directors the opportunity to remain current regarding the Company's competitive environment, partners and products.

b. Selection of chairman

i. The Board will select a Chairman of the Board in the manner and based upon the criteria that the Board deems appropriate at the time of selection. The roles of Chairman and Chief Executive Officer are separate.

c. Agenda items

i. The Chairman and Chief Executive Officer shall annually establish an agenda of the matters that are expected to be considered by the Board during the following year. The Chief Executive Officer shall review with the Chairman, prior to each Board meeting, the agenda for the meeting and the nature and scope of materials that will be furnished to directors in advance of the meeting.

ii. Although Board agendas are primarily the responsibility of the Chairman and the Chief Executive Officer, it shall continue to be the Board's policy that Directors are encouraged to request at any time that relevant items be placed on the Board's agenda.

d. Board materials distributed in advance

i. In addition to the Board agenda, information that is important to the Board's understanding of the business of the Company will be distributed to directors prior to each Board meeting. Directors also periodically receive financial reports as well as certain press releases, analyst reports and other information designed to keep them informed of the material aspects of the Company's business performance and prospects.

e. Board access to senior management and outside advisors

i. Board members shall have complete access to the Company's management team. Board members should use their judgment to be sure that this contact is not unduly distracting and does not interfere with the operations of the Company. The Board may specify a protocol for making such inquiries.

ii. The Board welcomes and encourages the regular attendance at each Board meeting of members of the Company's management. The Board also encourages the inclusion of management and other personnel of the Company who can provide additional insight into the Board's discourse.

iii. The Board and its committees may retain attorneys, advisors and consultants to advise them in discharging their responsibilities. f. Executive sessions of independent directors i. It is the policy of the Board that the independent directors meet in executive session (i.e. without management present) at each regular board meeting, as well as when they as a group deem such meeting appropriate or necessary. The Chairman of the Board shall preside at such sessions.

g. Committees and responsibilities

i. The Board shall, at all times, have an Audit Committee, Compensation Committee and Nominating and Governance Committee. All of the members of these committees shall be independent. Each of these committees shall operate in accordance with applicable law, their respective charters and the applicable rules of the Securities and Exchange Commission and the American Stock Exchange.

h. Assignment of committee members

i. The Nominating and Governance Committee is responsible for recommending the assignment of Board members to various committees. A Board member shall not be a chairman of more than one committee.

ii. The Nominating and Governance Committee shall annually review the membership of each committee and determine whether each committee is appropriately constituted.

iii. The Board does not have a specific policy mandating rotation of committee assignments since special knowledge or experience may determine the need for a particular director to serve for an extended period of time on one or more committees.

4) Director responsibilities

a. The duty of care and the duty of loyalty

i. Directors have two fiduciary obligations to the Company and its stockholders: the duty of care, which requires that directors exercise appropriate diligence in making decisions and in overseeing management of the Company and the duty of loyalty, which requires that the directors make decisions based on the best interests of the Company and its stockholders without regard for personal interests.

b. Integrity, loyalty and ethics

i. All directors will be persons of the highest integrity, who abide by exemplary standards of business and professional conduct.

ii. Directors will exercise their business judgment in good faith and act in what they reasonably believe to be the best interests of the Company.

iii. Directors will fulfill their responsibilities consistent with their fiduciary duty to shareholders, in compliance with all applicable laws, rules and regulations.

iv. Directors will comply at all times with the Company's Gift Policy as it may be amended from time to time.

c. Commitment, attendance and constructive participation

i. Directors are expected to prepare adequately for and regularly attend the annual stockholders' meeting and meetings of the Board and board committees on which they serve.

ii. Directors should be able to devote the time and attention necessary to properly discharge their responsibilities as members of the Board.

d. Continuing education and duty to remain informed

i. Directors are expected to become and remain well informed about the business, performance, operations and management of the Company, general business and economic trends affecting the Company and principles and practices of sound corporate governance.

ii. Directors are expected to attend accredited third-party training or continuing education programs for directors and Company trade shows. The Company will pay the reasonable expenses for any director to attend such programs and trade shows, provided such expenditures are approved in advance by the Board.

e. Confidentiality

i. The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

f. Disclosure of potential conflicts of interest

i. Directors must disclose to the rest of the members of the Board any potential conflict of interest they may have with respect to a matter under discussion and, if appropriate, abstain from voting on a matter on which they may have a conflict.

g. Availability to the Chief Executive Officer for consultation

i. All directors shall make themselves available to the Chief Executive Officer to advise on matters of Company interest.

h. Notification of other board commitments

i. The Company recognizes that its Board members benefit from service on the boards of other companies. We encourage that service, but also believe it is critical that the directors dedicate sufficient time to their service on the Company's Board. To that end, the Company's Chief Executive Officer may not serve on more than one other public company board in addition to the Company's Board. Non-employee directors may not serve on more than three public company boards in addition to the Company's Board.

ii. Directors are required to advise the Chairman of the Board before accepting membership on another public corporate board.

5) Board and management evaluation, succession and compensation

a. Annual evaluations of the Board, its directors and committees

i. The Nominating and Governance Committee shall oversee an annual evaluation of the effectiveness of the Board of Directors. The evaluation shall assess the Board's contribution to the Company and identify areas the Board believes should be improved.

ii. The Nominating and Governance Committee shall also administer an annual evaluation of each director to determine each director's ongoing ability and suitability to serve on the Board.

iii. Each committee of the Board will perform an annual evaluation of its effectiveness. The results of these evaluations will be discussed with the full Board.

b. Director compensation guidelines and claw back

i. The Board, using the recommendations of the Compensation Committee, conducts a periodic review of the components and amount of director compensation relative to other public companies of like size and industry. Based on this review, the Board adjusts compensation as appropriate. Directors who are also employees of the Company do not receive separate compensation for serving on the Board or its committees.

ii. If the Board learns of any misconduct by a director or directors that damages the Company's operation, reputation, or standing, it shall take such action as it deems necessary to remedy the misconduct, prevent its recurrence and, if appropriate, take remedial action against the wrongdoer or wrongdoers in a manner deemed appropriate. The Board will, to the full extent permitted by governing law, require the surrender, forfeiture and cancellation of all restricted stock awards, options or other non-cash compensation previously granted to the director or directors, and reimbursement for all fees incurred by the Company in enforcing such remedial action. In addition, the Board, in its full and complete discretion, may dismiss the director or directors, authorize legal action for breach of fiduciary duty or take such other action to enforce the director's or directors' obligations to the Company. The Board may, in determining appropriate remedial action, take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities. The Board's power to determine the appropriate punishment for the wrongdoer or wrongdoers is in addition to, and not in replacement of, remedies imposed by such entities.

c. Director stock ownership and retention requirements

i. The Board believes that each director should have a substantial personal investment in the Company. Each director is expected to own the number of common shares of Company stock equal to the value of three times the annual director retainer.

ii. New directors have three years in which to meet the director stock ownership expectation. The Compensation Committee will annually review each director's stock ownership to determine whether the director stock ownership expectation is being met or reasonable progress is being made toward its being met.

iii. Unexercised option awards and unvested restricted stock grants do not count towards meeting the director stock ownership expectation.

iv. Directors are expected to maintain this level of stock ownership for their entire tenure of directorship.

v. The Compensation Committee may reevaluate its director stock ownership expectation from time to time, including when there are significant changes in the Company's capital structure.

d. Annual evaluation of Chief Executive Officer and senior management

i. The Compensation Committee shall annually report to the Board on its evaluation of the Chief Executive Officer's performance. The independent directors will review this report in executive session, to satisfy itself that the Chief Executive Officer is providing the long-term and short-term leadership that the Board deems necessary for the Company. In addition, the Compensation Committee, with the input of the Chief Executive Officer, shall conduct an annual assessment of the performance and development of the Company's other senior management. e. Management succession planning

i. Succession planning for the Company's senior management positions is critical to the Company's long-term success. Therefore, the Board shall annually review the Company's succession plans and identify potential successors for the Chief Executive Officer position. This does not mean that the Board must, at all times, have selected a particular individual as the designated successor to the current Chief Executive Officer. The Chief Executive Officer shall participate in this process by providing the Board with recommendations or evaluations of potential successors and identifying any development plans that the Chief Executive Officer recommends for such individuals. The Chief Executive Officer is expected to recommend to the Board on an ongoing basis one or more successors in the event of an unexpected inability of the Chief Executive Officer to continue to serve.

f. Officer compensation guidelines and claw back

i. The Board, using the recommendations of the Compensation Committee, conducts a periodic review of the components and amount of officer compensation relative to other public companies of like size and industry. Based on this review, the Board adjusts compensation as appropriate.

ii. If the Board learns of any misconduct by an officer or officers that damages the Company's operation, reputation, or standing, or that causes the Company to have to restate all or a portion of its financial statements in a manner that is detrimental to the Company, the Board shall take such action as it deems necessary to remedy the misconduct, prevent its recurrence and, if appropriate, take remedial action against the wrongdoer or wrongdoers in a manner deemed appropriate. The Board will, to the full extent permitted by governing law, require the surrender, forfeiture and cancellation of all restricted stock awards, options or other non-cash compensation previously granted to the officer or officers as well as reimbursement of any performance-based cash compensation whose award was influenced by the misconduct in question. In addition, the Board, in its full and complete discretion, may dismiss the officer or officers, authorize legal action for breach of fiduciary duty or take such other action to enforce the officer's or officers' obligations to the Company. The Board may, in determining appropriate remedial action, take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities. The Board's power to determine the appropriate punishment for the wrongdoer or wrongdoers is in addition to, and not in replacement of, remedies imposed by such entities.

g. Officer stock ownership and retention requirements

i. The Board believes that senior management should have a substantial personal investment in the Company.

ii. The Board has established minimum stock ownership expectations for its officers. The Company's Chief Executive Officer is expected to own shares equal to the value of 75% of his or her annual base salary. All other officers' minimum stock ownership expectations are indexed to that of the Chief Executive Officer based on each officer's respective base salary per the following formula: (Officer base salary / CEO base salary)* 75%.

iii. Officers have three years from the date of their appointment to satisfy their stock ownership expectation. The Compensation Committee will annually review each officer's stock ownership to determine whether the officer stock ownership expectation is being met, or reasonable progress is being made toward its being met.

iv. Unexercised options and unvested restricted stock grants do not count towards meeting the officer stock ownership expectation.

v. Each officer is expected to maintain his or her specified level of stock ownership for the duration of his or her service as an officer of the Company. vi. The Compensation Committee may reevaluate its officer stock ownership expectation from time to time, including when there are significant changes to the Company's capital structure.

6) Communications with the Board and independent directors

a. Any shareholder may communicate with the Chairman of the Board of Directors, the Chairman of the Audit, Compensation or Nominating and Governance Committee, or any individual director by sending a letter to the attention of the appropriate person, which may be marked as confidential, addressed to the Secretary of the Company.

7) Periodic review of corporate governance principles

a. These Corporate Governance Principles may be amended by the Board. The Nominating and Governance Committee is responsible for reviewing the Corporate Governance Principles and recommending changes to the Board when appropriate. When reviewing and considering changes to the Corporate Governance Principles, the Board and the Nominating and Governance Committee shall consider, among other things, corporate governance trends and practices.