

**Adopted by The Board of Directors
June 6, 2012**

**CHARTER
THE GOVERNANCE AND NOMINATING COMMITTEE
OF THE BOARD OF DIRECTORS
OF
THE L.S. STARRETT COMPANY**

I. Organization and Governance of the Governance and Nominating Committee. There shall be a committee of the Board of Directors (the "Board") to be known as the Governance and Nominating Committee (the "Committee"). The Committee shall consist of at least two members appointed by the Board, and all members of the Committee shall satisfy the independence requirements of the New York Stock Exchange. Members of the Committee may be removed at the Board's discretion. The Committee shall include the chairperson of the Audit Committee. The Committee shall be governed as provided for in the By-Laws of the Company.

The Board will appoint a chairperson of the Committee who shall preside over the meetings of the Committee. In the absence of the chairperson of the Committee, the members of the Committee may appoint any other member to preside.

II. Statement of Purpose. The purposes of the Committee are (i) to identify individuals qualified to become members of the Board, (ii) to select, or to recommend that the Board select, the director nominees for the next annual meeting of shareholders; (iii) to develop and recommend to the Board a set of corporate governance principles applicable to the Company and (iv) to oversee the evaluation of the Board and its dealings with management.

III. Goals and Responsibilities of the Committee. The responsibilities of the Committee shall include the following:

- Identify individuals qualified to become Board members, including evaluating recommendations of non-Committee parties, and select, or recommend that the Board select, the director nominees for the next annual meeting of shareholders, taking into account each candidate's ability, judgment and experience and the overall diversity and composition of the Board. The following criteria for qualification shall be considered: (a) whether the director nominee is an individual of the highest personal and professional integrity; (b) whether the director nominee has experience that is of particular relevance to the Company; (c) whether the director nominee has sufficient time available to devote to the affairs of the Company; and (d) whether the director nominee will be effective, in conjunction with the other directors, in collectively serving the long term interests of the shareholders.
- Develop and recommend to the Board a policy regarding the consideration of director nominations by shareholders.

- Recommend to the Board qualified individuals to serve as committee members on the various Board committees. The Committee shall review and recommend committee slates annually and shall recommend additional committee members to fill vacancies as needed;
- Clearly articulate to each director what is expected, including reference to the Company's corporate governance principals and directors' basic duties and responsibilities with respect to attendance at Board meetings.
- Develop and recommend to the full Board a set of corporate governance principles applicable to the Company. Such principals shall address the following subjects: (i) director qualification standards, (ii) director responsibilities, (iii) director access to management and, as necessary and appropriate, independent advisors, (iv) director compensation, (v) director orientation and continuing education, (vi) management succession and (vii) performance evaluation of the Board. The Committee shall review the principals periodically and recommend changes as necessary;
- Review the Company's practices and policies with respect to directors, including retirement policies and compensation for non-employee directors, the size of the Board, the ratio of employee directors to non-employee directors, the meeting frequency of the Board, and the structure of Board meetings; and make recommendations to the Board with respect thereto;
- Review the functions, duties and composition of the committees of the Board and compensation for committee members and make recommendations to the Board with respect thereto;
- In concert with the Board, review the Company policies with respect to significant issues of corporate public responsibility
- Recommend to the Board or to the appropriate committee thereto processes for annual evaluations of the performance and composition of the Board, the Chairman of the Board and the CEO;
- Consider and report to the Board any questions of possible conflicts of interest of Board members;
- Provide for new director orientation and continuing education for existing directors on a periodic basis;
- Oversee the maintenance and presentation to the Board of management's plans for succession to senior management positions in the Company;
- Review and assess the adequacy of this charter and submit any changes to the Board for approval;
- Report its actions and any recommendations to the Board on a periodic basis and annually perform and present to the Board an evaluation of the performance of the Committee; and
- Review such other matters as the Board or the Committee shall deem appropriate.

IV. Powers of the Governance and Nominating Committee. The Committee shall have the authority to retain and terminate a consulting firm or other expert, including a search firm, to assist in the fulfillment of its duties. The Committee shall also have the authority to retain legal, accounting or other experts that it determines to be necessary to carry out its duties and to determine compensation for such advisors.