

COMMUNICATIONS SYSTEMS, INC.

CHARTER OF THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS

PURPOSE

The purpose of the Finance Committee (the “Committee”) of the Board of Directors (the “Board”) of Communications Systems, Inc. (the “Company”) is to provide oversight responsibility with respect to certain of the Company’s material financial matters. The Finance Committee shall not have oversight responsibility with respect to the Company’s financial reporting, which is the responsibility of the Audit Committee of the Board of Directors.

COMPOSITION

The Committee shall consist of at least three (3) members of the Board of Directors, a majority of which shall be non-employee directors. The Committee may include former executive officers of the Company.

The members of the Committee shall be appointed by and serve at the discretion of the Board. Vacancies on the Committee shall be filled by the Board. Unless the Chair is elected by the entire Board, the Committee’s Chair shall be elected by the Committee’s members.

RESPONSIBILITIES

The Committee shall be charged with the following duties and responsibilities:

1. Review of Annual Plan. Review and approve the Company’s annual business plan and related operating budgets.
2. Interface with the Compensation Committee. Interface with the Compensation Committee with respect to implementing compensation policies that support the Company’s annual business plan.
3. Oversight Regarding Other Financial Areas. Review, provide guidance to and have the authority to direct management regarding:
 - Company policies relating to cash management, management of accounts receivable, inventory and working capital, stock repurchase plans and investment vehicles;
 - policies for managing interest rate, foreign exchange, and investment risk;
 - policies with respect to financial risk assessment and financial risk management;
 - material proposed acquisitions, divestitures, capital expenditures and strategic investments;

- policies regarding travel, employee benefits and perquisites and employee expense reimbursement;
- policies regarding approval of material (as determined by the Committee) expenditures and expenditures not in the ordinary course; and,
- other transactions or financial issues that management desires to have reviewed by the Finance Committee.

4. Oversight Regarding Insurance. The Committee shall periodically review the Company's insurance programs, including the credit quality of its insurance carriers and the scope and limitations of coverage.

5. Oversight Regarding Banking Relationships. The Committee shall have general oversight responsibility for the Company's treasury activities. In this connection, the Committee shall annually review the Company's principal commercial and investment banking relationships, including its banking and treasury authorizations, and material terms of the Company's credit facilities in light of the Company's operating strategy and other relevant factors. The Committee shall designate the officers and employees of the Company who can execute documents and act on behalf of the Company in the ordinary course of business pursuant to previously approved banking, borrowing, and other financing arrangements.

6. Charter; Self Evaluation. The Committee shall regularly review and make recommendations about changes to the charter of the Committee. The Committee shall evaluate its performance on a regular basis.

COMMITTEE OPERATIONS

1. Meeting Schedule. The Committee shall hold such meetings as its members deem necessary or appropriate, but in any event not less than once annually. Minutes of each meeting will be prepared and distributed to each member of the Board and the Secretary of the Company. The Committee may meet in person or by telephone conference call or may act by unanimous written consent.

2. Agenda and Materials. The Committee Chairman shall approve the agenda for the meetings, and any member may suggest items for the Committee's consideration. Briefing materials shall be provided to the Committee as far in advance of a meeting as practicable.

4. Executive Sessions. The Committee may hold an executive session at each regularly scheduled meeting during which no member of management shall be present.

5. Voting. A majority of the Committee members shall constitute a quorum. Each Committee member shall have one vote and actions at meetings may be approved by a majority of the members present.

6. Reporting to the Board. At the Board of Directors meeting following each Committee meeting, the Committee Chair (or the Chair's designee) shall report to the full Board on the Committee's actions.

OUTSIDE ADVISERS

The Committee may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary to carry out its responsibilities.

ADOPTED BY THE BOARD OF DIRECTORS: August 4, 2009.