

Vicon Industries, Inc.

Corporate Governance Guidelines

PURPOSE

The Board of Directors (the “Board”) of Vicon Industries (“the Company”) has adopted these Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its responsibilities to the Company and its shareholders. The Guidelines, along with the charters and key practices of the Board committees, provide the framework for the corporate governance of the Company. The Guidelines should be interpreted in the context of all applicable laws and the Company’s certificate of incorporation, bylaws and other corporate governance documents. The Guidelines are intended to serve as a flexible framework within which the Board may operate and not as a set of legally binding obligations, and are not intended to create a right of action on the part of any third party. Any action or failure to act by the Board which is contrary to the Guidelines shall not affect the validity of any actions otherwise validly taken by the Board.

ROLE OF THE BOARD

The Board has the responsibility for establishing broad corporate policies and for the overall performance of the Company. The directors’ fiduciary duty is to exercise their business judgment in the best interests of the Company’s shareholders.

STRATEGIC DIRECTION OF THE COMPANY

It is management’s responsibility to formalize, propose and implement strategic choices and it is the Board’s responsibility to review and assess strategic direction and to evaluate strategic results.

SIZE AND COMPOSITION OF THE BOARD

The size of the Board will be set by the Board on recommendation of the Nominating and Corporate Governance Committee, and within the limits prescribed by the Company’s certificate of incorporation and bylaws. The Board does not have a firm policy as to whether the Chairman of the Board and Chief Executive Officer positions should be separate and intends to preserve the freedom to decide what is in the best interest of the Company and its shareholders at any point in time. The Company has not found it necessary to appoint a lead independent director due principally to the limited size of the Board, the long tenure of its members and the fact that all Board committees are comprised of independent directors..

INDEPENDENCE OF THE BOARD

A majority of the Board will consist of directors whom the Board has affirmatively determined to be independent. For this purpose, the Company will ensure that it complies with the rules governing independence adopted by the NYSE Amex and the Securities and Exchange

Commission (the “SEC”). To be considered independent under the NYSE Amex rules, the Board must determine that a director does not have any direct or indirect material relationship with the Company. Materiality for this purpose will be evaluated both from the standpoint of the Company and from the standpoint of the director or the persons or entities with which the director is affiliated.

TERM LIMITS

The Board does not believe that it is in the best interests of the Company to establish term limits on directors’ service at this time. Term limits may cause the Company to lose the contribution of directors who have developed valuable insight into the Company’s business and operations over a period of time. However, Directors may not stand for re-election after age 70, except that any director may serve additional three year terms after this age with the unanimous consent of the Board.

DIRECTOR SELECTION

The Nominating and Corporate Governance Committee will identify individuals qualified to become Board members and recommend to the Board the director nominees for each annual meeting of shareholders. The Nominating and Corporate Governance Committee will review suggestions of candidates for director made by directors and others.

The Nominating and Corporate Governance Committee, in consultation with the Board, shall determine the appropriate characteristics, skills and experience required for the individual directors and the Board as a whole. The Nominating and Corporate Governance Committee, in evaluating and recommending individuals to the Board for nomination as directors, and the Board, in approving director nominees, shall consider, among other factors: business experience, knowledge and judgment; leadership; education; personal and professional integrity; time availability in light of other commitments; dedication; and such other factors that the Committee deems appropriate in the context of the needs or stated requirements of the Board. The Committee shall also take into account the qualification requirements imposed by law and the regulations of the NYSE Amex in determining an individual’s qualification for Board and committee membership. In determining composition of the Board, the Nominating and Corporate Governance Committee shall evaluate each individual in the context of the Board as a whole and the mix of background, skills and experience possessed by the various members of the Board, with the goal of recommending a group that can effectively serve the long-term interests of the Company and its stockholders.

BOARD MEETINGS

The Board will hold regular meetings as necessary to enable it to discharge its responsibilities. Briefing materials will, to the extent necessary in light of the timing of matters that require Board attention, be distributed to each director prior to each meeting. Briefing materials should be concise yet sufficiently detailed to permit directors to make informed judgments. The Chairman

will normally determine the agenda for Board meetings, but any director may request the inclusion of particular items.

Directors are expected to attend all meetings of the Board and of committees on which they serve and the annual meeting of shareholders with the understanding that, on occasion, a director may be unable to attend a meeting. For meetings conducted in person, directors shall make every effort to attend the meeting in person or, if he or she is unable to do so, he or she shall notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting and make every effort to participate in the meeting telephonically. For meetings conducted telephonically, directors shall make every effort to participate telephonically and, if the director is unable to do so, he or she shall notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting.

The Chairman of the Board or of any committee or the Chief Executive Officer (the “CEO”) may, from time to time, invite members of the Company’s management and outside advisors to attend Board or committee meetings to provide additional insight into matters being discussed by the Board or any committee.

Deliberations of the Board or any such committee shall be held in strict confidence by the participants in those deliberations. Except as expressly authorized by the Board or the committee in question, or as may be required by law, such deliberations may not be shared with anyone other than members of the Board. The Board has designated a specific director to communicate with the media, including, without limitation, to provide information to the media and act as a spokesperson for the Company. Without express authorization, no other director shall provide information to, or act as a spokesman for the Company with the media, whether on or off the record. Notwithstanding the foregoing, participants in deliberations of the Board or any committee may discuss such deliberations with their advisors, counsel or other professionals in the conduct of their duties as a member of the Board. Minutes of each meeting of the Board shall be kept and maintained with the books and records of the Company.

INDEPENDENT DIRECTOR SESSIONS

Executive sessions of the independent directors will be scheduled periodically immediately before or after a meeting of the full Board. In addition, an executive session of the Company’s independent directors will be held at least once a year.

BOARD SELF EVALUATION

The Board, under the direction of the Nominating and Corporate Governance Committee, shall conduct a self-evaluation annually. The assessment shall include a review of the Board’s overall effectiveness and specific areas in which the Board or management believes the Board or committees can make a better contribution to the Company. The purpose of the assessment is to improve the effectiveness of the Board. The Nominating and Corporate Governance Committee shall utilize the results of the evaluation process in reviewing and determining the characteristics and critical skills required of prospective candidates for election to the Board.

COMMITTEES

The Board will appoint from among its members committees it determines are necessary or appropriate to conduct its business and to comply with NYSE Amex rules. Currently, the standing committees of the Board are the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee. Such committees will consist solely of independent directors in accordance with NYSE Amex and SEC rules and regulations.

Each of the committees of the Board will have a written charter setting forth its purpose and responsibilities. Charters will be adopted by the Board based on the recommendation of the applicable committee. Membership of each committee will be determined by the Board. Annually, each of the Board committees will periodically consider whether any changes to the committee's charter are appropriate.

MANAGEMENT EVALUATION AND SUCCESSION

The Compensation Committee conducts an annual review of the performance of the CEO and senior management based upon the achievement of established corporate goals and objectives among other factors. The Compensation Committee also approves annual compensation plans and establishes the compensation of the CEO and approves compensation of senior management based upon recommendations of the CEO.

The Board shall plan for CEO succession and develop plans for interim succession for the CEO in the event of an unexpected occurrence. The Board shall also plan for the succession of other senior management positions.

BOARD RESOURCES

Independent directors will have full access to senior management of the Company and other employees. The Board expects that there will be regular opportunities for directors to meet with senior members of management in Board and committee meetings and in other formal or informal settings. It is normally expected that information regarding the Company's business and affairs will be provided to the Board by the Company's management and staff and by the Company's independent auditor. However, the Board and each committee have the authority to retain such outside advisors, including accountants, legal counsel, or other experts, as it deems appropriate. The fees and expenses of any such advisors will be paid by the Company.

CODE OF CONDUCT

The Company has adopted a Code of Business Conduct and Ethics. This Code includes, among other things, policies calling for strict observance of all laws applicable to the Company's businesses and describes the Company's conflict of interest policies. Each director is expected to be familiar with and to follow these policies to the extent applicable to them and to execute annually an acknowledgment of such policies.

COMMUNICATION BY INTERESTED PARTIES WITH THE INDEPENDENT DIRECTORS

The Nominating and Corporate Governance Committee maintains procedures for interested parties to communicate directly with the independent directors. Shareholders, employees and others may contact the Company's independent directors by writing to them at: Office of the Secretary at 89 Arkay Drive, Hauppauge, New York 11788.

DIRECTOR COMPENSATION

Compensation for non-employee directors will be determined by the Board on the recommendation of the Compensation Committee, and will be reviewed periodically. Non-employee director compensation will be set after taking into account a variety of factors including market practice, the size, scope and complexity of the Company's business, and the responsibilities of its directors. Directors who are employees of the Company shall not receive additional compensation for their services as directors.

STOCK OWNERSHIP REQUIREMENTS

The Board shall adopt and maintain stock ownership guidelines that require Directors to acquire and own specified minimum amounts of the Company stock.

RE-EVALUATION OF CORPORATE GOVERNANCE GUIDELINES

The Board will periodically review and assess these Guidelines and, based on the recommendation of the Nominating and Corporate Governance Committee, consider adopting changes as appropriate.