

MESA LABORATORIES, INC.
CHARTER OF THE COMPENSATION AND STOCK COMMITTEE

I. PURPOSE

The purpose of the Compensation and Stock Committee (the “Committee”) of the Board of Directors (the “Board”) of Mesa Laboratories, Inc. (the “Company”) is to assist the Board in discharging the Board’s responsibilities relating to compensation of the Company’s executives and to produce an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations.

The Committee shall have the sole authority to retain and terminate any compensation consultants to be used to assist in the evaluation of the director, Chief Executive Officer or senior executive compensation and approve such consultants’ fees and other retention terms. The Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The committee’s duties and responsibilities are to:

- Review and approve corporate goals and objectives relating to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer’s performance in light of those goals and objectives and set the Chief Executive Officer’s compensation level based on this evaluation;
- Make recommendations to the Board with respect to incentive-compensation plans and equity-based plans.
- Conduct an annual performance evaluation of the committee.

The Committee shall also undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

II. REVIEW PROCEDURES

The committee shall:

- A. Review and reassess the adequacy of this charter at least annually and recommend any proposed changes to the Board for approval.

- B. Annually review the Company's philosophy regarding executive compensation.

III. DUTIES AND RESPONSIBILITIES

A. General

The operation of the Committee shall be subject to the Bylaws of the Company, as in effect from time to time. The Committee shall have the full power and authority to carry out the following responsibilities:

1. Establish and review the general compensation policies applicable to the Company's key executive officers, including the relationship of the Company's performance to executive compensation and the basis for the Chief Executive Officer's compensation.
2. Review and advise the Board concerning the performance of the Chief Executive Officer and other executive officers.
3. Review and approve any employment agreements, severance arrangements and change-in-control agreements/provisions, in each case, as, when and if appropriate.
4. Review and approve annual retainer and meeting fees for the Board and committees of the Board, establish the terms and awards of stock compensation for members of the Board, approve any other compensation or perquisites for Board members and approve any other material business arrangements or payments to any Board member and any affiliate of any Board member. The Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated or if the Company enters into consulting contracts with (or provides other indirect form of compensation to) a director or an organization with which the director is affiliated.
5. Review the Company's employee benefit plans periodically and recommend from time to time for adoption by the Board share option plans, share appreciation right plans, performance plans, dividend reinvestment and stock purchase plans, pension and profit sharing plans, bonus plans, deferred compensation plans and other related or similar programs and any proposed changes to such plans or programs.
6. Review with the Chief Executive Officer matters relating to management succession, including but not limited to, compensation.
7. Perform such other functions and have such other powers as may be necessary or convenient to the efficient discharge of the foregoing.

8. Report to the Board regarding the foregoing from time to time, or whenever it may be called upon to do so.
9. Form and/or delegate any of the foregoing functions and powers to subcommittees or the Chief Executive Officer of the company or any other officer or employee of the Company if, in the exercise of its judgment, the Committee determines that such delegation is necessary or appropriate, unless such delegation would be contrary to (a) the intent of the Board as expressly set forth in its resolutions, (b) the Bylaws or Certificate of Incorporation of the Company, or (c) applicable law or the rules and regulations of the Nasdaq Stock Market.

B. General Compensation Review and Recommendations

1. Stock and incentive plans

The Committee shall administer and make recommendations to the Board regarding the adoption, amendment or rescission of incentive compensation plans and stock-related plans (including specific provisions) in which the Chief Executive Officer and other key executives may participate. The Committee shall have the full power and authority to carry out the following responsibilities:

- (a) Approve stock option and restricted stock guidelines and general size of overall grants;
- (b) Interpret the Company's stock and incentive plans;
- (c) Determine rules and regulations relating to the company's stock and incentive plans;
- (d) Assist the Chief Executive Officer in considering long-term incentive plans for key executives;
- (e) Impose limitations, restrictions and conditions upon any award as the Committee deems appropriate;
- (f) Recommend to the Board the submission for stockholder approval of stock option plans and material modifications of such plans to the extent required by applicable law or the rules and regulations of the Nasdaq Stock Market.

2. Chief Executive officer Compensation

- (a) Short-Term Compensation. Annually, the Committee shall:
 - (i) Review and approve appropriate goals and objectives for each fiscal year, which are then to be submitted to the Board

- (ii) Evaluate the performance of the Chief Executive Officer in meeting those goals and objectives with input from the Board.
- (iii) Approve the compensation level of the Chief Executive Officer based upon this evaluation.

(b) Long-Term Compensation. Annually, the Committee shall:

- (i) Review and approve the long-term incentive compensation for the Chief Executive Officer.
- (ii) Consider the performance of the Company and relative shareholder return.
- (iii) Consider long-term incentive compensation given to other Chief Executive Officers, both generally and in the industry.
- (iv) Consider the long-term incentive compensation granted the Chief Executive Officer in prior years.

3. Other Officer and Key Employee Compensation

The Committee shall:

- (a) Consider the judgment and recommendation of the Chief Executive Officer for the compensation of the company's principal executives and other key employees.
- (b) Annually review and approve the short- and long-term compensation of the executive officers of the Company.

IV. ORGANIZATIONS

- A. The Committee of the Board of the Company shall consist of no fewer than two members, at least two of whom are "non-employee director" members of the Board (as such term is defined in Rule 16b-3 under the Securities Exchange Act of 1934) and who are not employees of our service providers to the Company. The selection of the members of the Committee shall be made in accordance with Section 162(m) of the Internal Revenue Code, as amended (or any successor to Section 162(m) as in effect from time to time), and the income tax regulations promulgated thereunder or as in effect from time to time and Rule 16b-3 under Securities Exchange Act of 1934 (or any successor to Rule 16b-3 as in effect from time to time). The members of the Committee shall also meet the independence requirements of The Nasdaq Stock Market.
- B. The Committee shall elect one of its members to act as chairperson. If the

chairperson is not present, the members may designate an acting chairperson by majority vote of the membership present.

- C. The members of the Committee shall be appointed by the Board on the recommendation of the Nominating Committee. Committee members may be replaced by the Board.
- D. The compensation of the members of the Committee may be determined from time to time by resolution of the Board. Members of the Committee shall also be reimbursed for all reasonable expenses incurred in attending such meetings.

V. MEETINGS

The Committee shall meet at least annually, or more frequently as circumstances dictate or as otherwise agreed. A quorum for meetings shall be at least two members, present in or by telephone, and adequate notice of meetings shall be given to all members.

VI. MINUTES AND REPORTS

The Committee will keep minutes of each meeting and will distribute the minutes to each member of the Committee, to the members of the Board who are not members of the Committee and to the Secretary of the Company for filing with the minutes of the meeting of the Board. The Committee chairperson will report to the Board the activities of the Committee at the Board meetings or whenever so requested by the Board.