

MOCON, INC.
AUDIT COMMITTEE CHARTER

Organization

The audit committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”) of MOCON, Inc. (the “Company”). This charter shall govern the operations of the Committee.

Purpose and Authority

The Committee shall provide assistance to the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and others relating to, among other things, the Company’s consolidated financial statements and the financial reporting process, the systems of internal accounting, financial and disclosure controls, the annual independent audit of the Company’s consolidated financial statements, and the legal compliance and ethics programs as established by management and the Board. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, the independent auditors and management of the Company.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of the Company and has the power to engage and determine funding for outside counsel or other experts or advisors as the Committee deems necessary for these purposes and as otherwise necessary or appropriate to carry out its duties. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and for any advisors employed by the Committee as well as for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Membership and Structure

The Committee shall consist of at least three directors. All Committee members shall meet the independence requirements for serving on audit committees set forth in the federal securities laws and under the rules and regulations established by the Securities Exchange Commission (the “SEC”) and the Nasdaq Global Market System, as may be amended from time to time.

No member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the preceding three years.

Each member of the Committee shall, at the time of his or her appointment and at all times while remaining a member of the Committee, be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. In addition, at least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities and otherwise qualifies as an “audit committee financial

expert,” as defined and required under the federal securities laws and rules and regulations of the SEC, as amended from time to time.

The Board shall be responsible for determining “independence” of Committee members and other qualifications, including without limitation qualification of a member as an “audit committee financial expert.”

Notwithstanding the foregoing, one director who does not meet the Nasdaq definition of “independent director”, but who meets the other criteria set forth in Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules thereunder, and who is not a current officer or employee of the Company or an immediate family member of such officer or employee, may serve for no more than two years on the Committee if the Board, under exceptional and limited circumstances, determines that such individual’s membership on the Committee is required by the best interests of the Company and its shareholders. Such person must satisfy the independence requirements set forth in Section 10A(m)(3) of the Exchange Act, and may not chair the Committee. The use of this “exceptional and limited circumstances” exception, as well as the nature of the individual’s relationship to the Company and the basis for the Board’s determination, must be disclosed in the Company’s annual proxy statement.

In addition, if a Committee member ceases to qualify as an “independent director” under Nasdaq’s rules for reasons outside the member’s reasonable control, his or her membership on the Committee may continue until the earlier of the Company’s next annual shareholders’ meeting or one year from the occurrence of the event that caused the failure to qualify as independent. If the Company is not already relying on this provision, and falls out of compliance with Nasdaq’s requirements regarding Audit Committee composition due to a single vacancy on the Committee, then the Company will have until the earlier of the next annual shareholders’ meeting or one year from the occurrence of the event that caused the failure to comply with this requirement. The Company shall provide notice to Nasdaq immediately upon learning of the event or circumstance that caused the non-compliance, if it expects to rely on either of these provisions for a cure period.

Appointment to the Committee, including the designation of the Chair of the Committee, shall be made on an annual basis by the full Board upon recommendation of the Nominating Committee. Meetings of the Committee shall be held at such times and places as the Committee shall determine, including by written consent. When necessary, the Committee shall meet in executive session outside of the presence of any senior executive officer of the Company. The Chair of the Audit Committee shall report on activities of the Committee to the full Board. In fulfilling its responsibilities, the Committee shall have authority to delegate its authority to subcommittees, in each case to the extent permitted by applicable law.

Responsibilities and Processes

The primary responsibilities of the Committee are as follows:

- The Committee shall oversee the Company’s financial reporting process on behalf of the Board and report the results of its activities to the Board.
- The Committee shall have sole authority to appoint, retain and oversee the work of the Company’s independent auditors and establish the compensation to be paid to the independent auditors. The Company’s independent auditors shall report directly to the Committee.

- The Committee shall oversee the Company's systems of internal controls over financial reporting, disclosure controls and procedures and compliance with legal and regulatory requirements and ethical standards adopted by the Company.
- The Committee shall pre-approve all audit services and permissible non-audit services to be performed for the Company by its independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 which are approved by the Committee prior to the completion of the audit, as provided under the federal securities laws and rules and regulations of the SEC, as may be amended from time to time.
- The Committee shall establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to react more effectively to changing conditions and circumstances.

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. These processes are set forth as a guide, with the understanding that the Committee may supplement them as appropriate and is not intended to be a comprehensive list of all of the actions that the Committee will take in discharging its duties.

- The Committee shall discuss with the independent auditors their objectivity and independence from management and the Company, including any relationships or services the auditors have with the Company that may impact the auditors' objectivity or independence. The Committee shall obtain and review a written statement from the auditors regarding their independence consistent with the Independence Standards Board Standard No.1 or any successor standard, as either may be amended from time to time. The Committee is responsible for taking any action, or recommending that the Board take appropriate action, to oversee the independence of the independent auditors.
- The Committee may establish pre-approval policies and procedures, as permitted by Section 10A of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, for the engagement of the Company's independent auditors to perform audit services and permissible non-audit services, including but not limited to policies that allow the formation and delegation of authority to sub-committees consisting of one or more members of the Committee, provided that any decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.
- The Committee shall review and discuss with the independent auditors the overall scope and plans for their audits. In addition, the Committee shall discuss with management and the independent auditors the adequacy and effectiveness of the accounting, financial and disclosure controls, including the Company's system to monitor legal and ethical compliance programs. Further, the Committee may meet separately with the independent auditors, with and without management present, to discuss the results of their examinations. The Committee has the sole authority to resolve disagreements, if any, between management and the independent auditors.

- The Committee shall discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 or any successor standard, as either may be amended from time to time, relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
- The Committee shall review with management and the independent auditors the interim financial statements prior to public release of quarterly results or, if quarterly results are not released, prior to the filing of the Company's Quarterly Report on Form 10-Q. The Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. The Chair or other designated representative of the Committee may represent the entire Committee for purposes of this review.
- The Committee shall review with management and the independent auditors the consolidated financial statements to be included in the Company's Annual Report on Form 10-K. The Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. Further, the Committee shall indicate to the Board whether the Committee recommends that the audited financial statements be included in the Company's Annual Report on Form 10-K and shall review and approve the report required to be included in the Company's annual proxy statement.
- The Committee shall discuss with management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles.
- The Committee shall review and discuss reports from the independent auditors on all critical accounting policies and practices used by the Company; all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
- The Committee shall review and discuss with the independent auditors the independent auditors' judgments as to the quality, not just the acceptability, of the Company's accounting principles and such further matters as the independent auditors present the Committee under generally accepted accounting standards.
- The Committee shall discuss with management the Company's earnings press releases, including the use of any "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and ratings agencies. Such discussion may be done generally (consisting of the types of information to be disclosed and the types of presentations to be made).
- The Committee shall review and discuss with management and the independent auditors the adequacy and effectiveness of the Company's internal controls (including any significant

deficiencies and significant changes in internal controls reported to the Committee by the independent auditors or management); the adequacy and effectiveness of the Company's disclosure controls and procedures; and any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.

- The Committee shall review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have significant role in the Company's internal controls.
- The Committee shall obtain and review a report from the independent auditors at least annually regarding (a) the independent auditors' internal quality-control procedures, (b) any material issues raised by the most recent quality-control, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditors and the Company.
- The Committee shall ensure the rotation of the lead audit partner of the Company's independent auditors every five years and other audit partners every seven years.
- The Committee shall set clear hiring policies for employees or former employees of the Company's independent auditors.
- The Committee shall report to the Board any material violations of the Company's code of ethics that have been brought to the attention of the Committee or any member thereof.
- The Committee shall review matters related to the legal compliance activities of the Company, including without limitation any legal matter that could have a significant impact on the Company's financial statements.
- The Committee shall establish policies and procedures for the review, approval or ratification of related party transactions (within the meaning of Item 404 of SEC Regulation S-K) and shall review all related party transactions pursuant to such policies and procedures for potential conflict of interests situations and either approve or disapprove all such transactions.
- The Committee shall review and reassess the adequacy of this charter at least annually and recommend any proposed changes to the charter to the Board.

It is not the duty of the Committee to conduct audits or to determine that the Company's consolidated financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles and it is the role of the Company's independent auditors to review the Company's quarterly financial statements and to audit the Company's annual financial statements.

Adopted by the
Board of Directors of MOCON, Inc.
November 8, 2006