

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2018
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___ to ___

Commission File No: 0-11740

MESA LABORATORIES, INC.

(Exact name of registrant as specified in its charter)

Colorado **84-0872291**
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification number)

12100 West Sixth Avenue **80228**
Lakewood, Colorado (Zip Code)
(Address of principal executive offices)

Registrant's telephone number, including area code: **(303) 987-8000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
		(Do not check if a smaller reporting company)		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date:

There were 3,848,192 shares of the Issuer's common stock, no par value, outstanding as of July 27, 2018.

Table of Contents

Part I	
1.	Financial Statements 1
	Condensed Consolidated Balance Sheets 1
	Condensed Consolidated Statements of Income 2
	Condensed Consolidated Statements of Comprehensive Income 3
	Condensed Consolidated Statements of Cash Flows 4
	Notes to Condensed Consolidated Financial Statements 5
2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations 13
3.	Quantitative and Qualitative Disclosures About Market Risk 17
4.	Controls and Procedures 17
Part II	
1	Legal Proceedings 18
1A.	Risk Factors 18
2.	Unregistered Sales of Equity Securities and Use of Proceeds 18
6.	Exhibits 18
	Signatures 19
	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)
	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)
	Certification of Chief Executive Officer Pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350
	Certification of Chief Financial Officer Pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350

Part I. Financial Information**Item 1. Financial Statements****Mesa Laboratories, Inc.**
Condensed Consolidated Balance Sheets
(in thousands, except share amounts)

	June 30, 2018 (unaudited)	March 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,400	\$ 5,469
Accounts receivable, less allowances of \$140 and \$179, respectively	12,472	14,302
Inventories, net	8,632	9,228
Prepaid income taxes	—	273
Prepaid expenses and other	2,394	782
Assets held for sale	1,934	1,934
Total current assets	32,832	31,988
Property, plant and equipment, net	23,298	23,593
Deferred taxes	121	127
Intangibles, net	40,113	42,850
Goodwill	65,094	65,543
Total assets	<u>\$ 161,458</u>	<u>\$ 164,101</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,873	\$ 2,380
Accrued salaries and payroll taxes	2,900	4,284
Current portion of long-term debt	1,750	1,625
Unearned revenues	3,830	3,921
Current portion of contingent consideration	49	709
Income taxes payable	916	1,008
Other accrued expenses	3,321	3,363
Total current liabilities	15,639	17,290
Deferred taxes	2,522	2,621
Long-term debt, net of debt issuance costs and current portion	37,662	44,635
Other long-term liabilities	184	194
Total liabilities	56,007	64,740
Stockholders' equity:		
Common stock, no par value; authorized 25,000,000 shares; issued and outstanding, 3,848,025 and 3,801,439 shares, respectively	34,298	30,516
Retained earnings	71,901	68,281
Accumulated other comprehensive (loss) income	(748)	564
Total stockholders' equity	105,451	99,361
Total liabilities and stockholders' equity	<u>\$ 161,458</u>	<u>\$ 164,101</u>

See accompanying notes to condensed consolidated financial statements.

Mesa Laboratories, Inc.
Condensed Consolidated Statements of Income
(unaudited)
(in thousands, except per share data)

	Three Months Ended June 30,	
	2018	2017
Revenues	\$ 25,142	\$ 22,673
Cost of revenues	10,051	10,002
Gross profit	15,091	12,671
Operating expenses:		
Selling	1,890	2,679
General and administrative	7,600	6,857
Research and development	837	1,153
Total operating expenses	10,327	10,689
Operating income	4,764	1,982
Other expense, net	364	679
Earnings before income taxes	4,400	1,303
Income tax expense (benefit)	170	(214)
Net income	\$ 4,230	\$ 1,517
Earnings per share:		
Basic	\$ 1.11	\$ 0.41
Diluted	1.06	0.39
Weighted-average common shares outstanding:		
Basic	3,816	3,736
Diluted	4,006	3,923

See accompanying notes to condensed consolidated financial statements.

Mesa Laboratories, Inc.
Condensed Consolidated Statements of Comprehensive Income
(unaudited)
(in thousands)

	<u>Three Months Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Net income	\$ 4,230	\$ 1,517
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	(1,312)	751
Comprehensive income	<u>\$ 2,918</u>	<u>\$ 2,268</u>

See accompanying notes to condensed consolidated financial statements.

Mesa Laboratories, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Three Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 4,230	\$ 1,517
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,455	2,278
Stock-based compensation	739	540
Amortization of debt issuance costs	27	28
Change in inventory reserve	67	672
Deferred taxes	(93)	90
Foreign currency adjustments	(123)	(176)
Adjustment to contingent consideration	(192)	300
Cash provided by changes in operating assets and liabilities		
Accounts receivable, net	1,830	1,416
Inventories, net	529	(175)
Prepaid expenses and other	(1,340)	(1,711)
Accounts payable	494	170
Accrued liabilities and taxes payable	(1,526)	(1,747)
Unearned revenues	(91)	(84)
Contingent consideration	(463)	(437)
Net cash provided by operating activities	<u>6,543</u>	<u>2,681</u>
Cash flows from investing activities:		
Acquisitions	-	(62)
Purchases of property, plant and equipment	(300)	(1,505)
Net cash used in investing activities	<u>(300)</u>	<u>(1,567)</u>
Cash flows from financing activities:		
Payments on debt	(6,875)	(4,250)
Dividends	(610)	(601)
Proceeds from the exercise of stock options	3,043	963
Net cash used in financing activities	<u>(4,442)</u>	<u>(3,888)</u>
Effect of exchange rate changes on cash and cash equivalents	130	(70)
Net increase (decrease) in cash and cash equivalents	1,931	(2,844)
Cash and cash equivalents at beginning of period	5,469	5,820
Cash and cash equivalents at end of period	<u>\$ 7,400</u>	<u>\$ 2,976</u>
Cash paid for:		
Income taxes	\$ 284	\$ 658
Interest	456	561

See accompanying notes to condensed consolidated financial statements.

Mesa Laboratories, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)
(dollar amounts in thousands, unless otherwise specified)

Note 1. Description of Business and Summary of Significant Accounting Policies

Description of Business

In this quarterly report on Form 10-Q, Mesa Laboratories, Inc., a Colorado corporation, together with its subsidiaries is collectively referred to as “we,” “us,” “our,” the “Company” or “Mesa.”

We pursue a strategy of focusing primarily on quality control products and services which are sold into niche markets that are driven by regulatory requirements. We prefer markets in which we can establish a strong presence and achieve high gross margins. We are organized into four divisions across eight physical locations. Our Sterilization and Disinfection Control Division (“SDC” Division) manufactures and sells biological, cleaning, and chemical indicators. Biological, cleaning, and chemical indicators are used to assess the effectiveness of sterilization and disinfection processes in the hospital, dental, medical device, and pharmaceutical industries. The division also provides testing and laboratory services, mainly to the dental industry. Our Instruments Division designs, manufactures, and markets quality control instruments and disposable products utilized in the healthcare, pharmaceutical, food and beverage, medical device, industrial hygiene, and environmental air sampling industries. Our Cold Chain Monitoring Division designs, develops, and markets systems which are used to monitor various environmental parameters such as temperature, humidity, and differential pressure to ensure that critical storage and processing conditions are maintained in hospitals, pharmaceutical and medical device manufacturers, blood banks, pharmacies, and laboratory environments. Our Cold Chain Packaging Division provides packaging development consulting services and thermal packaging products such as coolers, boxes, insulation materials, and phase-change products to control temperature during the customer’s transport of their own products.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, such unaudited information includes all adjustments, consisting of normal recurring adjustments necessary for a fair presentation of our financial position and results of operations. The results of operations for the three months ended June 30, 2018 are not necessarily indicative of results that may be achieved for the entire year. The financial statements and related notes do not include all information and footnotes required by U.S. GAAP for annual reports. This quarterly report should be read in conjunction with the consolidated financial statements included in our annual report on Form 10-K for the year ended March 31, 2018.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. The pronouncement requires lessees to recognize a liability for lease obligations, which represents the discounted obligation to make future minimum lease payments, and a corresponding right-of-use asset on the balance sheet for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to present financial statement users with the ability to assess the amount, timing, and uncertainty of cash flows arising from leases. We have initiated our plan for the adoption and implementation of this new accounting standard, including assessing our lease arrangements, evaluating practical expedients, and making necessary changes to our accounting policies, processes, and internal controls over financial reporting. We expect to adopt the requirements of ASU 2016-02 beginning April 1, 2019 using the modified retrospective method. We are still assessing the expected impact of the standard on our consolidated balance sheets but it will not significantly impact our consolidated statements of income and cash flows.

Recently Adopted Accounting Pronouncements

Effective April 1, 2018, we adopted ASU 2014-09 *Revenue from Contracts with Customers (Topic 606)* and all related amendments (referred to collectively hereinafter as “ASU 606”) on a modified retrospective basis. ASU 606 requires an entity to recognize revenue for the transfer of goods or services equal to the amount it expects to be entitled to receive for the goods and services. The adoption did not have a material impact on our condensed consolidated balance sheets, statements of income, or cash flows. The primary impact of adoption was the enhancement of disclosures to provide additional clarity regarding how revenue is earned and recognized, and to show revenues at a more disaggregated level, included in Note 2.

In March 2018, the FASB issued ASU 2018-05, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*. The amendments in this update provide guidance on when to record and disclose provisional amounts for certain income tax effects of the Tax Cuts and Jobs Act (“TCJA”). The amendments also require any provisional amounts or subsequent adjustments to be included in net income from continuing operations. Additionally, this ASU discusses required disclosures that an entity must make with regard to the TCJA. This ASU is effective immediately as new information is available to adjust provisional amounts that were previously recorded. We have adopted this standard and will continue to evaluate indicators that may give rise to a change in our tax provision as a result of the TCJA. Refer to Note 7 for additional information on the TCJA.

Note 2. Revenue Recognition

We design, manufacture, market, sell, and maintain quality control instruments, consumables, and services driven primarily by the regulatory requirements of niche markets. Our consumables, such as biological indicator test strips and packaging materials, are typically used on a standalone basis; however, some, such as calibration solutions, are also critical to the ongoing use of our instruments. Instruments sales, such as medical meters, wireless sensors, and data loggers are generally driven by our acquisition of new customers, growth of existing customers, or customer replacement of existing equipment. We generally generate service revenues from three categories: 1) discrete installation of our hardware, 2) discrete but recurring calibration and maintenance of our hardware or 3) contracted and recurring testing and maintenance services. We evaluate our revenues internally both by product line as well as by timing of revenue generation and nature of goods and services provided. Typically, discrete revenue is recognized at the shipping point or upon completion of the service, while contracted revenue is recognized over a period of time reflective of the performance obligation period in the applicable contract.

Substantially all of our revenues and related receivables are generated from contracts with customers that are 12 months or less in duration. For both discrete and contracted revenue, evidence of an arrangement is typically in the form of a formal contract and/or purchase order. Prices are fixed at the time of the order and no price protections or variables are offered. Collectability is reasonably assured through our customer credit and review process, and payment is typically due within 60 days or less. Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. We elected to use the practical expedient that allows us to expense commission costs as incurred.

Our performance obligations related to the sale of instruments and consumables generally consist of the promise to sell tangible goods to distributors or end users. Ownership of these goods is typically transferred at time of shipment, at which point we have satisfied our performance obligation and we recognize revenue.

Our performance obligations related to services may include testing, installation, and/or maintenance of our products, either on-site at our customers' facilities or in our own calibration laboratories. Performance obligations arise from the service contracts when discrete services are contracted in advance and performed at a future time, often at the time of the customer's choosing. In this case, the performance obligation is satisfied, and revenue is recognized, upon the customer's acceptance of the completion of the specified work. Alternately, service revenue may be recognized for contracted services or maintenance provided continually over a period of time, and our performance obligations are satisfied by completing any service that is contractually required, if applicable, or simply by the passage of time if no services are required or requested. For contracted services, revenue is recognized on a straight-line basis over the life of the service contract, which is a faithful depiction of these annual service contracts, which may or may not be invoked.

The following tables present disaggregated revenues for the three months ended June 30, 2018 and June 30, 2017, respectively:

Three Months Ended June 30, 2018						
	Sterilization and Disinfection Control	Instruments	Cold Chain Monitoring	Cold Chain Packaging	Total	
Discrete revenues:						
Consumables	\$ 9,570	\$ 792	\$ 64	\$ 1,740	\$ 12,166	
Hardware	204	5,540	1,340	–	7,084	
Services	351	2,399	543	100	3,393	
Contracted revenues:						
Services	1,223	–	1,276	–	2,499	
Total Revenues	\$ 11,348	\$ 8,731	\$ 3,223	\$ 1,840	\$ 25,142	

Three Months Ended June 30, 2017

	Sterilization and Disinfection Control	Instruments	Cold Chain Monitoring	Cold Chain Packaging	Total
Discrete revenues:					
Consumables	\$ 8,669	\$ 944	\$ 31	\$ 887	\$ 10,531
Hardware	133	5,540	1,172	–	6,845
Services	209	2,119	726	83	3,137
Contracted revenues:					
Services	1,172	–	988	–	2,160
Total Revenues	<u>\$ 10,183</u>	<u>\$ 8,603</u>	<u>\$ 2,917</u>	<u>\$ 970</u>	<u>\$ 22,673</u>

Contract Balances

Our contracts have varying payment terms and conditions. Some customers prepay for services, resulting in unearned revenues or customer deposits, called contract liabilities, which are included within other accrued expenses and unearned revenues in the accompanying condensed consolidated balance sheets. Contract assets would exist when sales are recorded (i.e. the control of the goods or services has been transferred to the customer), but customer payment is contingent on a future event besides the passage of time (such as satisfaction of additional performance obligations). We do not have any contract assets. Unbilled receivables, which are not classified as contract assets, represent arrangements in which sales have been recorded prior to billing and right to payment is unconditional.

A summary of contract liabilities is as follows:

Contract liabilities balance as of March 31, 2018	\$ 4,147
Prior year liabilities recognized in revenues during the three months ended June 30, 2018	(1,765)
Contract liabilities added during the three months ended June 30, 2018, net of revenues recognized	1,836
Contract liabilities balance as of June 30, 2018	<u>\$ 4,218</u>

Note 3. Inventories

Inventories consist of the following:

	June 30, 2018	March 31, 2018
Raw materials	\$ 8,642	\$ 9,059
Work-in-process	479	380
Finished goods	2,940	3,152
Less: reserve	(3,429)	(3,363)
Inventories, net	<u>\$ 8,632</u>	<u>\$ 9,228</u>

Note 4. Facility Relocation

In August 2016, we announced that we planned to shut down both our Omaha and Traverse City manufacturing facilities and relocate those operations to the new Bozeman building. The move of those two facilities, along with the current Bozeman operations, began in March 2017 and was completed as of June 30, 2018. The total cost of the relocation was \$1,584 (which is comprised primarily of facility moving expenses, retention bonuses for existing personnel and payroll costs for duplicative personnel during the transition period).

Facility relocation amounts accrued and paid for the three months ended June 30, 2018 are as follows:

Balance at March 31, 2018	\$ 408
Facility relocation expense	17
Cash payments	(425)
Balance at June 30, 2018	<u>\$ –</u>

In July 2017, we put our old Bozeman facility, part of the SDC Division, up for sale. The assets associated with this facility have a carrying value of \$1,934 and are presented on the accompanying condensed consolidated balance sheets as of June 30, 2018 as assets held for sale.

Note 5. Long-Term Debt

Long-term debt consists of the following:

	June 30, 2018	March 31, 2018
Line of credit (4.00% as of June 30, 2018)	\$ 21,500	\$ 28,000
Term loan (4.13% as of June 30, 2018)	18,250	18,625
Less: discount	(338)	(365)
Less: current portion	(1,750)	(1,625)
Long-term portion	<u>\$ 37,662</u>	<u>\$ 44,635</u>

On March 1, 2017, we entered into a five-year agreement (the "Credit Facility") for an \$80,000 revolving line of credit ("Line of Credit"), a \$20,000 term loan ("Term Loan") and up to \$2,500 of letters of credit with a banking syndicate of four banks. In addition, the Credit Facility provides a post-closing accordion feature which allows for the Company to request to increase the Line of Credit or Term Loan up to an additional \$100,000.

Line of Credit and Term Loan indebtedness bears interest at either: (1) LIBOR, as defined in the agreement, plus an applicable margin ranging from 1.50% to 2.50%; or (2) the alternate base rate ("ABR"), which is the greater of JPMorgan's prime rate or the federal funds effective rate or the overnight bank funding rate plus 0.5%. We elect the interest rate with each borrowing under the line of credit. In addition, there is an unused line fee of 0.15% to 0.35%. Letter of credit fees are based on the applicable LIBOR rate.

The Credit Facility is secured by all of our assets and requires us to maintain a ratio of funded debt to our trailing four quarters of EBITDA (the "Leverage Ratio"), as defined in the agreement, of less than 3.0 to 1.0, provided that, we may once during the term of the Credit Facility, in connection with a Permitted Acquisition for which the aggregate consideration paid or to be paid in respect thereof equals or exceeds \$20,000, elect to increase the maximum Leverage Ratio permitted hereunder to (i) 3.50 to 1.00 for a period of four consecutive fiscal quarters commencing with the fiscal quarter in which such Permitted Acquisition occurs (the "Initial Holiday Period") and (ii) 3.25 to 1.00 for the period of four consecutive fiscal quarters immediately following the Initial Holiday Period. The Credit Facility also requires us to maintain a minimum fixed charge coverage ratio of less than 1.25 to 1.0. We were in compliance with all debt covenants as of June 30, 2018.

As of June 30, 2018, future contractual maturities of debt are as follows:

Year Ending March 31,	
2019	\$ 1,250
2020	2,125
2021	2,625
2022	33,750
Total	<u>\$ 39,750</u>

In July 2018, we made a \$1,000 payment under our Line of Credit.

Note 6. Stock-Based Compensation

During the three months ended June 30, 2018, we granted restricted stock units ("RSUs") on 15,890 shares of our common stock to eligible employees. The weighted average grant date fair value of the RSUs was \$151.44 per share. The RSUs generally vest in equal installments on the anniversary of the grant date over a period of five years.

During the three months ended June 30, 2018, we awarded 11,385 performance share units ("PSUs") that are subject to both service and performance conditions to eligible employees. The PSUs had a grant date fair value of \$192.99 per share and vest both based on our achievement of specific performance criteria for the three-year period from April 1, 2018 through March 31, 2021, as well as continued service through June 15, 2021. The quantity of shares that will be issued upon vesting will range from 0 percent to 400 percent of the targeted number of shares; if the defined minimum targets are not met, then no shares will vest.

[Table of Contents](#)

During the three months ended June 30, 2018, we granted non-qualified stock options (“NQSOs”) on 24,940 shares of common stock to eligible employees. The weighted-average grant date fair value of the NQSOs was \$53.56 per share with a weighted average exercise price of \$143.36 per share based on the closing price of the common stock on the date of grant. The NQSOs generally vest in equal installments on the anniversary of the grant date over a period of five years.

Amounts recognized in the condensed consolidated financial statements related to stock-based compensation are as follows:

	Three Months Ended June 30,	
	2018	2017
Stock-based compensation expense	\$ 739	\$ 540
Amount of income tax (benefit) recognized in earnings	(896)	(631)
Stock-based compensation (benefit), net of tax	\$ (157)	\$ (91)
Benefit to earnings per share:		
Basic	\$ 0.04	\$ 0.02
Diluted	0.04	0.02

Stock-based compensation expense is included in cost of revenues, selling, and general and administrative expense in the accompanying condensed consolidated statements of income.

The following is a summary of stock option and non-vested stock award activity for the three months ended June 30, 2018 (shares in thousands):

	Stock Options		Non-Vested Stock Awards	
	Number of Shares	Weighted- Average Exercise Price per Share	Number of Shares	Weighted- Average Grant-date Fair Value
Outstanding as of March 31, 2018	458	\$ 86.38	9	\$ 125.68
Awards granted	25	143.36	27	168.79
Awards forfeited or expired	(22)	94.45	–	
Awards exercised / vested	(48)	69.21	(1)	122.98
Outstanding as of June 30, 2018	413	91.40	35	\$ 159.29
Exercisable / vested as of June 30, 2018	160		1	

We issue shares in connection with stock-based compensation pursuant to the Mesa Laboratories, Inc. 2014 Equity Plan (the “2014 Equity Plan”). For the purposes of counting the shares remaining as available under the 2014 Incentive Plan, each share issuable pursuant to outstanding full value awards, such as RSUs and PSUs, counts as five shares issued, whereas each share underlying a stock option counts as one share issued. Under the 2014 Equity Plan, 1,100,000 shares of common stock have been authorized and reserved for eligible participants, of which 591,969 shares were available for future grants as of June 30, 2018.

Note 7. Income Taxes

For interim income tax reporting, we estimate our annual effective tax rate and apply this effective tax rate to our year-to-date pre-tax income. Each quarter, the estimate of the annual effective tax rate is updated, and if the estimated effective tax rate changes, a cumulative adjustment is made. Additionally, the tax effects of significant unusual or infrequently occurring items are recognized as discrete items in the interim period in which the events occur. The impact of changes in tax laws or rates on deferred tax amounts, excess benefits from stock-based compensation, impairments of non-deductible goodwill, and changes in tax reserves resulting from the finalization of tax audits or reviews are examples of significant unusual or infrequently occurring items that are recognized as discrete items in the interim period in which the event occurs. There is a potential for volatility of the effective tax rate due to several factors, including excess benefits from stock-based compensation, changes in the mix of the pre-tax income and the jurisdictions to which it relates, changes in tax laws and foreign tax holidays, settlement with taxing authorities, and foreign currency fluctuations.

On December 22, 2017, the Tax Cuts and Jobs Act (“TCJA”) was enacted in the U.S., making significant changes to U.S. tax law. The TCJA reduces the U.S. federal corporate income tax rate from 34 percent to 21 percent for tax years beginning after December 31, 2017, requires companies to pay a one-time transition tax on certain unremitted earnings of foreign subsidiaries that were previously tax deferred, generally eliminates U.S. federal income tax on dividends from foreign subsidiaries, creates new taxes on certain foreign-sourced earnings, repeals the Section 199 deduction, and imposes limitations on the deductibility of executive compensation under Section 162(m).

[Table of Contents](#)

Shortly thereafter, the Securities and Exchange Commission staff issued SAB 118, which provides guidance on accounting for the tax effects of the TCJA for which the accounting under ASC 740 is incomplete. To the extent that a company's accounting for certain income tax effects of the TCJA is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before enactment of the TCJA. The Company is required to complete its tax accounting for the TCJA within a one-year period when it has obtained, prepared, and analyzed the information to complete the income tax accounting.

Accordingly, as of June 30, 2018, we have not completed our accounting for the tax effects of the TCJA. During our fiscal year ended March 31, 2018, we made a reasonable estimate of the one-time transition tax and recognized a provisional tax liability of \$220. We also re-measured the applicable deferred tax assets and liabilities based on the rates at which they are expected to reverse. However, we are still analyzing certain aspects of the TCJA and refining our calculations, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts. The provisional amount recorded related to the re-measurement of our deferred tax balance was a benefit of \$279. Overall, the TCJA resulted in a net tax benefit of \$59. Such amount was recorded as a discrete tax benefit and was included as a component of income tax expense for the year ended March 31, 2018.

Our effective income tax rate (benefit) was 3.9 percent and (16.4) percent for the three months ended June 30, 2018 and 2017, respectively. The effective tax rate for the three months ended June 30, 2018 differed from the statutory federal rate of 21 percent primarily due to the impact of share-based payment awards for employees, state income taxes, foreign derived intangible income deduction, and the foreign rate differential.

Since we are subject to audit by various taxing authorities, it is reasonably possible that the amount of unrecognized tax benefits will change during the next 12 months. However, we do not expect the change, if any, to have a material effect on our financial condition or results of operations within the next 12 months.

Note 8. Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per share ("diluted EPS") is computed similarly to basic earnings per share, except that it includes the potential dilution that could occur if dilutive securities were exercised. Potentially dilutive securities include common shares related to stock options and non-vested stock awards (collectively "stock awards"). Stock awards are excluded from the calculation of diluted EPS in the event that they are subject to performance conditions or are antidilutive.

The following table presents a reconciliation of the denominators used in the computation of basic and diluted earnings per share (shares in thousands):

	Three Months Ended June 30,	
	2018	2017
Net income available for shareholders	\$ 4,230	\$ 1,517
Weighted average number of outstanding shares of common stock	3,816	3,736
Dilutive effect of stock awards	190	187
Diluted weighted average number of outstanding shares of common stock	4,006	3,923
Earnings per share:		
Basic	\$ 1.11	\$ 0.41
Diluted	\$ 1.06	\$ 0.39

The following stock awards were excluded from the calculation of diluted EPS:

	Three Months Ended June 30,	
	2018	2017
Stock awards subject to performance conditions	3	--
Stock awards that were antidilutive	27	117
Total stock awards excluded from diluted EPS	30	117

Note 9. Commitments and Contingencies

In February 2018, Dr. James L. Orrington II filed a purported civil class action in the United States District Court for the Northern District of Illinois, Eastern Division, alleging that we sent unsolicited advertisements to telephone facsimile machines in violation of the Telephone Consumer Protection Act (“TCPA”), as well as analogous state statutes and state consumer protection laws. The plaintiff seeks monetary damages, injunctive relief, and attorneys’ fees. Additionally, in June 2018, Rowan Family Dentistry, Inc. filed a purported class action complaint in the United States District Court for the District of Colorado making substantially the same claims as Dr. James L. Orrington II and seeking substantially the same relief. We intend to vigorously defend both of the aforementioned cases; however, we cannot predict with any degree of certainty the outcome of the lawsuits or determine the extent of any potential liability or damages.

Note 10. Segment Information

We have four reporting segments: Sterilization and Disinfection Control, Instruments, Cold Chain Monitoring, and Cold Chain Packaging. The following tables set forth our segment information:

	Three Months Ended June 30, 2018				
	Sterilization and Disinfection Control	Instruments	Cold Chain Monitoring	Cold Chain Packaging	Total
Revenues	\$ 11,348	\$ 8,731	\$ 3,223	\$ 1,840	\$ 25,142
Gross profit	\$ 7,812	\$ 5,633	\$ 1,464	\$ 182	15,091
Reconciling items ⁽¹⁾					(10,691)
Earnings before income taxes					\$ 4,400

	Three Months Ended June 30, 2017				
	Sterilization and Disinfection Control	Instruments	Cold Chain Monitoring	Cold Chain Packaging	Total
Revenues	\$ 10,183	\$ 8,603	\$ 2,917	\$ 970	\$ 22,673
Gross profit	\$ 6,720	\$ 4,908	\$ 894	\$ 149	12,671
Reconciling items ⁽¹⁾					(11,368)
Earnings before income taxes					\$ 1,303

(1) Reconciling items include selling, general and administrative, research and development, and other expenses

	June 30, 2018	March 31, 2018
Total assets:		
Sterilization and Disinfection Control	\$ 76,578	\$ 83,452
Instruments	32,859	33,479
Cold Chain Monitoring	32,132	30,796
Cold Chain Packaging	7,382	7,091
Corporate and administrative	12,507	9,283
	<u>\$ 161,458</u>	<u>\$ 164,101</u>

As of June 30, 2018, all long-lived assets are located in the United States except for \$6,408, \$6,746 and \$15,911 which are associated with our French, Canadian, and German subsidiaries, respectively.

Revenues from external customers are attributed to individual countries based upon locations to which the product is shipped or exported, as follows:

	Three Months Ended June 30,	
	2018	2017
United States	\$ 15,548	\$ 13,011
Foreign	9,594	9,662
	<u>\$ 25,142</u>	<u>\$ 22,673</u>

No foreign country exceeds 10 percent of total revenues.

Note 11. Subsequent Event

In July 2018, we announced that our Board of Directors declared a quarterly cash dividend of \$0.16 per share of common stock, payable on September 17, 2018, to shareholders of record at the close of business on August 31, 2018.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

This report contains information that may constitute "forward-looking statements." Generally, the words "believe," "will," "estimate," "expect," "project," "anticipate," "intend," and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events, or developments that we expect or anticipate will occur in the future — including statements relating to revenues growth and statements expressing general views about future operating results — are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to those described in Part II, "Item 1A. Risk Factors" and elsewhere in this report and in our Annual Report on Form 10-K for the year ended March 31, 2018, and those described from time to time in our subsequent reports filed with the Securities and Exchange Commission.

General Discussion

We pursue a strategy of focusing primarily on quality control products and services, which are sold into niche markets that are driven by regulatory requirements. We prefer markets in which we can establish a strong presence and achieve high gross margins. We are organized into four divisions across eight physical locations. Our sterilization and disinfection control division ("SDC" Division) manufactures and sells biological, cleaning, and chemical indicators. Biological, cleaning, and chemical indicators are used to assess the effectiveness of sterilization and disinfection processes in the hospital, dental, medical device, and pharmaceutical industries. The division also provides testing and laboratory services, mainly to the dental industry. Our Instruments Division designs, manufactures, and markets quality control instruments and disposable products utilized in the healthcare, pharmaceutical, food and beverage, medical device, industrial hygiene, and environmental air sampling industries. Our Cold Chain Monitoring Division designs, develops, and markets systems which are used to monitor various environmental parameters such as temperature, humidity, and differential pressure to ensure that critical storage and processing conditions are maintained in hospitals, pharmaceutical and medical device manufacturers, blood banks, pharmacies, and other laboratory and industrial environments. Our Cold Chain Packaging Division provides packaging development consulting services and thermal packaging products such as coolers, boxes, insulation materials, and phase-change products to control temperature during the customer's transport of their own products.

Our revenues come from three main sources – hardware, consumables, and services. Product sales (hardware and consumables) are dependent on several factors, including general economic conditions, both domestic and international, customer capital spending trends, competition, introduction of new products and acquisitions. Sterilization and disinfection control products and most products in our Cold Chain Packaging Division are disposable and are used on a routine basis, thus product sales are less sensitive to general economic conditions. Instrument products and cold chain monitoring products and systems have a longer life, and their purchase by our customers is somewhat discretionary, so sales are more sensitive to general economic conditions. Service demand is driven by our customers' quality control and regulatory environments, which require periodic repair and recalibration or certification of our instrument products and cold chain monitoring systems. We typically evaluate costs and pricing annually. Our policy is to price our products competitively and, where possible, we pass along cost increases in order to maintain our margins.

Gross profit is affected by our product mix, manufacturing efficiencies, and price competition. Historically, as we have integrated our acquisitions and taken advantage of manufacturing efficiencies, our gross margin percentages for some products have improved. There are, however, differences in gross margin percentages between product lines, and ultimately the mix of sales will continue to impact our overall gross margin.

Selling expense is driven primarily by labor costs, including salaries and commissions. Accordingly, it may vary with sales levels. Labor costs, including non-cash stock-based compensation, and amortization of intangible assets drive the substantial majority of general and administrative expense. Research and development expense is predominantly comprised of labor costs and third-party consultants.

General Trends

Our strategic objectives include growth both organically and through further acquisitions. During the three months ended June 30, 2018, we continued to build our infrastructure to prepare for future growth, including completing the relocation of the old Bozeman manufacturing facility into the new Bozeman building, the addition of key personnel to our operations, sales and marketing, and research and development teams, and the continued rollout of phase three of our ERP implementation project (European operations).

[Table of Contents](#)

The markets for sterilization and disinfection control products remain strong, as the disposable nature of these products makes them less sensitive to general economic conditions. The worldwide market for sterilization and disinfection control products is growing as more countries focus on verifying the effectiveness of sterilization and disinfection processes.

Demand for our instruments products and cold chain services and monitoring systems remains solid and we strive to continue to grow revenues going forward. In general, our instruments products and cold chain monitoring systems are more impacted by general economic conditions than our sterilization and disinfection control and cold chain packaging products. As a result, uncertainty about global economic conditions may cause businesses to postpone spending in response to tighter credit, unemployment, negative financial news and/or declines in income or asset values. Worldwide and regional economic conditions could also reduce the demand for our products and services, as our customers reduce or delay capital equipment and other types of purchases.

We are working on several research and development projects that, if completed, may result in new products for both existing customers and new markets. We are hopeful that we will have new products available for sale in the coming year.

Overall revenues increased 11 percent, while organic revenues increased four percent, for the three months ended June 30, 2018, resulting from organic increases of 90 percent, 10 percent, and one percent from the Cold Chain Packaging, Cold Chain Monitoring, and Instruments Divisions, respectively, partially offset by an organic decrease of four percent for the SDC Division.

Results of Operations

(Dollars in thousands)

The following table sets forth, for the periods indicated, condensed consolidated statements of income data. The table and the discussion below should be read in conjunction with the accompanying condensed consolidated financial statements and the notes thereto appearing elsewhere in this report:

	Three Months Ended June 30,			Change	Percent Change
	2018	2017			
Revenues	\$ 25,142	\$ 22,673	\$ 2,469	11%	
Cost of revenues	10,051	10,002	49	–%	
Gross profit	\$ 15,091	\$ 12,671	\$ 2,420	19%	
Gross profit margin	60%	56%	4%		
Operating expenses					
Selling	\$ 1,890	\$ 2,679	\$ (789)	(29)%	
General and administrative	7,600	6,857	743	11%	
Research and development	837	1,153	(316)	(27)%	
	\$ 10,327	\$ 10,689	\$ (362)	(3)%	
Operating income	\$ 4,764	\$ 1,982	\$ 2,782	140%	
Net income	4,230	1,517	2,713	179%	
Net income margin	17%	7%	10%		

Revenues

The following table summarizes our revenues by source:

	Three Months Ended June 30,			Change	Percent Change
	2018	2017			
Sterilization and Disinfection Control	\$ 11,348	\$ 10,183	\$ 1,165	11%	
Instruments	8,731	8,603	128	1%	
Cold Chain Monitoring	3,223	2,917	306	10%	
Cold Chain Packaging	1,840	970	870	90%	
Total	\$ 25,142	\$ 22,673	\$ 2,469	11%	

Three months ended June 30, 2018 versus June 30, 2017

Sterilization and Disinfection Control revenues for the three months ended June 30, 2018 increased 11 percent primarily due to the acquisitions of BAG Health Care GmbH Hygiene Monitoring, SIMICON GmbH, and Hucker & Hucker GmbH during fiscal year 2018, partially offset by an organic decline of four percent. This decline is primarily associated with timing of fulfillment of orders related to the completion of the move into our new Bozeman Facility and we expect to fulfill the majority of the related backlog during the three months ending September 30, 2018.

[Table of Contents](#)

Instruments revenues for the three months ended June 30, 2018 increased one percent, primarily due to the timing of orders and modest price increases.

Cold Chain Monitoring revenues for the three months ended June 30, 2018 increased 10 percent primarily due to organic growth of 10 percent. Revenues in this division fluctuate quarter over quarter due to the timing of customer acceptance of certain installations and the nature and timing of orders within any given quarter.

Cold Chain Packaging revenues increased by 90 percent for the three months ended June 30, 2018. The increase was primarily due to an increased order rate with the division's largest customer.

Gross Profit

The following summarizes our gross profit by segment:

	Three Months Ended June 30,			Percent Change
	2018	2017	Change	
Sterilization and Disinfection Control	\$ 7,812	\$ 6,720	\$ 1,092	16%
Gross profit margin	69%	66%	3%	
Instruments	5,633	4,908	725	15%
Gross profit margin	65%	57%	8%	
Cold Chain Monitoring	1,464	894	570	64%
Gross profit margin	45%	31%	14%	
Cold Chain Packaging	182	149	33	22%
Gross profit margin	10%	15%	(5)%	
Total gross profit	\$ 15,091	\$ 12,671	\$ 2,420	19%
Gross profit margin	60%	56%	4%	

Three months ended June 30, 2018 versus June 30, 2017

Sterilization and Disinfection Control gross profit margin percentage increased for the three months ended June 30, 2018 relative to the three months ended June 30, 2017 primarily as a result of a \$291 expense in the prior year related to moving costs for the Bozeman facility. Excluding the impact of the moving costs in the three months ended June 30, 2017, gross margin percentage was essentially flat as compared to the prior year.

Instruments gross margin percentage increased for the three months ended June 30, 2018 primarily due to mix between the component products, and product and service mix, as well as due to a \$163 increase in inventory reserve in the three months ended June 30, 2017 as a result of the decision to discontinue for sale certain instruments products.

Cold Chain Monitoring gross profit margin percentage increased for the three months ended June 30, 2018 primarily due to efficiency gains. Additionally, in the three months ended June 30, 2017, we recorded an inventory reserve charge of \$216.

Cold Chain Packaging gross profit margin decreased primarily as a result of increased revenues from a large customer contract with higher than normal discount rates. We expect that our Cold Chain Packaging gross profit margin percentage will continue to be substantially lower than the historical results of our other segments due to the nature of these products.

Operating Expenses

Operating expenses for the three months ended June 30, 2018 increased in total as compared to the prior year as follows:

Selling

Three months ended June 30, 2018 versus June 30, 2017

Selling expense for the three months ended June 30, 2018 decreased 29 percent primarily due to timing in the reduction and replacement of selling personnel. Selling expense was eight percent of revenues for the three months ended June 30, 2018 as compared to 12 percent for the three months ended June 30, 2017. We plan to strategically reinvest in sales and marketing resources to further increase organic revenues growth.

General and Administrative

Three months ended June 30, 2018 versus June 30, 2017

General and administrative expenses for the three months ended June 30, 2018 increased by \$743. Increases in non-cash stock-based compensation expense and amortization expense comprise \$477 of the total, and one-time recruiting fees accounted for an additional \$112 of the increase. The remaining increase is composed of both recurring and non-recurring charges that are individually immaterial.

Research and Development

Three months ended June 30, 2018 versus June 30, 2017

Research and development expenses for the three months ended June 30, 2018 decreased 27 percent due to streamlining the necessary engineers and materials and supplies required to support existing businesses. We plan to make incremental investments in this area to further our development plans.

Other Expense

Other expense for the three months ended June 30, 2018 is composed primarily of interest expense associated with our Credit Facility.

Net Income

Our income tax rate varies based upon many factors but in general, we anticipate that on a go-forward basis, our effective tax rate will be approximately 26 percent, plus or minus the impact of excess tax benefits and deficiencies associated with share-based payment awards to employees (please see Note 7. "Income Taxes" within Item 1. *Financial Statements* for additional discussion). The excess tax benefits and deficiencies associated with share-based payment awards to our employees have caused and, in the future, may cause large fluctuations in our realized effective tax rate based on timing, volume, and nature of stock options exercised under our share-based payment program. Net income for the three months ended June 30, 2018 varied with the changes in revenues, gross profit, and operating expenses (which includes \$1,860 of non-cash amortization of intangible assets).

Liquidity and Capital Resources

Our sources of liquidity include cash generated from operations, working capital, capacity under our Credit Facility, and potential equity and debt offerings. We believe that cash generated from these sources will be sufficient to meet our short-term and long-term needs. Our more significant uses of resources have historically included long-term capital equipment expenditures, payment of debt obligations, quarterly dividends to shareholders, and acquisitions. Working capital is the amount by which current assets exceed current liabilities. We had working capital of \$17,193 and \$14,698 at June 30, 2018 and March 31, 2018, respectively.

Given our cash flow projections and unused capacity on our line of credit that is available until March 1, 2022, our liquidity is strong and is expected to meet our ongoing cash and debt service requirements for our general business needs. Interest-bearing debt of \$39,750 and \$46,625 was outstanding at June 30, 2018 and March 31, 2018, respectively. The Term Loan requires 20 quarterly principal payments, which began on March 31, 2017, in the amount of \$250,000 (increasing by \$125,000 each year up to \$750,000 in the fifth year). The remaining balance of principal and accrued interest are due on March 1, 2022. We were in compliance with all loan agreements at June 30, 2018 and for all prior years presented, and have met all debt payment obligations.

We completed the previously-announced move of our Omaha, Traverse City, and old Bozeman manufacturing facilities to our new facility in Bozeman, Montana. We are currently holding our old Bozeman facility for sale, and we expect to be able to sell that building for approximately \$2,300 (less broker commissions).

We routinely evaluate opportunities for strategic acquisitions. Future material acquisitions may require that we obtain additional capital, assume third party debt or incur other long-term obligations. We believe that we have the option to utilize both equity and debt instruments as vehicles for the long-term financing of our investment activities and acquisitions. At June 30, 2018, we had \$58,500 on unused capacity under our credit facility, subject to covenant restrictions. In addition, in June 2018, the SEC declared effective our Universal Shelf Registration Statement which allows us to sell, in one or more public offerings, common stock or warrants, or any combination of such securities for proceeds in an aggregate amount of up to \$300,000. The terms of any offering, including the type of securities involved, would be established at the time of sale.

Dividends

We have paid regular quarterly dividends since 2003. We declared and paid dividends of \$0.16 per share for the three months ended June 30, 2018 as well as each quarter for the year ending March 31, 2018.

In July 2018, we announced that our Board of Directors declared a quarterly cash dividend of \$0.16 per share of common stock, payable on September 17, 2018, to shareholders of record at the close of business on August 31, 2018.

Cash Flows

Our cash flows from operating, investing, and financing activities were as follows (in thousands):

	Three Months Ended June 30,	
	2018	2017
Net cash provided by operating activities	\$ 6,543	\$ 2,681
Net cash used in investing activities	(300)	(1,567)
Net cash used in financing activities	(4,442)	(3,888)

At June 30, 2018, we had contractual obligations for open purchase orders of approximately \$3,194 for routine purchases of supplies and inventory, which are payable in less than one year.

Critical Accounting Estimates

Critical accounting estimates are those that we believe are both significant and require us to make difficult, subjective, or complex judgments, often because we need to estimate the effect of inherently uncertain matters. These estimates are based on historical experience and various other factors that we believe to be appropriate under the circumstance. Actual amounts and results could differ from these estimates made by management. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations or financial position are discussed in our Annual Report on Form 10-K for the year ended March 31, 2018 in the Critical Accounting Policies and Estimates section of “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We have no derivative instruments and minimal exposure to commodity market risks. We have exposure to foreign currency risk; however, we minimize our exposure, because all our subsidiaries transact and operate using stable currencies. Our subsidiaries account for approximately 23 percent of our revenues.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) that are designed to ensure that information required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our internal control over financial reporting as of June 30, 2018 based on the framework in “Internal Control – Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Based on that evaluation, our management concluded that our internal control over financial reporting was effective at June 30, 2018.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2018 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

See Note 9. "Commitments and Contingencies" within Item 1. "Financial Statements." for information regarding any legal proceedings in which we may be involved.

Item 1A. Risk factors

We are affected by risks specific to us as well as factors that affect all businesses operating in a global market. The significant factors known to us that could materially adversely affect our business, financial condition, or operating results are described in our Annual Report on Form 10-K for the year ended March 31, 2018, under the heading "Part I – Item 1A. Risk Factors." There have been no material changes to those risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On November 7, 2005, our Board of Directors adopted a share repurchase plan which allows for the repurchase of up to 300,000 of our common shares, of which 162,486 have been purchased to date. This plan will continue until the maximum is reached or the plan is terminated by further action of the Board of Directors. We have made no repurchases of our common stock in any of the last three fiscal years.

Item 6. Exhibits

Exhibit No.

3.1	Articles of Incorporation and Amendments to Articles of Incorporation
10.1	Credit agreement dated as of March 1, 2017 between Mesa Laboratories, Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders referred to therein (incorporated by reference from Exhibit 10.1 to Mesa Laboratories, Inc.'s report on Form 8-K filed on March 2, 2017 (Commission File Number: 000-11740))
10.2.1 *	Mesa Laboratories, Inc. 2006 Stock Compensation Plan
10.2.2 *	Mesa Laboratories, Inc. 2014 Equity Plan
10.3.1 *	Form of 2014 Equity Plan Option Award Agreement
10.3.2 *	Form of 2014 Equity Plan Option Award Agreement as amended
10.3.3 *	Form of 2014 Equity Plan Restricted Stock Award Agreement (incorporated by reference from Exhibit 10.1 to Mesa Laboratories, Inc.'s report on Form 8-K filed on June 11, 2018 (Commission File Number: 000-11740))
10.3.4 *	Form of 2014 Equity Plan Performance Share Award agreement
10.4 *	Form of Confidentiality, Non-Compete and Non-Solicitation Agreement
10.5 * α	Form of Executive Employment Agreement (incorporated by reference from Exhibit 10.1 to Mesa Laboratories, Inc.'s report on Form 8-K filed on April 11, 2017 (Commission File Number 000-11740))
21.1	Subsidiaries of Mesa Laboratories, Inc.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from the quarterly report on Form 10-Q of Mesa Laboratories, Inc. for the quarter ended June 30, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Income, (ii) Condensed Consolidated Balance Sheets, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements.

* Indicates a management contract or compensatory plan, contract or arrangement.

α Mesa Laboratories, Inc. has entered into an Executive Employment Agreement with each of Gary M. Owens and John V. Sakys.

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MESA LABORATORIES, INC.
(Registrant)

DATED: July 31, 2018

BY: /s/ Gary M. Owens.
Gary M. Owens
Chief Executive Officer

DATED: July 31, 2018

BY: /s/ John V. Sakys
John V. Sakys
Chief Financial Officer

ARTICLES OF INCORPORATION

OF

MESA MEDICAL INC.

KNOW ALL MEN BY THESE PRESENTS:

THAT I, the undersigned, T. Michael Carrington, of 3201 South Tamarac, Suite 204, Denver, Colorado 80231, desiring to form a corporation under the laws of the State of Colorado, do hereby make, execute and acknowledge this certificate in writing of my intention to become a body corporate under said laws, and declare:

ARTICLE ONE

NAME

The corporate name of our said corporation shall be MESA MEDICAL INC.

ARTICLE TWO

OBJECTS, PURPOSES AND POWERS

The objects or purposes for which this corporation is created and the nature of the business to be transacted, promoted or carried on by this corporation, either within or outside the State of Colorado, and the powers with which it shall be vested are to engage in any activity or business not in conflict with the laws of the State of Colorado or of the United States of America, and without limiting the generality of the foregoing, specifically:

2.1 To design, manufacture, acquire by purchase, lease or otherwise, to own and hold, to maintain, repair, modify and remanufacture; to sell, by wholesale or retail, lease, market, trade, distribute and otherwise dispose of, and to otherwise generally deal in medical and hospital equipment and machines of all types, including but not limited to kidney dialysis machines, and related supplies and incidents; and to do all things and to conduct all business as may be necessary or incidental to the foregoing; and to make all contracts and do all things proper, incidental and conducive to the complete attainment of such purpose.

2.2 To acquire as principal or agent by purchase, lease, contract or otherwise, lands and interests in lands, buildings or other structures and to own, hold, improve, develop and manage the same, and to erect or cause to be erected on any lands owned, held or occupied by the corporation, buildings or other structures with their appurtenances, and to rebuild, enlarge, alter or improve any buildings or other structures now or hereafter erected on any lands so owned, held or occupied, and to mortgage, sell, lease or otherwise dispose of any lands or interests in lands and in buildings or other structures, and any stores, shops, suites, rooms or parts of any buildings or other structures at any time owned or held by the corporation.

2.3 To invest in and to buy, sell or otherwise acquire or dispose of and deal in loans secured by liens upon real and personal property both as principal and as agent.

2.4 To invest, as principal or agent, in all forms of personal investment property including without limitation securities, stocks, bonds, mutual funds and secured or unsecured notes.

2.5 To purchase or otherwise acquire the whole or any part of the property, assets, business, goodwill and rights and to undertake or assume the whole or any part of the bonds, mortgages, franchises, leases, contracts, indebtedness, guarantees, liabilities and obligations of any person, firm, association, corporation or organization, and to pay for the same or any part or combination thereof in cash, shares of the capital stock, bonds, debentures, debenture stock, notes and other obligations of this corporation, or otherwise, or by undertaking and assuming the whole or any part of the liabilities or obligations of the transferor; and to hold or in any manner dispose of the whole or any part of the property and assets so acquired or purchased, and to conduct in any lawful manner the whole or any part of the business so acquired and to exercise all the powers necessary or convenient in and about the conduct, management and carrying on of such business.

2.6 To borrow money for any of the purposes of this corporation and to issue bonds, debentures, debenture stock, notes or other obligations therefor, and to secure the same by pledge or mortgage of the whole or any part of the property of this corporation whether real or personal, or to issue bonds, debentures, debenture stock, notes or other obligations with any such security.

2.7 To purchase, apply for, register, obtain or otherwise acquire and to hold, own, use, operate, develop, introduce, and sell, lease, assign, pledge or in any manner dispose of and in any manner deal with and contract with reference to lenders or letters patent, patents, patent rights, patented processes, designs and similar rights, copyrights, trademarks, trade names and similar rights granted by the United States, any state of the United States, or any other government or country, or any interest therein, or any inventions, and to acquire, own, use or in any manner dispose of any and all inventions, improvements and processes, labels, designs, marks, brands or other rights, and to work, operate or develop the same.

2.8 To loan money, guarantee, purchase, acquire, exchange, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock of, or any bonds, securities or evidences of indebtedness created by any corporation or corporations organized under the laws of this state or of any other state, district or country and also bonds or evidences of indebtedness of the United States or of any state, territory, dependency, or country or subdivision or municipality thereof; and while the owner thereof to exercise all rights, powers and privileges of ownership including the right to vote thereon.

2.9 To organize or cause to be organized under the laws of the State of Colorado, or of any other state, district, territory, province or government, a corporation or corporations for the purpose of accomplishing any or all of the objects for which this corporation is organized, and to dissolve, wind up, liquidate, merge or consolidate any such corporation or corporations, or to cause the same to be dissolved, wound up, liquidated, merged or consolidated.

2.10 To enter into partnerships, as a general or limited partner, or into any agreement for sharing of profits, union of interests, cooperation, joint ventures, reciprocal concession or otherwise with any person or company carrying on or engaged in, or about to carry on or engage in, any business or transaction which this corporation is authorized to carry on or engage in.

2.11 To purchase, hold, sell, exchange or transfer or otherwise deal in shares of its own capital stock, bonds or other obligations from time to time to such an extent and in such manner and upon such terms as its Board of Directors shall determine; provided that this corporation shall not use any of its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of the capital of the corporation; and provided, further, that shares of its own capital stock belonging to this corporation shall not be voted upon directly or indirectly.

2.12 To promote or to aid in any manner, financially or otherwise, any corporation or association of which any stocks, bonds or other evidences of indebtedness or securities are held directly or indirectly by this corporation; and for this purpose to guarantee the contracts, dividends, stocks, bonds, notes and other obligations of such corporations or associations; and to do any other acts or things designed to protect, preserve, improve or enhance the value of such stocks, bonds or other evidences of indebtedness or securities.

IN GENERAL, to do any or all of the things herein set forth to the same extent as natural persons might or could do in any part of the world, as principals, agents, contractors, trustees or otherwise, within or without the State of Colorado, either alone or in company with others, and to carry on any other business in connection therewith, whether manufacturing or otherwise, and to do all things not forbidden, and with all the powers conferred upon corporations by the laws of the State of Colorado.

It is the intention that each of the objects, purposes and powers specified in each of the paragraphs of this Article Two of these Articles of Incorporation shall, except where otherwise specified, be nowise limited or restricted by reference to or inference from the terms of any other paragraph or of any other article in these Articles of Incorporation, but that the objects, purposes and powers specified in this Article and in each of the articles or paragraphs of these Articles shall be regarded as independent objects, purposes and powers, and the enumeration of specific purposes and powers shall not be construed to restrict in any manner the general terms and powers of this corporation, nor shall the expression of one thing be deemed to exclude another, although it be of like nature. The enumeration of objects or purposes herein shall not be deemed to exclude or in any way limit by inference any powers, objects or purposes which this corporation is empowered to exercise, whether expressly or by force of the laws of the State of Colorado, now or hereafter in effect, or impliedly by any reasonable construction of said laws.

ARTICLE THREE
DURATION

This corporation shall have perpetual existence.

ARTICLE FOUR
CAPITAL STOCK

The amount of authorized capital stock of this corporation is 100,000 shares of common stock, each share having \$1.00 par value, and all shares when issued shall be fully paid and nonassessable, and the private property of shareholders shall not be liable for corporate debts.

ARTICLE FIVE
RIGHTS OF SHAREHOLDERS

The rights and privileges relating to the shares of capital stock named in Article Four hereof shall be as follows:

5.1 Pre-emptive Rights Allowed. The holders of the shares of the common stock of the corporation shall be entitled as of right to purchase or subscribe for any unissued or treasury shares of any class, or any additional shares of any class to be issued by reason of any increase of the authorized shares of the corporation of any class, or any bonds, certificates of indebtedness, debentures, or other securities, rights, warrants or options convertible into shares of the corporation or carrying any right to purchase shares of any class in accordance with their proportionate equity in the corporation.

5.2 Each share of capital stock shall be entitled to one vote, either in person or by proxy, at all shareholders' meetings. Cumulative voting shall be allowed in the election of directors, so that at each election for directors, every shareholder entitled to vote at such election shall have the right to cumulate his votes by giving one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates.

5.3 All outstanding shares of common stock shall share equally in dividends and upon liquidation. Dividends are payable at the discretion of the Board of Directors at such times and in such amounts as they deem advisable, subject, however, to the provisions of the laws of the State of Colorado.

5.4 The Board of Directors may cause any stock issued by the corporation to be issued subject to such lawful restrictions, qualifications, limitations or special rights as they deem fit, which restrictions, qualifications, limitations or special rights may be created by provisions in the Bylaws of the corporation or in the minutes of any properly convened meeting of the Board of Directors; provided, however, notice of such special restrictions, qualifications, limitations or special rights must appear on the certificate evidencing ownership of such stock.

ARTICLE SIX
DIRECTORS

The affairs of the corporation shall be governed by a Board of not less than three (3) nor more than nine (9) Directors as the Bylaws may determine from time to time, and who shall be elected in accordance with the Bylaws of the corporation. The organization and conduct of the Board shall be in accordance with the following:

6.1 The names and addresses of the members of the initial Board of Directors, who shall hold office until the first annual meeting of the shareholders of the corporation, or until their successors shall have been elected and qualified are:

Theodore A. Weaver
5140 South Franklin Street
Littleton, Colorado 80121

Luke Schmieder
5140 South Franklin Street
Littleton, Colorado 80121

Phil Quedenfeld
5140 South Franklin Street
Littleton, Colorado 80121

Richard Luttrell
5140 South Franklin Street
Littleton, Colorado 80121

Paul Duke
5140 South Franklin Street
Littleton, Colorado 80121

Mark Schmieder
5140 South Franklin Street
Littleton, Colorado 80121

6.2 Directors of the corporation need not be residents of Colorado nor holders of shares of the corporation's capital stock.

6.3 Meetings of the Board of Directors, regular or special, may be held within or without Colorado upon such notice as may be prescribed by the Bylaws of the corporation. Attendance of a Director at a meeting shall constitute a waiver by him of notice of such meeting unless he attends only for the express purpose of objecting to the transaction of any business thereat on the ground that the meeting is not lawfully called or convened.

6.4 A majority of the number of Directors at any time constituting the Board of Directors shall constitute a quorum for the transaction of business, and the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

6.5 By resolution adopted by a majority of the number of Directors at any time constituting the Board of Directors, the Board of Directors may designate two or more Directors to constitute an executive committee which shall have and may exercise, to the extent permitted by law or in such resolution, all of the authority of the Board of Directors in the management of the corporation; but the designation of any such committee and the delegation of authority thereto shall not operate to relieve the Board of Directors or any member thereof of any responsibility imposed on it or him by law.

6.6 Any vacancy in the Board of Directors, however caused, may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

6.7 The Board of Directors may, from time to time and to the extent permitted by law, authorize a distribution to the shareholders in partial liquidation, out of stated capital or capital surplus of the corporation, of a portion of the corporate assets, in cash or property.

ARTICLE SEVEN
PLACE OF BUSINESS AND REGISTERED AGENT

The principal office and the principal place of business of the corporation initially shall be located in the County of Arapahoe, State of Colorado. The Board of Directors may, however, from time to time establish such other offices, branches, subsidiaries or divisions in such other place or places within or without the State of Colorado as it deems advisable. The address of the corporation's initial registered office in Colorado for the purposes of the Colorado Corporation Act, as amended, shall be:

3201 South Tamarac, Suite 204
Denver, Colorado 80231

The name of the corporation's initial registered agent shall be: T. Michael Carrington.

ARTICLE EIGHT
OFFICERS

The officers of the corporation shall consist of a President, one or more Vice-Presidents as may be prescribed by the Bylaws of the corporation, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors at such time and in such manner as may be prescribed by the Bylaws of the corporation. Any two or more offices may be held by the same person, except the offices of President and Secretary.

ARTICLE NINE
BYLAWS

The Board of Directors shall have the power to make and adopt such prudent Bylaws for the government of the corporation not inconsistent with the laws of the State of Colorado for the purpose of regulating and carrying on the business of the corporation within the scope of its objects and purposes; and the Board of Directors from time to time may change, alter or amend the same as may be beneficial to the interests of the corporation.

ARTICLE TEN
MEETINGS OF SHAREHOLDERS

Meetings of shareholders of the corporation shall be held at such place within or without the State of Colorado and at such times as may be prescribed in the Bylaws of the corporation. Special meetings of the shareholders of the corporation may be called by the President of the corporation, the Board of Directors, or by the record holder or holders of at least ten percent (10%) of all shares entitled to vote at the meeting. At the meeting of the shareholders, except to the extent otherwise provided by the Bylaws or by law, a quorum shall consist of not less than a majority of the shares entitled to vote at the meeting; and, if a quorum is present, the affirmative vote of the majority of shares represented at the meeting and entitled to vote thereat shall be the act of the shareholders unless the vote of a greater number or voting by classes is required by law.

ARTICLE ELEVEN
SALE OF ASSETS

Whenever the Board of Directors at any meeting thereof, by a majority vote of the whole Board, determines that it is in the best interests of the corporation, the corporation may sell, lease, exchange, or convey all of its property and assets, including its goodwill and its corporate franchises, upon such terms and conditions and for such consideration as the Board of Directors shall deem expedient; provided, however, that the sale or disposal of all or substantially all of the property and assets of the corporation shall be authorized or ratified by the affirmative vote of the holders of at least two-thirds (2/3) of the capital stock then issued and outstanding, such vote to be taken at a meeting of shareholders duly called for that purpose as provided by the statutes of the State of Colorado.

ARTICLE TWELVE
INTEREST OF DIRECTORS IN CONTRACTS

Any contract or other transaction between the corporation and one or more of its Directors, between the corporation and any firm of which one or more of its Directors are members or employees, or in which they are interested, or between the corporation and any corporation or association of which one or more of its Directors are shareholders, members, directors, officers or employees, or in which they are interested, shall be valid for all purposes, notwithstanding the presence of such Director or Directors at the meeting of the Board of Directors of the corporation which acts upon or in reference to such contract or transaction, and notwithstanding his or their participation in such action, if the fact of such interest shall be disclosed or known to the Board of Directors, and the Board of Directors shall, nevertheless, authorize, approve, and ratify such contract or transaction by a vote of a majority of the Board of Directors present, such interested Director or Directors to be counted in determining whether a quorum is present but not to be counted in calculating the majority necessary to carry such vote. This article shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common and statutory law applicable thereto.

ARTICLE THIRTEEN
INDEMNIFICATION OF DIRECTORS

Every director or officer or former director or officer, or his heirs, executor, administrator or personal representative made a party to any action, suit or proceeding by reason of the fact that he is or was an officer or director of the corporation, or any person who may have served at its request as a director or officer of any other corporation, shall be indemnified by the corporation against all expenses incurred by him in connection with such action, suit, or proceeding to the extent and as set forth in the Bylaws of the corporation and as provided by law.

ARTICLE FOURTEEN
AMENDMENT OF ARTICLES OF INCORPORATION

The corporation expressly reserves the right to amend these Articles of Incorporation and to alter, change or repeal any provision contained herein in any manner now or hereafter permitted or provided by the corporation laws of Colorado, and the rights of all shareholders are expressly made subject to such power of amendment.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 25th day of March, 1982.

/s/ T. Michael Carrington
T. Michael Carrington

[Notary Information]

ARTICLES OF AMENDMENT

to the

ARTICLES OF INCORPORATION

Pursuant to the provisions of the Colorado Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is Mesa Medical Inc.

SECOND: The following amendments were adopted by the shareholders of the corporation in the manner prescribed by the Colorado Corporation Act:

I

RESOLVED, that the FOURTH Article of the Corporation's Articles of Incorporation be amended to read in its entirety as follows:

ARTICLE FOUR

CAPITAL STOCK

The amount of authorized capital stock of this corporation is six million (6,000,000) shares of common stock, each share having no par value, and all shares when issued shall be fully paid and nonassessable, and the private property of shareholders shall not be liable for corporate debts.

II

RESOLVED, that the FIFTH Article, paragraphs 5-1 and 5-2 of the Corporation's Articles of Incorporation be amended to read in their entireties as follows:

5-1. No Shareholder of the corporation shall have any preemptive or similar right to acquire any additional unissued or treasury shares of stock or for other securities of any class, or for rights, warrants or options to purchase stock or for scrip, or for securities of any kind convertible into stock or carrying stock purchase warrants or privileges.

5-2. Each shareholder of record shall have one vote for each share standing in his or her name on the books of the corporation and entitled to vote, except that in the election of directors he or she shall have the right to vote such number of shares for as many persons as there are directors to be elected. Cumulative voting shall not be allowed in the election of directors or for any other purpose.

III

RESOLVED, that the SEVENTH Article of the Corporation's Articles of Incorporation be amended to read in its entirety as follows:

ARTICLE SEVEN

PLACE OF BUSINESS AND REGISTERED AGENT

The principal office and the principal place of business of the corporation initially shall be located in the County of Arapahoe, State of Colorado. The Board of Directors may, however, from time to time establish such other offices, branches, subsidiaries or divisions in such other place or places within or without the State of Colorado as it deems advisable. The address of the corporation's registered office in Colorado for the purposes of the Colorado Corporation Act, as amended, shall be:

5140 South Franklin Street
Littleton, CO 80121

The name of the corporation's registered agent shall be: Luke Schmieder.

THIRD: The effective date of the adoption of the amendment by the shareholders is April 15, 1983.

FOURTH: The number of shares of the corporation outstanding and the number of shares entitled to vote thereon was 94,953.

FIFTH: The number of shares voted for such amendments was 94,953; and the number of shares voted against such amendments was none.

SIXTH: The manner, if not set forth in such amendments, in which any exchange, reclassification, or cancellation of issued shares provided for in the amendments shall be affected, is as follows:

No change

SEVENTH: The manner in which such amendments affect a change in the amount of stated capital, and the amount of stated capital as changed by such amendments, are as follows:

The capital accounts (i.e., par and paid-in surplus) shall be combined into one account.

MESA MEDICAL, INC.

By: /s/ Luke Schmieder
Luke Schmieder, President

And

By: /s/ Richard Luttrell
Richard Luttrell, Secretary

[Notary]

STATE OF COLORADO
STATEMENT OF CHANGE OF REGISTERED OFFICE AND/OR REGISTERED AGENT

PLEASE TYPE OR PRINT CLEARLY ***** PLEASE READ INSTRUCTIONS ON REVERSE SIDE

1 The exact Corporate Name, current Registered Office and current Registered Agent
[Illegible]

The Corporation named herein makes the following statement:

2 The State or County of Incorporation is COLORADO

3 The complete street address of the Corporation's REGISTERED OFFICE shall be changed to

 3904 Youngfield Street, WheatRidge, CO 80033

4 The name of the Corporation's SUCCESSOR REGISTERED AGENT is

5 The address of the Corporation's Registered Office and the address of the Corporation's Registered Agent, as changed, will be identical.

6 The complete street address of the Corporation's principal place of business in Colorado is:

 3904 Youngfield Street, Wheat Ridge, CO 80033

STATE OF COLORADO

 MESA MEDICAL, INC. (Note 1)

COUNTY OF JEFFERSON

By: /s/ Luke R. Schmieder (Note 2)

Its X President

Its _____ General Partner

[Notary]

ARTICLES OF AMENDMENT

to the

ARTICLES OF INCORPORATION

Pursuant to the provisions of the Colorado Corporation Code, the undersigned corporation adopts the following Article of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is Mesa Medical Inc.

SECOND: The following amendment to the Articles of Incorporation was adopted on October 27, 1987, as prescribed by the Colorado Corporation Code, in the manner marked with an X below:

_____ Such amendment was adopted by the board of directors where no shares have been issued.

X Such amendment was adopted by a vote of the shareholders. The number of shares voted for the amendment was sufficient for approval.

(a) RESOLVED, that Article Thirteen of the Corporation's Articles of Incorporation be amended as follows:

*ARTICLE THIRTEEN
INDEMNIFICATION OF DIRECTORS

A director of this corporation shall not be personally liable to the corporation or to its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability to this corporation or to its shareholders for monetary damages for (i) any breach of the director's duty of loyalty to the corporation or to its shareholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) acts specified in Section 7-5-114 of the Colorado Corporation Code; or (iv) any transaction from which the director derived an improper personal benefit.

If the Colorado Corporation Code is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Colorado Corporation Code, as so amended.

Any repeal or modification of the foregoing provisions of this Article Thirteen by the shareholders of the corporation shall not affect adversely any right or protection of a director of the corporation in respect of any acts or omissions of such director occurring prior to the time of such repeal or modification.

THIRD: The manner, if not set forth in such amendment, in which any exchange, reclassification, or cancellation of issued shares provided for in the amendment shall be effected, is as follows: not applicable.

FOURTH: The manner in which such amendment effects a change in the amount of stated capital, and the amount of stated capital as changed by such amendment, are as follows: no change.

MESA MEDICAL, INC.

By: /s/ Luke R. Schmieder
Luke R. Schmieder, President

And

By: /s/ Theodore A. Weaver
Theodore A. Weaver, Secretary

**ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION**

Pursuant to the provisions of the Colorado Corporation Code, the undersigned corporation adopts the following Articles of Amendments to its Articles of Incorporation:

FIRST: The name of the corporation is Mesa Medical Inc.

SECOND: The following amendments to the Articles of Incorporation were adopted on October 1, 1990, as prescribed by the Colorado Corporation Code, in the manner marked with an X below:

 Such amendment was adopted by the board of directors where no shares have been issued.

 X Such amendments were adopted by a vote of the shareholders. The number of shares voted for the amendments were sufficient for approval.

RESOLVED, that Article Four of the Articles of Incorporation of Mesa Medical Inc. be, and it hereby is, amended to read in its entirety as follows:

ARTICLE FOUR
CAPITAL STOCK

The amount of authorized capital stock of this corporation is eight million (8,000,000) shares of common stock, each share having no par value, and one million (1,000,000) shares of preferred stock. All shares of common stock when issued shall be fully paid and nonassessable, and the private property of shareholders shall not be liable for corporate debts. The preferred stock may be issued in such series and with such variations of relative rights and preferences as between series and classes as the Board of Directors may determine from time to time.

RESOLVED, that Article Fourteen of the Articles of Incorporation of Mesa Medical Inc. be, and it hereby is, amended to read in its entirety as follows:

ARTICLE FOURTEEN
AMENDMENT TO ARTICLES OF INCORPORATION

When the laws of Colorado require that, in the absence of a contrary provision in this corporation's articles of incorporation, the vote or concurrence of the holders of two-thirds (or some other portion in excess of a majority) of the corporation's outstanding shares that are entitled to vote on the matter, or the vote of the holders of two-thirds (or some other portion in excess of a majority) of any class or series of the corporation's shares, is required to approve a matter, then in each such case, the portion of the holders of the corporation's outstanding shares or of any class or series of the corporation's shares that must approve the action shall be a majority.

THIRD: The manner, if not set forth in such amendments, in which any exchange, reclassification, or cancellation of issued shares provided for in the amendments shall be effected, is as follows: not applicable.

FOURTH: The manner in which such amendments effect a change in the amount of stated capital, and the amount of stated capital as changed by such amendments, are as follows: no change.

MESA MEDICAL INC.

By: /s/ Luke R. Schmieder
Luke R. Schmieder, President

and

/s/ Steven W. Peterson
Steven W. Peterson, Secretary

FEE: 25.00
 ON OR BEFORE
 DATE DUE 05/31/96

REPORT YEAR 1996

Mailing date 03/01/96

STATE OF COLORADO
 BIENNIAL REPORT OF
 A CORPORATION OR LIMITED LIABILITY COMPANY
 READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING
 SUBMIT SIGNED FORM WITH FILING FEE

INFORMATION BELOW IS ON FILE IN THIS OFFICE – DO NOT CHANGE PRE-PRINTED INFORMATION

CORPORATE NAME REGISTERED AGENT, REGISTERED OFFICE, CITY, STATE & ZIP 871469618 DP STATE/COUNTRY OF INC CO LUKE SCHMIEDER MESA LABORATORIES, INC. 3904 YOUNGFIELD ST. WHEATRIDGE CO 80033	<p style="text-align: center;">FOR OFFICE USE ONLY</p> <p style="text-align: center;">FIRST REPORT OR CORRECTIONS IN THIS COLUMN</p>					
<p style="text-align: center;">Return completed reports to: Department of State Corporate Report Section 1560 Broadway, Suite 200 Denver, CO 80202</p>	TYPE NEW AGENT NAME					
	SIGNATURE OF NEW REGISTERED AGENT					
	MUST HAVE A STREET ADDRESS 12100 WEST SIXTH AVENUE					
	<table border="0"> <tr> <td>CITY</td> <td>STATE</td> <td>ZIP</td> </tr> <tr> <td>LAKESWOOD</td> <td>CO</td> <td>80228-1252</td> </tr> </table>	CITY	STATE	ZIP	LAKESWOOD	CO
CITY	STATE	ZIP				
LAKESWOOD	CO	80228-1252				
<table border="0"> <tr> <td style="text-align: center;">OFFICERS NAME AND ADDRESS</td> <td style="text-align: center;">TITLE</td> </tr> <tr> <td>SCHMIEDER, LUKE R 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033</td> <td style="text-align: center;">PR</td> </tr> </table>	OFFICERS NAME AND ADDRESS	TITLE	SCHMIEDER, LUKE R 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033	PR	12100 WEST SIXTH AVENUE LAKEWOOD CO 80228	
OFFICERS NAME AND ADDRESS	TITLE					
SCHMIEDER, LUKE R 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033	PR					
<table border="0"> <tr> <td style="text-align: center;">DUKE, PAUL D 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033</td> <td style="text-align: center;">VP</td> </tr> </table>	DUKE, PAUL D 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033	VP	12100 WEST SIXTH AVENUE LAKEWOOD CO 80228			
DUKE, PAUL D 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033	VP					
<table border="0"> <tr> <td style="text-align: center;">PETERSON, STEVEN W 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033</td> <td style="text-align: center;">ST</td> </tr> </table>	PETERSON, STEVEN W 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033	ST	12100 WEST SIXTH AVENUE LAKEWOOD CO 80228			
PETERSON, STEVEN W 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033	ST					
<table border="0"> <tr> <td colspan="2" style="text-align: center;">DIRECTORS OR LIMITED LIABILITY COMPANY MANAGERS</td> </tr> <tr> <td colspan="2">SCHMIEDER, LUKE R 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033</td> </tr> </table>	DIRECTORS OR LIMITED LIABILITY COMPANY MANAGERS		SCHMIEDER, LUKE R 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033		(If you have less than 3 shareholders, you may list less than 3 directors) 12100 WEST SIXTH AVENUE LAKEWOOD CO 80228	
DIRECTORS OR LIMITED LIABILITY COMPANY MANAGERS						
SCHMIEDER, LUKE R 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033						
<table border="0"> <tr> <td colspan="2">DUKE, PAUL D 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033</td> </tr> </table>	DUKE, PAUL D 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033		12100 WEST SIXTH AVENUE LAKEWOOD CO 80228			
DUKE, PAUL D 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033						
<table border="0"> <tr> <td colspan="2">CAMPBELL, H S 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033</td> </tr> </table>	CAMPBELL, H S 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033		12100 WEST SIXTH AVENUE LAKEWOOD CO 80228			
CAMPBELL, H S 3904 YOUNGFIELD ST WHEAT RIDGE CO 80033						

Address of Principal Place of Business
 Street 12100 WEST SIXTH AVENUE
 City LAKESWOOD State CO Zip 80228-1252

SIGNATURE

Under penalties of perjury and as an authorized officer, I declare that this biennial report and, if applicable, the statement of change of registered office and/or agent, has been examined by me and is, to the best of my knowledge and belief, true, correct, and complete.

BY _____

TITLE PRESIDENT DATE _____

- NOTE: DO NOT USE THIS BOX IF THIS IS YOUR FIRST REPORT!!! SEE INSTRUCTIONS ON REVERSE. IF THERE ARE NO CHANGES SINCE YOUR LAST REPORT, MARK THIS BOX, SIGN ABOVE AND RETURN WITH THE FEE AND BY THE DATE DUE INDICATED ABOVE (UPPER LEFT HAND CORNER). IF YOU ARE FILING AFTER THE DATE DUE ABOVE, CONTACT THIS OFFICE FOR THE PROPER FEE. (303) 894-2251

SEE INSTRUCTIONS ON BACK

Document must be filed electronically.
Paper documents will not be accepted.

Document processing fee \$25.00
Fees & forms/cover sheets
are subject to change.
To access other information or print
copies of filed documents,
visit www.sos.state.co.us and
select Business.

Colorado Secretary of State
Date and Time: 10/01/2012 01:58 PM
ID Number: 19871469618

Document number: 20121550136

Amount Paid: \$25.00

ABOVE SPACE FOR OFFICE USE ONLY

Articles of Amendment

filed pursuant to §7-90-301, et seq. and §7-110-106 of the Colorado Revised Statutes (C.R.S.)

ID number: 19871469618

1. Entity name: MESA LABORATORIES, INC.
(If changing the name of the corporation, indicate name BEFORE the name change)

2. New Entity name:
(if applicable) _____

3. Use of Restricted Words *(if any of these terms are contained in an entity name, true name of any entity, trade name or trademark stated in this document, mark the applicable box):*

"bank" or "trust" or any derivative thereof
 "credit union" "savings and loan"
 "insurance," "casualty," "mutual," or "surety"

4. Other amendments, if any, are attached.

5. If the amendment provides for an exchange, reclassification or cancellation of issued shares, the attachment states the provisions for implementing the amendment.

6. If the corporation's period of duration as amended is less than perpetual, state the date on which the period of duration expires: _____
(mm/dd/yyyy)

OR

If the corporation's period of duration as amended is perpetual, mark this box:

7. *(Optional)* Delayed effective date: _____
(mm/dd/yyyy)

Notice:

Causing this document to be delivered to the secretary of state for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the secretary of state, whether or not such individual is named in the document as one who has caused it to be delivered.

8. Name(s) and address(es) of the individual(s) causing the document to be delivered for filing:

BERNSTEIN ANDREW N.
(Last) (First) (Middle) (Suffix)

8101 EAST PRENTICE AVENUE
(Street name and number or Post Office information)

SUITE 890

GREENWOOD VILLAGE CO 80111
(City) (State) (Postal/Zip Code)

United States
(Country - if not US)

(The document need not state the true name and address of more than one individual. However, if you wish to state the name and address of any additional individuals causing the document to be delivered for filing, mark this box and include an attachment stating the name and address of such individuals.)

Disclaimer:

This form, and any related instructions, are not intended to provide legal, business or tax advice, and are offered as a public service without representation or warranty. While this form is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form. Questions should be addressed to the user's attorney.

AN AMENDMENT TO THE ARTICLES OF INCORPORATION OF MESA LABORATORIES, INC.

TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

FROM 8,000,000 TO 25,000,000

On September 14, 2012, at an annual meeting of the shareholders of Mesa Laboratories, Inc., the following amendment to its Articles of Incorporation was approved by the following vote:

FOR:	2,070,695
AGAINST:	843,630
ABSTAIN:	1,719
BROKER NON-VOTES:	1,131

The first sentence of "Article Four - Capital Stock" of the Articles of Incorporation is hereby amended to read as follows:

"The amount of authorized capital stock of this corporation is twenty five million (25,000,000) shares of common stock, each share having no par value, and one million (1,000,000) shares of preferred stock."

**THE
2006 STOCK COMPENSATION PLAN
OF
MESA LABORATORIES, INC.**

1. Purpose of Plan. This 2006 Stock Compensation Plan ("Plan") is intended to encourage ownership of the common stock of MESA LABORATORIES, INC., a Colorado corporation, ("Company"), by certain officers, directors, employees and advisors of the Company or any Subsidiary or Subsidiaries of the Company (as hereinafter defined) in order to provide additional incentive for such persons to promote the success and the business of the Company or its Subsidiaries and to encourage them to remain in the employ of the Company or its Subsidiaries by providing such persons an opportunity to benefit from any appreciation of the common stock of the Company through the issuance of stock options to such persons in accordance with the terms of the Plan. It is further intended that options granted pursuant to this Plan shall constitute either incentive stock options ("Incentive Options") within the meaning of Section 422 (formerly Section 422A) of the Internal Revenue Code of 1986, as amended ("Code"), or options which do not constitute Incentive Options ("Nonqualified Options") as determined by the Committee (as hereinafter defined) at the time of issuance of such options. Incentive Options and Nonqualified Options are herein sometimes referred to collectively as "Options." As used herein, the term Subsidiary or Subsidiaries shall mean any corporation (other than the employer corporation) in an unbroken chain of corporations beginning with the employer corporation if, at the time of granting of the Option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2. Stock Subject to the Plan. Subject to adjustment as provided in Section 12 hereof, there will be reserved for the use upon the exercise of Options to be granted from time to time under the Plan, an aggregate of four hundred thousand (400,000) shares of the common stock, no par value, of the Company ("Common Stock"), which shares in whole or in part shall be authorized, but unissued, shares of the Common Stock or issued shares of Common Stock which shall have been reacquired by the Company as determined from time to time by the Board of Directors of the Company ("Board of Directors"). To determine the number of shares of Common Stock available at any time for the granting of Options under the Plan, there shall be deducted from the total number of reserved shares of Common Stock, the net number of shares of Common Stock in respect of which Options have been granted pursuant to the Plan which remain outstanding or which have been exercised. If and to the extent that any Option to purchase reserved shares shall not be exercised by the optionee for any reason or if such Option to purchase shall terminate as provided herein, such shares which have not been so purchased hereunder shall again become available for the purposes of the Plan unless the Plan shall have been terminated, but such unpurchased shares shall not be deemed to increase the aggregate number of shares specified above to be reserved for purposes of the Plan (subject to adjustment as provided in Section 12 hereof).

3. Administration of the Plan.

(a) General. The Plan shall be administered by the full Board of Directors or by the Compensation Committee ("Committee") appointed by the Board of Directors, which Committee shall consist solely of not less than two (2) non-employee Directors. All references in this Plan to the Committee shall be deemed to refer instead to the full Board of Directors at any time there is not a committee qualified to act hereunder. The Board of Directors may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed and may fill vacancies, however caused, in the Committee. If the Board of Directors does not designate a Chairman of the Committee, the Committee shall select one of its members as its Chairman. The Committee shall hold its meetings at such times and places as it shall deem advisable. A majority of its members shall constitute a quorum. Any action of the Committee shall be taken by a majority vote of its members at a meeting at which a quorum is present. Notwithstanding the preceding, any action of the Committee may be taken without a meeting by a written consent signed by all of the members, and any action so taken shall be deemed fully as effective as if it had been taken by a vote of the members present in person at the meeting duly called and held. The Committee may appoint a Secretary, shall keep minutes of its meetings, and shall make such rules and regulations for the conduct of its business at it shall deem advisable.

The Committee shall have the sole authority and power, subject to the express provisions and limitations of the Plan, to construe the Plan and option agreements granted hereunder, and to adopt, prescribe, amend, and rescind rules and regulations relating to the Plan, and to make all determinations necessary or advisable for administering the Plan, including, but not limited to, (i) who shall be granted Options under the Plan, (ii) the term of each Option, (iii) the number of shares covered by Such Option, (iv) whether the Option shall constitute an Incentive Option or a Nonqualified Option, (v) the exercise price for the purchase of the shares of the Common Stock covered by the Option, (vi) the period during which the Option may be exercised, (vii) whether the right to purchase the number of shares covered by the Option shall be fully vested on issuance of the Option so that such shares may be purchased in full at one time or whether the right to purchase such shares shall become vested over a period of time so that such shares may only be purchased in installments, and (viii) the time or times at which Options shall be granted. The Committee's determinations under the Plan, including the above enumerated determinations, need not be uniform and may be made by it selectively among the persons who receive, or are eligible to receive, Options under the Plan, whether or not such persons are similarly situated.

The interpretation by the Committee of any provision of the Plan or of any option agreement entered into hereunder with respect to any Incentive Option shall be in accordance with Section 422 of the Code and the regulations issued thereunder, as such section or regulations may be amended from time to time, in order that the rights granted hereunder and under said option agreements shall constitute "Incentive Stock Options" within the meaning of such section. The interpretation and construction by the Committee of any provision of the Plan or of any Option granted hereunder shall be final and conclusive, unless otherwise determined by the Board of Directors. No member of the Board of Directors or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted under it. Upon issuing an Option under the Plan, the Committee shall report to the Board of Directors the name of the person granted the option, whether the Option is an Incentive Option or a Nonqualified Option, the number of shares of Common Stock covered by the Option, and the terms and conditions of such Option.

(b) Changes in Law Applicable. If the laws relating to Incentive Options or Nonqualified Options are changed, altered or amended during the term of the Plan, the Board of Directors shall have full authority and power to alter or amend the Plan with respect to Incentive Options or Nonqualified Options, respectively, to conform to such changes in the law, unless the changes require shareholder approval.

4. Type of Awards Under the Plan. Awards under the Plan shall be in the form of Options.

5. Persons to Whom Options Shall Be Granted.

(a) Nonqualified Options. Nonqualified Options shall be granted only to officers, directors, employees and advisors of the Company or a Subsidiary who, in the judgment of the Committee, are responsible for or contribute to the management or success of the Company or a Subsidiary and who, at the time of the granting of the Nonqualified Options, are either officers, directors, employees or advisors of the Company or a Subsidiary.

(b) Incentive Options. Incentive Options shall be granted only to employees of the Company or a Subsidiary who, in the judgment of the Committee, are responsible for or contribute to the management or success of the Company or a Subsidiary and who, at the time of the granting of the Incentive Option, are an employee of either the Company or a Subsidiary pursuant to an effective employment agreement.

6. Factors to Be Considered in Granting Options. In making any determination as to persons to whom Options shall be granted and as to the number of shares to be covered by such Options, the Committee shall take into account the duties and responsibilities of the respective officers, directors, employees, or advisors, their current and potential contributions to the success of the Company or a Subsidiary, and such other factors as the Committee shall deem relevant in connection with accomplishing the purpose of the Plan.

7. Time of Granting Options. Neither anything contained in the Plan or in any resolution adopted or to be adopted by the Board of Directors or the Shareholders of the Company or a Subsidiary nor any action taken by the Committee shall constitute the granting of any Option. The granting of an Option shall be effected only when a written Option Agreement acceptable in form and substance to the Committee, subject to the terms and conditions hereof including those set forth in Section 8 hereof, shall have been duly executed by or on behalf of the Company. No person shall have any rights under the Plan until such time, if any, as a written Option Agreement shall have been duly executed as set forth in this Section 7.

8. Terms and Conditions of Options. All Options granted pursuant to this Plan must be granted within ten (10) years from the date the Plan is adopted by the Board of Directors of the Company. Each Option Agreement governing an Option granted hereunder shall be subject to at least the following terms and conditions, and shall contain such other terms and conditions, not inconsistent therewith, that the Committee shall deem appropriate:

(a) Number of Shares. Each Option shall state the number of shares of Common Stock which it represents.

(b) Type of Option. Each Option shall state whether it is intended to be an Incentive Option or a Nonqualified Option.

(c) Option Period.

(1) General. Each Option shall state the date upon which it is granted. Each Option shall be exercisable in whole or in part during such period as is provided under the terms of the Option subject to any vesting period set forth in the Option, but in no event shall an Option be exercisable either in whole or in part after the expiration of ten (10) years from the date of grant.

(2) Termination of Employment. Except as otherwise provided in case of Disability (as hereinafter defined), death or Change of Control (as hereinafter defined), no Option shall be exercisable after an optionee who is an employee of the Company or a Subsidiary ceases to be employed by the Company or a Subsidiary as an employee; provided, however, that the Committee shall have the right in its sole discretion, but not the obligation, to extend the exercise period following the date of termination of such optionee's employment; provided further, however, that no Option shall be exercisable after the expiration often (10) years from the date it is granted.

(3) Cessation of Service as Director or Advisor. Except as otherwise provided in case of Disability, death or Change of Control, no Option shall be exercisable after an optionee who was a director or advisor of the Company or a Subsidiary ceases to be a director or advisor of the Company or a Subsidiary; provided, however, that the Committee shall have the right in its sole discretion, but not the obligation, to extend the exercise period following the date such optionee ceases to be a director or advisor of the Company or a Subsidiary; provided further, however, that no Option shall be exercisable after the expiration often (10) years from the date it is granted.

(4) Disability. If an optionee's employment is terminated by reason of the permanent and total Disability of such optionee or if an optionee who is a director or advisor of the Company or a Subsidiary ceases to serve as a director or advisor by reason of the permanent and total Disability of such optionee, the Committee shall have the right in its sole discretion, but not the obligation, to extend the exercise period following the date of termination of the optionee's employment or the date such optionee ceases to be a director or advisor of the Company or a Subsidiary, as the case may be, subject to the condition that no Option shall be exercisable after the expiration of ten (10) years from the date it is granted. For purposes of this Plan, the term "Disability" shall mean the inability of the optionee to fulfill such optionee's obligations to the Company or a Subsidiary by reason of any physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as determined by a physician acceptable to the Committee in its sole discretion.

(5) Death. If an optionee dies while in the employ of the Company or a Subsidiary, or while serving as a director or advisor of the Company or a Subsidiary, and shall not have fully exercised Options granted pursuant to the Plan, such Options may be exercised in whole or in part at any time within one (1) year after the optionee's death, by the executors or administrators of the optionee's estate or by any person or persons who shall have acquired the Options directly from the optionee by bequest or inheritance, but only to the extent that the optionee was entitled to exercise such Option at the date of such optionee's death, subject to the condition that no Option shall be exercisable after the expiration of ten (10) years from the date it is granted.

(6) Acceleration and Exercise Upon Change of Control. Notwithstanding the preceding provisions of this Section 8(c), if any Option granted under the Plan provides for either (a) an incremental vesting period whereby such Option may only be exercised in installments as such incremental vesting period is satisfied or (b) a delayed vesting period whereby such Option may only be exercised after the lapse of a specified period of time, such as after the expiration of one (1) year, such vesting period shall be accelerated upon the occurrence of a Change of Control (as hereinafter defined) of the Company, or a threatened Change of Control of the Company as determined by the Committee, so that such Option shall thereupon become exercisable immediately in part or its entirety by the holder thereof, as such holder shall elect. For the purposes of this Plan, a "Change of Control" shall be deemed to have occurred if:

(i) Any "person", including a "group" as determined in accordance with Section 13(d)(3) of the Securities Exchange Act of 1934 ("Exchange Act") and the Rules and Regulations promulgated thereunder, is or becomes, through one or a series of related transactions or through one or more intermediaries, the beneficial owner, directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities, other than a person who is such a beneficial owner on the effective date of the Plan and any affiliate of such person;

(ii) As a result of, or in connection with, any tender offer or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions ("Transaction"), the persons who were Directors of the Company before the Transaction shall cease to constitute a majority of the Board of Directors of the Company or any successor to the Company;

(iii) Following the effective date of the Plan, the Company is merged or consolidated with another corporation and as a result of such merger or consolidation less than 40% of the outstanding voting securities of the surviving or resulting corporation shall then be owned in the aggregate by the former stockholders of the Company: other than (x) any party to such merger or consolidation, or (y) any affiliates of any such party;

(iv) A tender offer or exchange offer is made and consummated for the ownership of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding voting securities; or

(v) The Company transfers more than 50% of its assets, or the last of a series of transfers results in the transfer of more than 50% of the assets of the Company, to another corporation that is not a wholly-owned corporation of the Company. For purposes of this subsection 8(c) (6)(v), the determination of what constitutes more than 50% of the assets of the Company shall be determined based on the sum of the values attributed to (i) the Company's real property as determined by an independent appraisal thereof, and (ii) the net book value of all other assets of the Company, each taken as of the date of the Transaction involved.

In addition, upon a Change of Control, any Options previously granted under the Plan to the extent not already exercised may be exercised in whole or in part either immediately or at any time during the term of the Option as such holder shall elect.

(d) Option Prices.

(1) Nonqualified Options. The purchase price or prices of the shares of the Common Stock which shall be offered to any person under the Plan and covered by a Nonqualified Option shall be the price determined by the Committee at the time of granting of the Nonqualified Option, which price shall be one hundred percent (100%) of the fair market value of the Common Stock at the time of granting the Non qualified Option or such higher purchase price as may be determined by the Committee at the time of granting the Nonqualified Option.

(2) Incentive Options. The purchase price or prices of the shares of the Common Stock which shall be offered to any person under the Plan and covered by an Incentive Option shall be one hundred percent (100%) of the fair market value of the Common Stock at the time of granting the Incentive Option or such higher purchase price as may be determined by the Committee at the time of granting the Incentive Option.

(3) Determination of Fair Market Value. During such time as the Common Stock of the Company is not listed upon an established stock exchange, the fair market value per share shall be deemed to be the closing bid price of the Common Stock on The Nasdaq Stock Market ("Nasdaq") on the day the Option is granted, as reported by Nasdaq, if the Common Stock is so quoted, and if not so quoted, the average of the "bid" and "ask" prices of the Common Stock on the Electronic Bulletin Board on the day the Option is granted, as reported by the National Association of Securities Dealers, Inc. If the Common Stock is listed upon an established stock exchange or exchanges, such fair market value shall be deemed to be the closing price of the Common Stock on such stock exchange or exchanges on the day the Option is granted or, if no sale of the Common Stock of the Company shall have been made on an established stock exchange on such day, on the next preceding day on which there was a sale of such stock. If there is no market price for the Common Stock, then the Board of Directors and the Committee may, after taking all relevant facts into consideration, determine the fair market value of the Common Stock.

(e) Exercise of Options. To the extent that a holder of an Option has a current right to exercise, the Option may be exercised from time to time by written notice to the Company at its principal place of business. Such notice shall state the election to exercise the Option, the number of whole shares in respect of which it is being exercised, shall be signed by the person or persons so exercising the Option, and shall contain any investment representation required by Section 8(i) hereof. Such notice shall be accompanied by payment of the full purchase price of such shares and by the Option Agreement evidencing the Option. In addition, if the Option shall be exercised pursuant to Section 8(c)(4) or Section 8(c)(5) hereof by any person or persons other than the optionee, such notice shall also be accompanied by appropriate proof of the right of such person or persons to exercise the Option. The Company shall deliver a certificate or certificates representing such shares as soon as practicable after the aforesaid notice and payment of such shares shall be received. The certificate or certificates for the shares as to which the Option shall have been so exercised shall be registered in the name of the person or persons so exercising the Option. In the event the Option shall not be exercised in full, the Secretary of the Company shall endorse or cause to be endorsed on the Option Agreement the number of shares which has been exercised thereunder and the number of shares that remains exercisable under the Option and return such Option Agreement to the holder thereof.

(f) Nontransferability of Options. An Option granted pursuant to the Plan shall be exercisable only by the optionee or the optionee's court appointed guardian as set forth in Section 8(c)(4) hereof during the optionee's lifetime and shall not be assignable or transferable by the optionee otherwise than by Will, the laws of descent and distribution, or as permitted by the rules and regulations of the Securities and Exchange Commission. An Option granted pursuant to the Plan shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise other than by Will, the laws of descent and distribution, or as permitted by the rules and regulations of the Securities and Exchange Commission) and shall not be subject to execution, attachment, or similar process. Any attempted transfer, assignment, pledge, hypothecation, or other disposition of any Option or of any rights granted thereunder contrary to the foregoing provisions of this Section 8(f), or the levy of any attachment or similar process upon an Option or such rights, shall be null and void.

(g) Limitations on 10% Shareholders. If required by law or regulation applicable to the Company, no Incentive Option may be granted under the Plan to any individual who, immediately before such Incentive Option was granted, would own more than ten percent (10%) of the total combined voting power or value of all classes of stock of the Company ("10% Shareholder") unless (i) such Incentive Option is granted at an option price not less than one hundred ten percent (110%) of the fair market value of the shares on the day the Incentive Option is granted and (ii) such Incentive Option expires on a date not later than five (5) years from the date the Incentive Option is granted.

(h) Compliance with Securities Laws. The Plan and the grant and exercise of the rights to purchase shares hereunder, and the Company's obligations to sell and deliver shares upon the exercise of rights to purchase shares, shall be subject to all applicable federal, foreign and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel for the Company, be required, and shall also be subject to all applicable rules and regulations of any stock exchange upon which the Common Stock of the Company may then be listed. At the time of exercise of any Option, the Company may require the optionee to execute any documents or take any action which may then be necessary to comply with the Securities Act of 1933, as amended ("Securities Act"), and the rules and regulations promulgated thereunder, or any other applicable federal or state laws regulating the sale and issuance of securities, and the Company may, if it deems necessary, include provisions in the stock option agreements to assure such compliance. The Company may, from time to time, change its requirements with respect to enforcing compliance with federal and state securities laws, including the request for and enforcement of letters of investment intent, such requirements to be determined by the Company in its judgment as necessary to assure compliance with said laws. Such changes may be made with respect to any particular Option or stock issued upon exercise thereof. Without limiting the generality of the foregoing, if the Common Stock issuable upon exercise of an Option granted under the Plan is not registered under the Securities Act, the Company at the time of exercise may require that the registered owner execute and deliver an investment representation agreement to the Company in form acceptable to the Company and its counsel, and the Company may place a legend on the certificate evidencing such Common Stock restricting the transfer thereof, which legend shall be substantially as follows:

THE SHARES OF COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAW BUT HAVE BEEN ACQUIRED FOR THE PRIVATE INVESTMENT OF THE HOLDER HEREOF AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED UNTIL EITHER (i) A REGISTRATION STATEMENT UNDER SUCH SECURITIES ACT OR SUCH APPLICABLE STATE SECURITIES LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD THERETO, OR (ii) THE COMPANY SHALL HAVE RECEIVED AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT REGISTRATION UNDER SUCH SECURITIES ACT OR SUCH APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED IN CONNECTION WITH SUCH PROPOSED OFFER, SALE OR TRANSFER.

(i) Additional Provisions. The Option Agreement authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, including, without limitation, restrictions upon the exercise of the Option. Any such Option Agreement with respect to an Incentive Option shall contain such limitations and restrictions upon the exercise of the Incentive Option as shall be necessary in order that the Option will be an "Incentive Stock Option" as defined in Section 422 of the Code.

9. Medium and Time of Payment. The purchase price of the shares of the Common Stock as to which the Option shall be exercised shall be paid in full either (i) in cash at the time of exercise of the Option, (ii) by tendering to the Company shares of the Company's Common Stock having a fair market value (as of the date of receipt of such shares by the Company) equal to the purchase price for the number of shares of Common Stock purchased, or (iii) partly in cash and partly in shares of the Company's Common Stock valued at fair market value as of the date of receipt of such shares by the Company. Cash payment for the shares of the Common Stock purchased upon exercise of the Option shall be in the form of either a cashier's check, certified check or money order. Personal checks may be submitted, but will not be considered as payment for the shares of the Common Stock purchased and no certificate for such shares will be issued until the personal check clears in normal banking channels. If a personal check is not paid upon presentment by the Company, then the attempted exercise of the Option will be null and void. In the event the optionee tenders shares of the Company's Common Stock in full or partial payment for the shares being purchased pursuant to the Option, the shares of Common Stock so tendered shall be accompanied by fully executed stock powers endorsed in favor of the Company with the signature on such stock power being guaranteed. If an optionee tenders shares, such optionee assumes sole and full responsibility for the tax consequences, if any, to such optionee arising therefrom, including the possible application of Code Section 424(c), or its successor Code section, which negates any nonrecognition of income rule with respect to such transferred shares, if such transferred shares have not been held for the minimum statutory holding period to receive preferential tax treatment.

10. Rights as a Shareholder. The holder of an Option shall have no rights as a shareholder with respect to the shares covered by the Option until the due exercise of the Option and the date of issuance of one or more stock certificates to such holder for such shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Section 12 hereof.

11. Optionee's Agreement to Serve. Each employee receiving an Option shall, as one of the terms of the Option Agreement, agree that such employee will remain in the employ of the Company or Subsidiary for a period of at least one (1) year from the date on which the Option shall be granted to such employee, and that such employee will, during such employment, devote such employee's time, energy, and skill to the service of the Company or a Subsidiary as may be required by the management thereof, subject to vacations, sick leaves, and military absences. Such employment, subject to the provisions of any written contract between the Company or a Subsidiary and such employee, shall be at the pleasure of the Board of Directors of the Company or a Subsidiary, and at such compensation as the Company or a Subsidiary shall reasonably determine. Any termination of such employee's employment during the period which the employee has agreed pursuant to the foregoing provisions of this Section 11 to remain in employment that is either for cause or voluntary on the part of the employee shall be deemed a violation by the employee of such employee's agreement. In the event of such violation, any Option or Options held by such employee, to the extent not theretofore exercised, shall forthwith terminate, unless otherwise determined by the Committee. Notwithstanding the preceding, neither the action of the Company in establishing the Plan nor any action taken by the Company, a Subsidiary or the Committee under the provisions hereof shall be construed as granting the optionee the right to be retained in the employ of the Company or a Subsidiary, or to limit or restrict the right of the Company or a Subsidiary, as applicable, to terminate the employment of any employee of the Company or a Subsidiary, with or without cause.

12. Adjustments on Changes in Capitalization.

(a) Changes in Capitalization. The number of shares of Common Stock covered by the Plan, the number of shares of Common Stock covered by each outstanding Option and the exercise price per share thereof specified in each such Option shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock of the Company resulting from a subdivision or consolidation of shares or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of shares effected without receipt of consideration by the Company after the date the Option is granted, so that upon exercise of the Option, the optionee shall receive the same number of shares the optionee would have received had the optionee been the holder of all shares subject to such optionee's outstanding Option immediately before the effective date of such change in the number of issued shares of the Common Stock of the Company.

(b) Reorganization, Dissolution or Liquidation. A dissolution or liquidation of the Company or a merger or consolidation in which the Company is not the surviving corporation shall cause each outstanding Option to terminate as of a date to be fixed by the Committee (which date shall be as of or prior to the effective date of any such dissolution or liquidation or merger or consolidation); provided, that not less than thirty (30) days written notice of the date so fixed as such termination date shall be given to each optionee, and each optionee shall, in such event, have the right, during the said period of thirty (30) days preceding such termination date, to exercise such optionee's Option in whole or in part in the manner herein set forth.

(c) Change in Par Value. In the event of a change in the Common Stock of the Company as presently constituted, which change is limited to a change of all of its authorized shares with par value into the same number of shares with a different par value or without par value, the shares resulting from any change shall be deemed to be the Common Stock within the meaning of the Plan.

(d) Notice of Adjustments. To the extent that the adjustments set forth in the foregoing paragraphs of this Section 12 relate to stock or securities of the Company, such adjustments, if any, shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive, provided that each Incentive Option granted pursuant to this Plan shall not be adjusted in a manner that causes the Incentive Option to fail to continue to qualify as an "Incentive Stock Option" within the meaning of Section 422 of the Code. The Company shall give timely notice of any adjustments made to each holder of an Option under this Plan and such adjustments shall be effective and binding on the optionee.

(e) Effect Upon Holder of Option. Except as hereinbefore expressly provided in this Section 12, the holder of an Option shall have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class by reason of any dissolution, liquidation, merger, reorganization, or consolidation, or spin-off of assets or stock of another corporation. Any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to the Option. Without limiting the generality of the foregoing, no adjustment shall be made with respect to the number or price of shares subject to any Option granted hereunder upon the occurrence of any of the following events:

(1) The grant or exercise of any other options which may be granted or exercised under any qualified or nonqualified stock option plan or under any other employee benefit plan of the Company, whether or not such options were outstanding on the date of grant of the Option or thereafter granted;

(2) The sale of any shares of Common Stock in the Company's initial or any subsequent public offering, including, without limitation, shares sold upon the exercise of any overallotment option granted to the underwriter in connection with such offering;

(3) The issuance, sale or exercise of any warrants to purchase shares of Common Stock, whether or not such warrants were outstanding on the date of grant of the Option or thereafter issued;

(4) The issuance or sale of rights, promissory notes or other securities convertible into shares of Common Stock in accordance with the terms of such securities ("Convertible Securities"), whether or not such Convertible Securities were outstanding on the date of grant of the Option or were thereafter issued or sold;

(5) The issuance or sale of Common Stock upon conversion or exchange of any Convertible Securities, whether or not any adjustment in the purchase price was made or required to be made upon the issuance or sale of such Convertible Securities and whether or not such Convertible Securities were outstanding on the date of grant of the Option or were thereafter issued or sold; or

(6) Upon any amendment to or change in the terms of any rights or warrants to subscribe for or purchase, or options for the purchase of, Common Stock or Convertible Securities or in the terms of any Convertible Securities, including, but not limited to, any extension of any expiration date of any such right, warrant or option, any change in any exercise or purchase price provided for in any such right, warrant or option, any extension of any date through which any Convertible Securities are convertible into or exchangeable for Common Stock or any change in the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock.

(f) Right of Company to Make Adjustments. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

13. Investment Purpose. Each Option under the Plan shall be granted on the condition that the purchase of the shares of stock thereunder shall be for investment purposes, and not with a view to resale or distribution; provided, however, that in the event the shares of stock subject to such Option are registered under the Securities Act or in the event a resale of such shares of stock without such registration would otherwise be permissible, such condition shall be inoperative if in the opinion of counsel for the Company such condition is not required under the Securities Act or any other applicable law, regulation, or rule of any governmental agency.

14. No Obligation to Exercise Option. The granting of an Option shall impose no obligation upon the optionee to exercise such Option.

15. Modification, Extension and Renewal of Options. Subject to the terms and conditions and within the limitations of the Plan, the Committee and the Board of Directors may modify, extend or renew outstanding Options granted under the Plan, or accept the surrender of outstanding Options (to the extent not theretofore exercised). Notwithstanding the foregoing, the Company may not modify any outstanding Options so as to specify a lower price nor accept the surrender of outstanding Options and authorize the granting of new Options in substitution therefor specifying a lower price. Further, no modification of an Option shall, without the consent of the optionee, alter or impair any rights or obligations under any Option theretofore granted under the Plan.

16. Effective Date of the Plan. The Plan shall become effective on the date of execution hereof which date is the date the Board of Directors approved and adopted the Plan ("Effective Date"); provided, however, if the Shareholders of the Company shall not have approved the Plan by the requisite vote of the Shareholders within twelve (12) months after the Effective Date, then the Plan shall terminate and all Options theretofore granted under the Plan shall terminate and be null and void.

17. Termination of the Plan. This Plan shall terminate as of the expiration of ten (10) years from the Effective Date. Options may be granted under this Plan at any time and from time to time prior to its termination. Any Option outstanding under the Plan at the time of its termination shall remain in effect until the Option shall have been exercised or shall have expired.

18. Amendment of the Plan. The Plan may be terminated at any time by the Board of Directors of the Company. The Board of Directors may at any time and from time to time without obtaining the approval of the Shareholders of the Company or a Subsidiary, modify or amend the Plan (including such form of Option Agreement as hereinabove mentioned) in such respects as it shall deem advisable in order that the Incentive Options granted under the Plan shall be "Incentive Stock Options" as defined in Section 422 of the Code or to conform to any change in the law, or in any other respect which shall not change: (a) the maximum number of shares for which Options may be granted under the Plan, except as provided in Section 12 hereof; or (b) the periods during which Options may be granted or exercised; or (c) the provisions relating to the determination of persons to whom Options shall be granted and the number of shares to be covered by such Options; or (d) the provisions relating to adjustments to be made upon changes in capitalization. The termination or any modification or amendment of the Plan shall not, without the consent of the person to whom any Option shall theretofore have been granted, affect that person's rights under an Option theretofore granted to such person. With the consent of the person to whom such Option was granted, an outstanding Option may be modified or amended by the Committee in such manner as it may deem appropriate and consistent with the requirements and purpose of this Plan applicable to the grant of a new Option on the date of modification or amendment.

19. Withholding. Whenever an optionee shall recognize compensation income as a result of the exercise of any Option granted under the Plan, the optionee shall remit in cash to the Company or Subsidiary the minimum amount of federal income and employment tax withholding, if any which the Company or Subsidiary is required to remit to the United States Internal Revenue Service in accordance with the then current provisions of the Code. The full amount of such withholding shall be paid by the optionee simultaneously with the award or exercise of an Option, as applicable.

20. Indemnification of Committee. In addition to such other rights of indemnification as they may have as Directors or as members of the Committee, the members of the Committee shall be indemnified by the Company against the reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with the defense of any action, suit or proceedings, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any Option granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding. Except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee member is liable for gross negligence or willful misconduct in the performance of his duties; provided that within sixty (60) days after institution of any such action, suit or proceeding a Committee member shall in writing offer the Company the opportunity, at its own expense, to pursue and defend the same.

21. Application of Funds. The proceeds received by the Company from the sale of Common Stock pursuant to Options granted hereunder will be used for general corporate purposes.

22. Governing Law. This Plan shall be governed by and construed in accordance with the laws of the jurisdiction of incorporation of the Company.

EXECUTED effective this 11th day of August, 2006.

MESA LABORATORIES, INC.

By:

Luke R. Schmieder
President

ATTEST:

THE MESA LABORATORIES, INC.
2014 EQUITY PLAN

ARTICLE 1
PURPOSE

1.1. GENERAL. The purpose of The Mesa Laboratories, Inc. 2014 Equity Plan is to promote the success and enhance the value of Mesa Laboratories, Inc. by linking the personal interests of employees, officers and directors of the Company to those of Company shareholders and by providing such persons with an incentive for outstanding performance. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of employees, officers and directors upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2
DEFINITIONS

2.1. DEFINITIONS. As used in this Plan, the following words and phrases shall have the following meanings:

“Affiliate” means any Subsidiary or any entity that has an ongoing contractual relationship with the Company or a Subsidiary that provides such entity the rights to manufacture, sell and/or distribute brands of which the trademark is owned by the Company or a Subsidiary.

“Award” means an award of Options, Stock Appreciation Rights, Restricted Stock, Performance Awards, Other Stock-Based Awards, or any other right or interest relating to Stock or cash, made to an Eligible Participant under the Plan.

“Award Agreement” means a written document, in such form as the Committee prescribes from time to time, setting forth the terms and conditions of an Award. The Committee may provide for the use of electronic, internet or other non-paper Award Agreements, and the use of electronic, internet or other non-paper means for the acceptance thereof and actions thereunder by a Participant.

“Award Date” of an Award means the first date on which all necessary corporate action has been taken to approve the grant of the Award as provided in the Plan, or such later date as is determined and specified as part of that authorization process.

“Board” means the Board of Directors of the Company.

“Change in Control” means a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A under the 1934 Act, provided that such a change in control shall be deemed to have occurred at such time as (i) any person is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities representing 20% or more of the combined voting power for election of directors of the then outstanding securities of the Company or any successor of the Company; (ii) during any period of two consecutive years or less, individuals who at the beginning of such period constituted the Board cease, for any reason, to constitute at least a majority of the Board, unless the election or nomination for election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; (iii) the shareholders of the Company approve any merger or consolidation as a result of which the Stock shall be changed, converted or exchanged (other than a merger with a wholly owned subsidiary of the Company) or any liquidation of the Company or any sale or other disposition of 50% or more of the assets or earning power of the Company, and such merger, consolidation, liquidation or sale is completed; or (iv) the shareholders of the Company approve any merger or consolidation to which the Company is a party as a result of which the persons who were shareholders of the Company immediately prior to the effective date of the merger or consolidation shall have beneficial ownership of less than 50% of the combined voting power for election of directors of the surviving corporation following the effective date of such merger or consolidation, and such merger or consolidation is completed; provided, however, that no Change in Control shall be deemed to have occurred if, prior to such times as a Change in Control would otherwise be deemed to have occurred, the Board determines otherwise. Additionally, no Change in Control will be deemed to have occurred under clause (i) if, subsequent to such time as a Change in Control would otherwise be deemed to have occurred, a majority of the Board in office prior to the acquisition of the securities by such person determines otherwise.

“Code” means the Internal Revenue Code of 1986, as amended from time to time. For purposes of this Plan, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

“Committee” means the Compensation Committee of the Board.

“Company” means Mesa Laboratories, Inc., a Colorado corporation, and its successors.

“Continuous Service” means the absence of any interruption or termination of service as an employee, officer or director of the Company or any Affiliate, as applicable; Continuous Service will not be interrupted under any of the following cases:

- (i) a Participant transfers employment, without interruption, between the Company and an Affiliate or between Affiliates;
- (ii) in the case of a spin-off, sale or disposition of the Participant’s employer from the Company or any Subsidiary, but only if the Committee determines before the transaction closes that it will not result in an interruption of service; or
- (iii) the participant is granted an unpaid leave of absence authorized in writing by the Company prior to its commencement that does not exceed twelve months. The Committee has final and conclusive authority to determine whether any other leave of absence constitutes a termination of Continuous Service. Any other leave of absence granted to a Participant must constitute a “bona fide leave of absence” under Treas. Reg. Section 1.409A-1(h) if the Participant’s Award is subject to Code Section 409A.

“Covered Employee” means a covered employee as defined in Code Section 162(m)(3).

“Disability” means a condition for which the Participant becomes eligible for a disability benefit under the long term disability insurance policy issued to the Company providing basic long term disability insurance benefits, or under any other long term disability plan which hereafter may be maintained by the Company, whether or not the Participant is covered by such plan. In the event of a dispute, the determination of whether a Participant has incurred a Disability will be made by the Committee and may be supported by the advice of a physician competent in the area to which such Disability relates.

“Effective Date” has the meaning assigned such term in Section 3.1.

“Eligible Participant” means an employee, officer or director of the Company or any Subsidiary.

“Exchange” means the Nasdaq Global Market, or if the Stock is no longer listed on the Nasdaq Global Market, any national securities exchange on which the Stock may from time to time be listed.

“Fair Market Value,” on any date, means (i) the closing market price for a share of Stock on the date of the Award, or on the next preceding trading day if such date was not a trading date, as reported on the Nasdaq Global Market, or (ii) if the Stock is not listed on the Nasdaq Global Market, Fair Market Value will be determined by such other method as the Committee determines in good faith to be reasonable and in compliance with Code Section 409A.

“Full-Value Award” means an Award other than in the form of an Option or SAR, and which is settled by the issuance of Stock (or at the discretion of the Committee, settled in cash valued by reference to Stock value).

“Independent Directors” means those members of the Board who qualify at any given time as (a) an “independent” director under the applicable rules of the Exchange, (b) a “non-employee” director under Rule 16b-3 of the 1934 Act, and (c) an “outside” director under Code Section 162(m).

“Non-Employee Director” means a director of the Company who is not a common law employee of the Company or a Subsidiary.

“Option” means a right granted to a Participant under Article 7 of the Plan to purchase Stock at a specified price during specified time periods. These rights may be granted in the form of either an Incentive or Non-Qualified stock option.

“Other Stock-Based Award” means a right granted to a Participant under Article 12 that relates to or is valued by reference to Stock or other Awards relating to Stock.

“Participant” means an individual to whom an Award has been made under the Plan.

“Performance Award” means any award made under the Plan pursuant to Article 10.

“Plan” means The Mesa Laboratories, Inc. 2014 Equity Plan, as amended from time to time.

“Prior Plans” means The 2006 Stock Compensation Plan of Mesa Laboratories, Inc. and the 1999 Stock Compensation Plan of Mesa Laboratories, Inc.

“Qualified Performance-Based Award” means an Award that is either (i) intended to qualify for the Section 162(m) Exemption and is made subject to performance goals based on Qualified Business Criteria as set forth in Section 11.2, or (ii) an Option or SAR having an exercise price equal to or greater than the Fair Market Value of the underlying Stock as of the Award Date.

“Qualified Business Criteria” means one or more of the business criteria listed in Section 11.2 upon which performance goals for certain Qualified Performance-Based Awards may be established by the Committee.

“Restricted Stock” means Stock granted to a Participant under Article 9 that is subject to certain restrictions and to risk of forfeiture.

“Section 162(m) Exemption” means the exemption from the limitation on deductibility imposed by Code Section 162(m) that is set forth in Code Section 162(m)(4)(C) or any successor provision thereto.

“Shares” means shares of the Stock. If there has been an adjustment or substitution with respect to the Shares (whether or not pursuant to Article 14), the term “Shares” shall also include any shares of stock or other securities that are substituted for Shares or into which Shares are adjusted.

“Stock” means the no par value common stock of the Company and such other securities of the Company as may be substituted for Stock pursuant to Article 14.

“Stock Appreciation Right” or “SAR” means a right granted to a Participant under Article 8 to receive a payment equal to the difference between the Fair Market Value of a Share as of the date of exercise of the SAR over the base price of the SAR, all as determined pursuant to Article 8.

“Subsidiary” means any corporation, limited liability company, partnership or other entity, of which 50% or more of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

“Substitute Award” means an Award under Section 13.9 of the Plan.

“1933 Act” means the Securities Act of 1933, as amended from time to time.

“1934 Act” means the Securities Exchange Act of 1934, as amended from time to time.

ARTICLE 3 EFFECTIVE TERM OF PLAN

3.1. EFFECTIVE DATE. Subject to the approval of the Plan by the Company’s shareholders within 12 months after the Plan’s adoption by the Board, the Plan will become effective on August 8, 2014, the date the Plan was adopted by the Board (the “Effective Date”).

3.2. TERMINATION OF PLAN. Unless earlier terminated as provided herein, the Plan shall continue in effect until August 7, 2024 or, if the shareholders approve an amendment to the Plan that increases the number of Shares subject to the Plan, the tenth anniversary of the date of such approval. The termination of the Plan on such date shall not affect the validity of any Award outstanding on the date of termination, which shall continue to be governed by the applicable terms and conditions of the Plan.

ARTICLE 4
ADMINISTRATION

4.1. COMMITTEE. The Plan shall be administered by the Committee. It is intended that at least two of the directors appointed to serve on the Committee shall be Independent Directors and that any such members of the Committee who do not so qualify shall abstain from participating in any decision to make or administer Awards that are made to Eligible Participants who at the time of consideration for such Award (i) are persons subject to the short-swing profit rules of Section 16 of the 1934 Act, or (ii) are Covered Employees or are reasonably anticipated to become Covered Employees during the term of the Award. However, the mere fact that a Committee member fails to qualify as an Independent Director or fails to abstain from such action shall not invalidate any Award made by the Committee if the Award is otherwise validly made under the Plan.

4.2. ACTION AND INTERPRETATIONS BY THE COMMITTEE. The Committee may from time to time adopt rules, regulations, guidelines and procedures for carrying out the provisions and purposes of the Plan and make such other determinations, not inconsistent with the Plan, as the Committee may deem appropriate. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award in the manner and to the extent it deems necessary to carry out the intent of the Plan. The Committee's interpretation of the Plan, any Awards made under the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties. No member of the Committee will be liable for any good faith determination, act or omission in connection with the Plan or any Award.

4.3. AUTHORITY OF COMMITTEE. Except as provided in Sections 4.1 and 4.4 hereof, the Committee has the exclusive power, authority and discretion to:

- (a) Make Awards;
- (b) Designate Participants;
- (c) Determine the type or types of Awards to be made to each Participant;
- (d) Determine the number of Awards to be made and the number of Shares or dollar amount to which an Award will relate;
- (e) Determine the terms and conditions of any Award made under the Plan;
- (f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;
- (g) Decide all other matters that must be determined in connection with an Award;
- (h) Establish, adopt or revise any rules, regulations, guidelines or procedures as it may deem necessary or advisable to administer the Plan;
- (i) Make all other decisions and determinations that may be required under the Plan or as the Committee deems necessary or advisable to administer the Plan;
- (j) Amend the Plan or any Award Agreement as provided herein; and
- (k) Adopt such modifications, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of the United States or any non-U.S. jurisdictions in which the Company or any Affiliate may operate, in order to assure the viability of the benefits of Awards made to Participants located in the United States or such other jurisdictions and to further the objectives of the Plan.

Notwithstanding any of the foregoing, Awards made to Non-Employee Directors hereunder shall (i) be subject to the applicable award limits set forth in Section 5.4 hereof, and (ii) be made only in accordance with the terms, conditions and parameters of a plan, program or policy for the compensation of Non-Employee Directors as in effect from time to time that is approved and administered by a committee of the Board consisting solely of Independent Directors. The Committee may not make other discretionary grants hereunder to Non-Employee Directors.

4.4. DELEGATION.

- (a) Administrative Duties. The Committee may delegate to one or more of its members or to one or more officers of the Company or to one or more agents or advisors such administrative duties or powers as it may deem advisable, and the Committee or any individuals to whom it has delegated duties or powers as aforesaid may employ one or more individuals to render advice with respect to any responsibility the Committee or such individuals may have under this Plan.
- (b) Special Committee. The Committee may delegate to a special committee, consisting of one or more Independent Directors, the authority, within specified parameters as to the number and terms of Awards, to make Awards under this Plan, including to (i) designate officers and/or employees of the Company or any of its Subsidiaries to be recipients of Awards under the Plan, and (ii) to determine the number of such Awards to be received by any such Participants; provided, however, that such delegation of duties and responsibilities may not be made with respect to the Awards to be received by any such Participants; provided, however, that such delegation of duties and responsibilities may not be made with respect to the Awards made to Eligible Participants (a) who are subject to Section 16(a) of the 1934 Act at the Award Date, or (b) who as of the Award Date are Covered Employees or are reasonably anticipated to become Covered Employees during the term of the Award. The acts of such delegates shall be treated hereunder as acts of the Committee and such delegates shall report regularly to the Committee regarding the delegated duties and responsibilities and any Awards so granted.

ARTICLE 5 SHARES SUBJECT TO THE PLAN

5.1. NUMBER OF SHARES. Subject to adjustment as provided in Section 5.2 and Section 14.1, the aggregate number of Shares reserved and available for issuance pursuant to Awards granted under the Plan shall be 1,100,000, which includes 77,567 Shares that were available for future grant under the Prior Plans as of the Effective Date. After the Effective Date, no further awards shall be made under the Prior Plans and the Prior Plans shall remain in effect only so long as awards made thereunder shall remain outstanding.

5.2. SHARE COUNTING. Shares covered by an Award shall be subtracted from the Plan share reserve as of the Award Date as provided in subsection (a) below, but shall be added back to the Plan share reserve or otherwise treated in accordance with subsections (b) through (h) of this Section 5.2.

- (a) Awards of Options and Stock Appreciation Rights shall count against the number of Shares remaining available for issuance pursuant to Awards granted under the Plan as one Share for each Share covered by such Awards, and Full Value Awards shall count against the number of Shares remaining available for issuance pursuant to Awards granted under the Plan as five Shares for each Share covered by such Awards.
- (b) The full number of Shares subject to an Option shall count against the number of Shares remaining available for issuance pursuant to Awards made under the Plan, even if the exercise price of an Option is satisfied through net-settlement or by delivering Shares to the Company (by either actual delivery or attestation).
- (c) Upon exercise of Stock Appreciation Rights that are settled in Shares, the full number of Stock Appreciation Rights (rather than the net number of Shares actually delivered upon exercise) shall count against the number of Shares remaining available for issuance pursuant to Awards granted under the Plan.

- (d) Shares withheld from an Award to satisfy tax withholding requirements shall count against the number of Shares remaining available for issuance pursuant to Awards granted under the Plan, and Shares delivered by a Participant to satisfy tax withholding requirements shall not be added to the Plan share reserve.
- (e) Shares repurchased on the open market with the proceeds from the exercise of an Option shall not again be made available for issuance under the Plan.
- (f) To the extent that all or a portion of an Award is canceled, terminates, expires, is forfeited or lapses for any reason, including by reason of failure to meet time-based vesting requirements or to achieve performance goals, any unissued or forfeited Shares subject to the Award will be added back to the Plan share reserve and again be available for issuance pursuant to Awards made under the Plan.
- (g) Shares subject to Awards settled in cash will be added back to the Plan share reserve and again be available for issuance under the Plan.
- (h) Substitute Awards made pursuant to Section 13.9 of the Plan shall not count against the Shares otherwise available for issuance under the Plan under Section 5.1.
- (i) Subject to applicable Exchange requirements, shares available under a shareholder-approved plan of a company acquired by the Company (as appropriately adjusted to Shares to reflect the transaction) may be issued under the Plan pursuant to Awards made to individuals who were not employees of the Company or its Subsidiaries immediately before such transaction and will not count against the maximum share limitation specified in Section 5.1.

5.3. STOCK DISTRIBUTED. Any Stock distributed pursuant to an Award will consist of authorized and unissued Stock and may be subject to restrictions deemed appropriate by the Committee.

5.4. LIMITATION ON AWARDS. Notwithstanding any provision in the Plan to the contrary (but subject to adjustment as provided in Article 14):

- (a) Options. The maximum number of Options granted under the Plan in any calendar year to any one Participant shall be 50,000 Shares.
- (b) SAR's. The maximum number of Stock Appreciation Rights granted under the Plan in any calendar year to any one Participant shall be 50,000 with respect to Shares.
- (c) Performance Awards. With respect to any one calendar year (i) the maximum amount that may be paid to any one Participant for Performance Awards payable in cash or property other than Shares shall be \$2,000,000, and (ii) the maximum number of Shares that may be paid to any one Participant for Performance Awards payable in Stock shall be 35,000 shares. For purposes of applying these limits in the case of multi-year performance periods, the amount of cash or property or number of Shares deemed paid with respect to any one calendar year is the total amount payable or Shares earned for the performance period divided by the number of calendar years in the performance period.
- (d) Awards to Non-Employee Directors. The maximum aggregate number of Shares associated with any Award made under the Plan in any calendar year to any one Non-Employee Director shall be 50,000 Shares.

ARTICLE 6 ELIGIBILITY

6.1. GENERAL. Awards may be granted only to Eligible Participants who are providing services to the Company or a Subsidiary.

ARTICLE 7
STOCK OPTIONS

7.1. GENERAL. The Committee is authorized to grant Options to Eligible Participants on the following terms and conditions:

- (a) Exercise Price. The exercise price per Share under an Option shall be determined by the Committee, provided that the exercise price for any Option (other than an Option issued as a substitute Award pursuant to Section 13.9) shall not be less than the Fair Market Value as of the Award Date.
- (b) Prohibition on Repricing. Except as otherwise provided in Article 14, without the prior approval of the shareholders of the Company: (i) the exercise price of an Option may not be reduced, directly or indirectly, (ii) an Option may not be cancelled in exchange for cash, other Awards, or Options or SARs with an exercise or base price that is less than the exercise price of the original Option, or otherwise, and (iii) the Company may not repurchase an Option for value (in cash, substitutions, cash buyouts, or otherwise) from a Participant if the current Fair Market Value of the Shares underlying the Option is lower than the exercise price per share of the Option.
- (c) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, subject to Section 7.1(e); provided, however, that, except in the event of a Change in Control, Disability or death of the Participant, no award shall provide that an Option shall be exercisable in whole or in part for a period of twelve months from Award Date. The Committee shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised or vested.
- (d) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, and the methods by which Shares shall be delivered or deemed to be delivered to Participants. As determined by the Committee at or after the Award Date, payment of the exercise price of an Option may be made, in whole or in part, in the form of (i) cash or cash equivalents, (ii) delivery (by either actual delivery or attestation) of previously-acquired Shares based on the Fair Market Value of the Shares on the date the Option is exercised, (iii) withholding of Shares from the Option based on the Fair Market Value of the Shares on the date the Option is exercised, (iv) broker-assisted market sales, or (v) any other "cashless exercise" arrangement.
- (e) Exercise Term. No Option granted under the Plan shall be exercisable for more than ten years from the Award Date.
- (f) No Deferral Feature. No Option shall provide for any feature for the deferral of compensation other than the deferral of recognition of income until the exercise or disposition of the Option.
- (g) No Dividend Equivalents. No Option shall provide for Dividend Equivalents.

ARTICLE 8
STOCK APPRECIATION RIGHTS

8.1. STOCK APPRECIATION RIGHTS. The Committee is authorized to grant Stock Appreciation Rights to Eligible Participants on the following terms and conditions:

- (a) Right to Payment. Upon the exercise of an SAR, the Participant has the right to receive cash, for each Share with respect to which the SAR is being exercised, the excess, if any, of:
 - (1) Fair Market Value of one Share on the date of exercise; over
 - (2) The base price of the SAR as determined by the Committee and set forth in the Award Agreement, which shall not be less than the Fair Market Value of one Share on the Award Date.
- (b) Prohibition on Repricing. Except as otherwise provided in Article 14, without the prior approval of the shareholders of the Company: (i) the base price of an SAR may not be reduced, directly or indirectly, (ii) an SAR may not be cancelled in exchange for cash, other Awards, or Options or SARs with an exercise or base price that is less than the base price of the original SAR, and (iii) the Company may not repurchase an SAR for value (in cash, substitutions, cash buyouts, or otherwise) from a Participant if the current Fair Market Value of the Shares underlying the SAR is lower than the base price per share of the SAR.

- (c) Time and Conditions of Exercise. The Committee shall determine the time or times at which an SAR may be exercised in whole or in part. No SAR shall be exercisable for more than ten years from the Award Date.
- (d) No Deferral Feature. No SAR shall provide for any feature for the deferral of compensation other than the deferral of recognition of income until the exercise or disposition of the SAR.
- (e) No Dividend Equivalents. No SAR shall provide for Dividend Equivalents.

ARTICLE 9
RESTRICTED STOCK

9.1. RESTRICTED STOCK. The Committee is authorized to make Awards of Restricted Stock to Eligible Participants in such amounts and subject to such terms and conditions as may be selected by the Committee.

9.2. ISSUANCE AND RESTRICTIONS. Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Committee may impose. These restrictions may lapse separately or in combination at such times, under such circumstances, in such installments, upon the satisfaction of performance goals or otherwise, as the Committee determines at the time of the grant of the Award or thereafter. Except as otherwise provided in an Award Agreement or any special Plan document governing an Award, a Participant shall have none of the rights of a shareholder with respect to Restricted Stock until Shares of Stock are released in settlement of such Awards.

9.3. FORFEITURE. Subject to the terms of the Award Agreement and except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of Continuous Service during the applicable restriction period or upon failure to satisfy a performance goal during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited.

9.4. DELIVERY OF RESTRICTED STOCK. Shares of Restricted Stock shall be delivered to the Participant at the Award Date either by book-entry registration or by delivering to the Participant, or a custodian or escrow agent (including, without limitation, the Company or one or more of its employees) designated by the Committee, a stock certificate or certificates registered in the name of the Participant. If physical certificates representing shares of Restricted Stock are registered in the name of the Participant, such certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

ARTICLE 10
PERFORMANCE AWARDS

10.1. PERFORMANCE AWARDS. The Committee is authorized to make any Award under this Plan, including cash-based Awards, with performance-based vesting criteria, on such terms and conditions as may be selected by the Committee. Any such Awards with performance-based vesting criteria are referred to herein as Performance Awards. The Committee shall have the complete discretion to determine the number of Performance Awards made to each Eligible Participant, subject to Section 5.4, and to designate the provisions of such Performance Awards as provided in Section 4.3. All Performance Awards shall be evidenced by an Award Agreement or a written program established by the Committee, pursuant to which Performance Awards are awarded under the Plan under uniform terms, conditions and restrictions set forth in such written program.

10.2. PERFORMANCE GOALS. The Committee may establish performance goals for Performance Awards which may be based on any criteria selected by the Committee. Such performance goals may be described in terms of Company-wide objectives or in terms of objectives that relate to the performance of the Participant, a Subsidiary or a division, region, department or function within the Company or a Subsidiary. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company or the manner in which the Company or a Subsidiary conducts its business, or other events or circumstances render performance goals to be unsuitable, the Committee may modify such performance goals in whole or in part, as the Committee deems appropriate. If a Participant is promoted, demoted or transferred to a different business unit or function during a performance period, the Committee may determine that the performance goals or performance period are no longer appropriate and may (i) adjust, change or eliminate the performance goals or the applicable performance period as it deems appropriate to make such goals and period comparable to the initial goals and period, or (ii) make a cash payment to the Participant in an amount determined by the Committee. The foregoing two sentences shall not apply with respect to a Performance Award that is intended to be a Qualified Performance-Based Award if the recipient of such award (a) was a Covered Employee on the date of the proposed modification, adjustment, change or elimination of the performance goals or performance period, or (b) in the reasonable judgment of the Committee, may be a Covered Employee on the date the Performance Award is expected to be paid.

ARTICLE 11
QUALIFIED PERFORMANCE-BASED AWARDS

11.1. OPTIONS AND STOCK APPRECIATION RIGHTS. All Options and Stock Appreciation Rights granted to any Covered Employee are intended to qualify for the Section 162(m) Exemption as Qualified Performance-Based Awards even though they are not designated as Performance Awards.

11.2. PERFORMANCE AWARDS. All Performance Awards granted to any Covered Employee are intended to qualify for the Section 162(m) Exemption as Qualified Performance-Based Awards even though they are not designated specifically as Performance Awards. The Committee shall establish performance goals for such Award within the time period prescribed by Code Section 162(m) based on one or more of the following Qualified Business Criteria, which may be expressed in terms of Company-wide objectives or in terms of objectives that relate to the performance of a Subsidiary or a division, region, department or function within the Company or a Subsidiary:

- increase in shareholder value (e.g. total shareholder return);
- earnings per share;
- adjusted earnings per share (as defined by the Committee);
- stock price;
- net income;
- adjusted net income (as defined by the Committee);
- return on assets;
- return on shareholders' equity;
- cash flow;
- operating profit or operating margins;
- revenues growth of the Company;
- economic profit;
- return on capital;
- return on invested capital;
- earnings before interest, taxes, depreciation and amortization;
- goals relating to acquisitions;
- operating income; and
- gross profit

Performance goals with respect to the foregoing Qualified Business Criteria may be specified in absolute terms, in percentages, or in terms of growth from period to period or growth rates over time, as well as measured relative to the performance of a group of comparator companies, or a published or special index, or a stock market index, that the Committee deems appropriate, and may be calculated for a single year or calculated on a compound basis over multiple years. Any member of a comparator group or an index that ceases to exist during a measurement period shall be disregarded for the entire measurement period. Performance Goals need not be based upon an increase or positive result under a business criterion and could include, for example, the maintenance of the status quo or the limitation of economic losses (measured, in each case, by reference to a specific business criterion). Performance measures may, but need not, be determinable in conformance with generally accepted accounting principles.

11.3. ACHIEVEMENT OF PERFORMANCE GOALS. Each Qualified Performance-Based Award (other than a market-priced Option or SAR) shall be earned, vested and payable (as applicable) only upon the achievement of performance goals established by the Committee based upon one or more of the Qualified Business Criteria, together with the satisfaction of any other conditions, such as continued employment, as the Committee may determine to be appropriate; provided, however, that the Committee may provide, either in connection with the grant thereof or by amendment thereafter, that achievement of such performance goals will be waived, in whole or in part, upon (i) the termination of employment of a Participant by reason of death or Disability, or (ii) the occurrence of a Change in Control. Performance periods established by the Committee for any such Qualified Performance-Based Award must be at least twelve months and may be any longer period. In addition, the Committee has the right, in connection with the grant of a Qualified Performance-Based Award, to exercise negative discretion to determine that the portion of such Award actually earned, vested and/or payable (as applicable) shall be less than the portion that would be earned, vested and/or payable based solely upon application of the applicable performance goals.

11.4. INCLUSIONS AND EXCLUSIONS FROM PERFORMANCE CRITERIA. The Committee may provide in any Qualified Performance-Based Award, at the time the performance goals are established, that any evaluation of performance shall exclude or otherwise objectively adjust for any specified circumstance or event that occurs during a performance period, including by way of example but without limitation the following: (a) asset write-downs or impairment charges; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results; (d) accruals for reorganization and restructuring programs; (e) extraordinary nonrecurring items as described in then-current accounting principles; (f) extraordinary nonrecurring items as described in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year; (g) acquisitions or divestitures; and (h) foreign exchange gains and losses. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility.

11.5. CERTIFICATION OF PERFORMANCE GOALS. Any payment of a Qualified Performance-Based Award granted with performance goals pursuant to Section 11.3 above shall be conditioned on the written certification of the Committee in each case that the performance goals and any other material conditions were satisfied. Except as specifically provided in Section 11.3, no Qualified Performance-Based Award held by a Covered Employee or by an employee who in the reasonable judgment of the Committee may be a Covered Employee on the date of payment, may be amended, nor may the Committee exercise any discretionary authority it may otherwise have under the Plan with respect to a Qualified Performance-Based Award under the Plan, in any manner to waive the achievement of the applicable performance goal based on Qualified Business Criteria or to increase the amount payable pursuant thereto or the value thereof, or otherwise in any manner that would cause the Qualified Performance-Based Award to cease to qualify for the Section 162(m) Exemption.

ARTICLE 12
STOCK OR OTHER STOCK-BASED AWARDS

12.1. STOCK OR OTHER STOCK-BASED AWARDS. The Committee is authorized, subject to limitations under applicable law, to make such other Awards that are payable in, valued in whole or in part by reference to, or otherwise based on or related to Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including without limitation Shares awarded purely as a "bonus" and not subject to any restrictions or conditions, convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, and Awards valued by reference to book value of Shares or the value of securities of or the performance of specified Parents or Subsidiaries. The Committee shall determine the terms and conditions of such Awards.

ARTICLE 13
PROVISIONS APPLICABLE TO AWARDS

13.1. AWARD AGREEMENTS. Each Award shall be evidenced by an Award Agreement. Each Award Agreement shall include such provisions, not inconsistent with the Plan, as may be specified by the Committee.

13.2. FORM OF PAYMENT FOR AWARDS. At the discretion of the Committee, payment of Awards may be made in cash, Stock, a combination of cash and Stock, or any other form of property as the Committee shall determine. In addition, payment of Awards may include such terms, conditions, restrictions and/or limitations, if any, as the Committee deems appropriate, including, in the case of Awards paid in the form of Stock, restrictions on transfer and forfeiture provisions.

13.3. LIMITS ON TRANSFER. No right or interest of a Participant in any unexercised or restricted Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. No unexercised or restricted Award shall be assignable or transferable by a Participant other than by will or the laws of descent and distribution.

13.4. STOCK TRADING RESTRICTIONS. All Stock issuable under the Plan is subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal or state securities laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Stock is listed, quoted, or traded. The Committee may place legends on any Stock Agreement or issue instructions to the transfer agent to reference restrictions applicable to the Stock.

13.5. TREATMENT UPON TERMINATION OF SERVICE. The applicable Award Agreement or other special Plan document governing an Award shall specify the treatment of such Award upon the termination of a Participant's Continuous Service.

13.6. EFFECT OF A CHANGE IN CONTROL. The provisions of this Section 13.6 shall apply in the case of a Change in Control, unless otherwise provided in the Award Agreement or any special Plan document or separate agreement with a Participant governing an Award.

- (a) Awards Assumed or Substituted by Surviving Entity. With respect to Awards assumed by the Surviving Entity or otherwise equitably converted or substituted in connection with a Change in Control: if within one year after the effective date of the Change in Control, a Participant's employment is involuntarily terminated other than for cause, then (i) all of that Participant's outstanding Options or SARs shall become fully exercisable, (ii) all time-based vesting restrictions on his or her outstanding Awards shall lapse, and (iii) the payout level under all of that Participant's performance-based Awards that were outstanding immediately before the effective time of the Change in Control shall be determined and deemed to have been earned as of the date of termination based upon (A) an assumed achievement of all relevant performance goals at the "target" level if the date of termination occurs during the first half of the applicable performance period, or (B) the actual level of achievement of all relevant performance goals against target (measured as of the end of the calendar quarter immediately preceding the date of termination), if the date of termination occurs during the second half of the applicable performance period, and, in either such case, there shall be a pro rata payout to such Participant within 60 days following the date of termination of employment (unless a later date is required under Section 16.3), based upon the length of time (in days) within the performance period that has elapsed prior to the date of termination of employment. Any Options or SARs shall thereafter continue or lapse in accordance with the other provisions of the Plan and the Award Agreement.
- (b) Awards not Assumed or Substituted by Surviving Entity. Upon the occurrence of a Change in Control, and except with respect to any Awards assumed by the Surviving Entity or otherwise equitably converted or substituted in connection with the Change in Control in a manner approved by the Committee or the Board: (i) outstanding Options or SARs shall become fully exercisable, (ii) time-based vesting restrictions on outstanding Awards shall lapse, and (iii) the payout level attainable under outstanding performance-based Awards shall be deemed to have been fully earned as of the effective date of the Change in Control based upon (A) an assumed achievement of all relevant performance goals at the "target" level if the Change in Control occurs during the first half of the applicable performance period, or (B) the actual level of achievement of all relevant performance goals against target measured as of the date of the Change in Control, if the Change in Control occurs during the second half of the applicable performance period, and, in either such case, there shall be a pro rata payout to Participants within sixty (60) days following the Change in Control (unless a later date is required by Section 16.3 hereof), based upon the length of time (in days) within the performance period that has elapsed prior to the Change in Control. Any Options or SARs shall thereafter continue or lapse in accordance with the other provisions of the Plan and the Award Agreement.

13.7. ACCELERATION FOR OTHER REASONS. Regardless of whether an event has occurred as described in Sections 13.5 or 13.6 above, and subject to Article 11 as to Qualified Performance-Based Awards, the Committee may in its sole discretion at any time determine that, upon the termination of service of a Participant for any reason, or the occurrence of a Change in Control, all or a portion of such Participant's Options or SARs shall become fully or partially exercisable, that all or a part of the restrictions on all or a portion of the Participant's outstanding Awards shall lapse, and/or that any performance-based criteria with respect to any Awards held by that Participant shall be deemed to be wholly or partially satisfied, in each case, as of such date as the Committee may, in its sole discretion, declare. The Committee may discriminate among Participants and among Awards made to a Participant in exercising its discretion pursuant to this Section 13.7.

13.8. FORFEITURE EVENTS. Awards under the Plan shall be subject to any compensation recoupment policy that the Company may adopt from time to time that is applicable by its terms to the Participant. In addition, the Committee may specify in an Award Agreement that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, (i) termination of employment for cause, (ii) violation of material Company or Affiliate policies, (iii) breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, (iv) other conduct by the Participant that is detrimental to the business or reputation of the Company or any Affiliate, or (v) a later determination that the vesting of, or amount realized from, a Performance Award was based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria, whether or not the Participant caused or contributed to such material inaccuracy. The Company shall seek to recover any Award made as required by the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other "clawback" provision required by law or the listing standards of the Exchange.

13.9. SUBSTITUTE AWARDS. The Committee may grant Awards under the Plan in substitution for stock and stock-based awards held by employees of another entity who become employees of the Company or a Subsidiary as a result of a merger or consolidation of the former employing entity with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the former employing corporation. The Committee may direct that the substitute awards be made on such terms and conditions as the Committee considers appropriate in the circumstances.

ARTICLE 14 CHANGES IN CAPITAL STRUCTURE

14.1. MANDATORY ADJUSTMENTS. In the event of a nonreciprocal transaction between the Company and its shareholders that causes the per-share value of the Stock to change (including, without limitation, any stock dividend, stock split, spin-off, rights offering, or large nonrecurring cash dividend), the Committee shall make such adjustments to the Plan and Awards as it deems necessary, in its sole discretion, to prevent dilution or enlargement of rights immediately resulting from such transaction. Action by the Committee may include: (i) adjustment of the number and kind of shares that may be delivered under the Plan; (ii) adjustment of the number and kind of shares subject to outstanding Awards; (iii) adjustment of the exercise price or base price of outstanding Awards or the measure to be used to determine the amount of the benefit payable on an Award; and (iv) any other adjustments that the Committee determines to be equitable. Notwithstanding the foregoing, the Committee shall not make any adjustments to outstanding Options or SARs that would constitute a modification or substitution of the stock right under Treas. Reg. Sections 1.409A-1(b)(5)(v) that would be treated as the grant of a new stock right or change in the form of payment for purposes of Code Section 409A. Without limiting the foregoing, in the event of a subdivision of the outstanding Stock (stock-split), a declaration of a dividend payable in Shares, or a combination or consolidation of the outstanding Stock into a lesser number of Shares, the authorization limits under Sections 5.1 and 5.4 shall automatically be adjusted proportionately, and the Shares then subject to each Award shall automatically, without the necessity for any additional action by the Committee, be adjusted proportionately without any change in the aggregate purchase price therefor.

14.2. DISCRETIONARY ADJUSTMENTS. Upon the occurrence or in anticipation of any corporate event or transaction involving the Company (including, without limitation, any merger, reorganization, recapitalization, combination or exchange of shares, or any transaction described in Section 14.1), the Committee may, in its sole discretion, provide (i) that Awards will be settled in cash rather than Stock, (ii) that Awards will become immediately vested and non-forfeitable and exercisable (in whole or in part) and will expire after a designated period of time to the extent not then exercised, (iii) that Awards will be assumed by another party to a transaction or otherwise be equitably converted or substituted in connection with such transaction, (iv) that outstanding Awards may be settled by payment in cash or cash equivalents equal to the excess of the Fair Market Value of the underlying Stock, as of a specified date associated with the transaction, over the exercise or base price of the Award, (v) that performance targets and performance periods for Performance Awards will be modified, consistent with Code Section 162(m) where applicable, or (vi) any combination of the foregoing. The Committee's determination need not be uniform and may be different for different Participants whether or not such Participants are similarly situated.

14.3. GENERAL. Any discretionary adjustments made pursuant to this Article 14 shall be subject to the provisions of Section 15.2.

ARTICLE 15
AMENDMENT, MODIFICATION AND TERMINATION

15.1. AMENDMENT, MODIFICATION AND TERMINATION. The Board or the Committee may, at any time and from time to time, amend, modify or terminate the Plan without shareholder approval; provided, however, that if an amendment to the Plan would, in the reasonable opinion of the Board or the Committee, either (i) materially increase the number of Shares available under the Plan, (ii) expand the types of awards under the Plan, (iii) materially expand the class of participants eligible to participate in the Plan, (iv) materially extend the term of the Plan, or (v) otherwise constitute a material change requiring shareholder approval under applicable laws, policies or regulations or the applicable listing or other requirements of an Exchange, then such amendment shall be subject to shareholder approval; and provided, further, that the Board or Committee may condition any other amendment or modification on the approval of shareholders of the Company for any reason, including by reason of such approval being necessary or deemed advisable (i) to comply with the listing or other requirements of an Exchange, or (ii) to satisfy any other tax, securities or other applicable laws, policies or regulations.

15.2. AWARDS PREVIOUSLY MADE. At any time and from time to time, the Committee may amend, modify or terminate any outstanding Award without approval of the Participant; provided, however:

- (a) Subject to the terms of the applicable Award Agreement, such amendment, modification or termination shall not, without the Participant's consent, reduce or diminish the value of such Award determined as if the Award had been exercised, vested, cashed in or otherwise settled on the date of such amendment or termination (with the per-share value of an Option or SAR for this purpose being calculated as the excess, if any, of the Fair Market Value as of the date of such amendment or termination over the exercise or base price of such Award);
- (b) The original term of an Option or SAR may not be extended without the prior approval of the shareholders of the Company
- (c) Except as otherwise provided in Section 14.1, the exercise price of an Option or base price of an SAR may not be reduced, directly or indirectly, without the prior approval of the shareholders of the Company; and
- (d) No termination, amendment, or modification of the Plan shall adversely affect any Award previously made under the Plan, without the written consent of the Participant affected thereby. An outstanding Award shall not be deemed to be "adversely affected" by a Plan amendment if such amendment would not reduce or diminish the value of such Award determined as if the Award had been exercised, vested, cashed in or otherwise settled on the date of such amendment (with the per-share value of an Option or SAR for this purpose being calculated as the excess, if any, of the Fair Market Value as of the date of such amendment over the exercise or base price of such Award).

15.3. COMPLIANCE AMENDMENTS. Notwithstanding anything in the Plan or in any Award Agreement to the contrary, the Board or the Committee may amend the Plan or an Award Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming the Plan or Award Agreement to any present or future law relating to plans of this or similar nature (including, but not limited to, Code Section 409A), and to the administrative regulations and rulings promulgated thereunder. By accepting an Award under this Plan, a Participant agrees to any amendment made pursuant to this Section 15.3 to any Award made under the Plan without further consideration or action.

15.4. CORRECTION OF ERRORS. Notwithstanding anything in any Award Agreement to the contrary, the Committee may amend an Award Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of correcting errors occurring in connection with the grant or documentation of an Award, including rescinding an Award erroneously granted, including, but not limited to, an Award erroneously granted to an individual who does not qualify as an Eligible Participant on the date of grant. By accepting an Award under this Plan, a Participant agrees to any amendment made pursuant to this Section 15.4 to any Award made under the Plan without further consideration or action.

ARTICLE 16
GENERAL PROVISIONS

16.1. RIGHTS OF PARTICIPANTS.

- (a) No Participant or any Eligible Participant shall have any claim to receive any Award under the Plan. Neither the Company, its Affiliates nor the Committee is obligated to treat Participants or Eligible Participants uniformly, and determinations made under the Plan may be made by the Committee selectively among Eligible Participants who receive, or are eligible to receive, Awards (whether or not such Eligible Participants are similarly situated).
- (b) Nothing in the Plan, any Award Agreement or any other document or statement made with respect to the Plan, shall interfere with or limit in any way the right of the Company or any Affiliate to terminate any Participant's employment or status as an officer, or any Participant's service as a director, at any time, nor confer upon any Participant any right to continue as an employee, officer or director of the Company or any Affiliate, whether for the duration of a Participant's Award or otherwise.
- (c) Neither an Award nor any benefits arising under this Plan shall constitute an employment contract with the Company or any Affiliate and, accordingly, subject to Article 15, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Committee without giving rise to any liability on the part of the Company or any of its Affiliates.
- (d) No Award gives a Participant any of the rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

16.2. WITHHOLDING. The Company or any Affiliate shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or such Affiliate, an amount sufficient to satisfy the Company's federal, state, and local taxes withholding obligations (including any social tax obligation) required by law to be withheld with respect to any exercise, lapse of restriction or other taxable event arising as a result of the Plan. The obligations of the Company under the Plan will be conditioned on such payment or arrangements and the Company or such Affiliate will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant. Unless otherwise determined by the Committee at the time the Award is made or thereafter, any such withholding requirement may be satisfied, in whole or in part, by withholding from the Award Shares having a Fair Market Value on the date of withholding equal to the amount that the Company determines is necessary to satisfy its withholding obligation. All such elections shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

16.3. SPECIAL PROVISIONS RELATED TO CODE SECTION 409A. It is intended that the payments and benefits provided under the Plan and any Award shall either be exempt from the application of, or comply with the requirements of Tax Code Section 409A. The Plan and all Award Agreements shall be construed in a manner that effects such intent. Nevertheless, the tax treatment of the benefits provided under the Plan or any Award is not warranted or guaranteed. Neither the Company, its Affiliates nor their respective directors, officers, employees or advisers (other than in his or her capacity as a Participant) shall be held liable for any taxes, interest, penalties or other monetary amounts owed by any Participant or other taxpayer as a result of the Plan or any Award.

16.4. UNFUNDED STATUS OF AWARDS. The Plan is intended to be an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Affiliate. In its sole discretion, the Committee may authorize the creation of grantor trusts or other arrangements to meet the obligations created under the Plan to deliver Shares or payments in lieu of Shares with respect to Awards. This Plan is not intended to be subject to ERISA.

16.5. RELATIONSHIP TO OTHER BENEFITS. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or benefit plan of the Company or any Affiliate unless provided otherwise in such other plan. Nothing contained in the Plan will prevent the Company from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

16.6. FRACTIONAL SHARES. No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down.

16.7. GOVERNMENT AND OTHER REGULATIONS.

- (a) Notwithstanding any other provision of the Plan, no Participant who acquires Shares pursuant to the Plan may, during any period of time that such Participant is an affiliate of the Company (within the meaning of the rules and regulations of the Securities and Exchange Commission under the 1933 Act), sell such Shares, unless such offer and sale is made (i) pursuant to an effective registration statement under the 1933 Act, which is current and includes the Shares to be sold, or (ii) pursuant to an appropriate exemption from the registration requirement of the 1933 Act, such as that set forth in Rule 144 promulgated under the 1933 Act.
- (b) Notwithstanding any other provision of the Plan, if at any time the Committee shall determine that the registration, listing or qualification of the Shares covered by an Award upon any Exchange or under any foreign, federal, state or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Award or the purchase or receipt of Shares thereunder, no Shares may be purchased, delivered or received pursuant to such Award unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Committee. Any Participant receiving or purchasing Shares pursuant to an Award shall make such representations and agreements and furnish such information as the Committee may request to assure compliance with the foregoing or any other applicable legal requirements. The Company shall not be required to issue or deliver any certificate or certificates for Shares under the Plan prior to the Committee's determination that all related requirements have been fulfilled. The Company shall in no event be obligated to register any securities pursuant to the 1933 Act or applicable state or foreign law or to take any other action in order to cause the issuance and delivery of such certificates to comply with any such law, regulation or requirement.

16.8. GOVERNING LAW. To the extent not governed by federal law, the Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of Colorado.

16.9. SEVERABILITY. In the event that any provision of this Plan is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or unenforceability will not be construed as rendering any other provisions contained herein as invalid or unenforceable, and all such other provisions will be given full force and effect to the same extent as though the invalid or unenforceable provision was not contained herein.

16.10. NO LIMITATIONS ON RIGHTS OF COMPANY. The grant of any Award shall not in any way affect the right or power of the Company to make adjustments, reclassification or changes in its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets. The Plan shall not restrict the authority of the Company, for proper corporate purposes, to draft or assume awards, other than under the Plan, to or with respect to any person. If the Committee so directs, the Company may issue or transfer Shares to an Affiliate, for such lawful consideration as the Committee may specify, upon the condition or understanding that the Affiliate will transfer such Shares to a Participant in accordance with the terms of an Award made to such Participant and specified by the Committee pursuant to the provisions of the Plan.

The foregoing is hereby acknowledged as being The Mesa Laboratories, Inc. 2014 Equity Plan as adopted by the Board on August 8, 2014 and by the shareholders on October 2, 2014.

Mesa Laboratories, Inc.

By: _____

Its: _____

STOCK OPTION AWARD AGREEMENT

MESA LABORATORIES, INC.

(Pursuant to the 2014 Equity Plan)

Name of Recipient: _____ Grantee Name

No. of Options: _____

Grant Date: _____

Vesting Dates: _____

This Stock Option Award Agreement ("Agreement") sets forth below the terms and conditions for grants of either incentive or non-qualified stock options by MESA LABORATORIES, INC., a Colorado corporation (the "Company"), pursuant to the Company's 2014 Equity Plan ("Plan"), to an officer, director, employee or advisor of the Company or a Subsidiary thereof (the "Participant"). The Plan, these terms and conditions, and the grant of stock options under the Plan are administered and approved by the Compensation Committee of the Board of Directors of the Company (the "Committee").

For purposes of this Agreement, the term "Subsidiary" shall mean any corporation in an unbroken chain of corporations beginning with the Participant's corporation if, at the time of granting of the stock option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

In the event of any conflict between the terms and conditions stated in this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall govern. Further, for the avoidance of doubt, in the event the Company and the Grantee enter into an employment or severance agreement ("Employment Agreement"), then any inconsistency or conflict among the provisions of this Agreement, the Plan and the Employment Agreement shall be resolved by giving precedence in the following order:

- A. The 2014 Equity Plan;
- B. The Employment Agreement, then in effect; and
- C. This Agreement.

By acceptance of Options under this Agreement, the Participant acknowledges receipt of a copy of the Plan and recognizes and agrees that all determinations, interpretations or other actions respecting the Plan may be made by the Committee, and that such determinations, interpretations or other actions are final, conclusive and binding upon all parties, including the Participant.

1. Grant of Option. The Company from time to time may grant to the Participant the right and option to purchase all or any part of the number of Shares of the Company's Common Stock ("Shares") indicated in a Notice of Stock Option Grant issued to the Participant (such number being subject to adjustment as provided in Section 17 hereof) pursuant to the terms and conditions set forth herein (the "Option").
 2. Acceptance of Option. Within one (1) year following the grant of the Option, the Participant must acknowledge receipt of the Option and Agree to the Terms and Conditions of this Agreement, either by serving written notice to the Company, or by accepting the Option within the Company's on-line Option administration system.
 3. Term of Option. The term of the Option shall be from the Grant Date until the Expiration Date, both as indicated in the Notice of Stock Option Grant, up to a maximum term of ten (10) years, subject to earlier termination or extension as provided in Sections 14, 15 and 16 hereof. The Option and all rights hereunder with respect thereto, to the extent such rights shall not have been previously exercised, shall terminate and become null and void upon expiration of the term hereof.
-

4. Purchase Price of Option. The purchase price of the Shares of the Common Stock covered by the Option shall be indicated as the Exercise Price Per Share in the Notice of Stock Option Grant, such purchase price being at least one hundred percent (100%) of the fair market value per share of such Shares on the Grant Date of the Option, subject to adjustment as provided in Section 17 hereof.

5. Time of Exercise of Option. Except as otherwise stated herein, the specified number of Shares of the Option may be exercised, at those times and during those periods as stated in the Vesting Schedule in the Notice of Stock Option Grant, subject to adjustment as provided in Section 17 hereof; provided that, except as otherwise provided in Sections 14, 15 and 16 hereof, the Option may not be exercisable at any time by the Participant unless the Participant shall have been in the continuous employ or service of the Company or a Subsidiary from the Grant Date to the date of the exercise of the Option.

6. Method of Exercising the Option. Subject to the terms and conditions of this Agreement and those of the Plan, the Option may be exercised by written or electronic notice to the Company at its principal place of business, or through the Company's on-line Option management system. Such notice shall state the election to exercise the Option, and the number of full Shares that are being exercised. Such notice shall be accompanied by payment of the full purchase price of such Shares, or other payment method as described in Section 7 hereof. The Company shall deliver Shares either electronically or in certificate form as soon as practicable after the aforesaid notice. The Shares as to which the Option shall have been so exercised shall be registered in the name of the person or persons so exercising the Option, or, if the Option shall be exercised by the Participant and if the Participant shall so request in the notice exercising the Option, shall be registered in the name of the Participant and another person jointly, with right of survivorship. In the event the Option shall be exercised, pursuant to Section 15 or Section 16 hereof, by any person or persons other than the Participant, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

7. Payment of Option. As determined by the Committee at or after the Award Date, payment of the exercise price of an Option may be made, in whole or in part, in the form of (i) cash or cash equivalents, (ii) withholding of Shares from the Option based on the Fair Market Value of the Shares on the date the Option is exercised, (iii) broker-assisted market sales, or (iv) any other "cashless exercise" arrangement.

8. Payment of Taxes. All taxes required to be withheld under applicable tax laws in connection with the Participant's receipt of Shares upon exercise of a non-qualified Option, must be paid to the Company by the Participant, in cash, immediately upon advice of the Company, unless an alternate arrangement to satisfy withholding requirements has been made between the Company and the Participant pursuant to the terms and conditions of the Plan.

9. No Obligation to Exercise. The granting of the Option hereof shall impose no obligation upon the Participant to exercise such Option.

10. Acceleration and Exercise Upon Change of Control. Notwithstanding the provisions of Section 5 hereof, the exercise period set forth in Section 5 hereof shall be accelerated upon the occurrence of a Change of Control (as defined in the Plan) of the Company, so that the Option shall thereupon become fully exercisable immediately in part or in its entirety by the Participant, as the Participant shall elect, subject to the condition that no Option shall be exercisable after the Expiration Date of the Option.

11. Rights as a Shareholder. The holder of the Option shall have no rights as a shareholder of the Company with respect to the Shares covered by the Option until the due exercise of the Option and the date of the issuance of the Shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such Option is exercised, except as provided in Section 17 hereof.

12. No transferability. The Option shall not be transferable otherwise than by Will, the laws of descent and distribution, or as permitted by the rules and regulations of the Securities and Exchange Commission, and the Option may be exercised, during the lifetime of the Participant, only by the Participant or by the Participant's court appointed guardian as set forth in Section 16 hereof. More particularly (but without limiting the generality of the foregoing), the Option may not be assigned, transferred (except as provided above), pledged, or hypothecated in any way, shall not be assignable by operation of law and shall not be subject to execution, attachment, or similar process. Any attempted assignment, transfer, pledge, hypothecation, or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment, or similar process upon the Option, shall be null and void and without effect and shall terminate the Option.

13. Incentive Stock Options. The following provisions shall apply, in addition to the other provisions of the Plan and this Agreement which are not inconsistent therewith, to Options intended to qualify as incentive stock options ("ISOs") under Section 422 of the Code:

(a) Options may be granted as ISOs only to individuals who are employees of the Corporation or any present or future "subsidiary corporation" or "parent corporation" as those terms are defined in Section 424 of the Code (collectively, "Related Corporations") and Options shall not be granted as ISOs to independent contractors;

(b) for purposes of Section 16 of this Agreement, "Disability" shall mean "permanent and total disability" as defined in Section 22(e)(3) of the Code;

(c) Options held by a Participant shall be eligible for treatment as ISOs only if the fair market value (determined as at the Grant Date) of the Shares with respect to which such Options and all other options intended to qualify as "incentive stock options" under Section 422 of the Code held by such individual and granted under the Plan or any other plan of a Related Corporation and which are exercisable for the first time by such individual during any one calendar year does not exceed U.S.\$100,000; and

(d) by accepting an Option granted as an ISO under the Plan, each Participant agrees to notify the Company in writing immediately after such Participant makes a "Disqualifying Disposition" of any stock acquired pursuant to the exercise of such ISO; for this purpose, a Disqualifying Disposition is any disposition occurring on or before the later of (i) the date two years following the date the ISO was granted or (ii) the date one year following the date the ISO was exercised.

14. Termination of Services. In the event that the services of the Participant as an employee, director, advisor or officer of the Company or a Subsidiary shall be terminated (otherwise than by reason of death, disability or cause, as specifically defined below), the Option (and any other Option or Options held by the Participant to the extent not previously exercised) may be exercised by the Participant (to the extent that the Participant shall have been entitled to do so at the termination of the Participant's services) at any time within one (1) month after such termination. So long as the Participant shall continue to provide services to the Company or Subsidiary, the Option shall not be affected by any change of duties or position.

In the event the Participant's employment is terminated for cause while employed by the Company or a Subsidiary, all unexercised Options shall be immediately cancelled, in addition to any other remedy which the Company may have. For purposes of this Section 14, the term "cause" shall include only the following acts committed by the Participant while employed by the Company or a Subsidiary: (a) theft, bribery or fraud; (b) competing with the business of the Company, its operating groups or any other of the Company's affiliates; (c) soliciting for employment any employees of the Company, its operating groups or any other of the Company's affiliates; or (d) disclosing confidential information which is material to the Company and/or its affiliates.

15. Death of Participant. If the Participant shall die while providing services to the Company or Subsidiary, the Option may be exercised (to the extent that the Participant shall have been entitled to do so at the date of the Participant's death) by a legatee or legatees of the Participant under the Participant's duly probated Last Will and Testament, or by the Participant's duly appointed personal representative, at any time within one (1) year after the death of the Participant, subject to the condition that no Option may be exercised after ten (10) years from the Date of Grant.

16. Disability of Participant. If the Participant's service to the Company or a Subsidiary is terminated by reason of the Disability (as hereinafter defined) of the Participant, the Option may be exercised (to the extent that the Participant shall have been entitled to do so at the date the Participant's service with the Company or a Subsidiary was terminated due to the Disability of the Participant) by the Participant or the Participant's court appointed guardian at any time within one (1) year after the Participant ceased to provide services to the Company or a Subsidiary, subject to the condition that no Option may be exercised after ten (10) years from the Date of Grant. For purposes of this Agreement, the term "Disability" means a condition for which the Participant becomes eligible for a disability benefit under the long term disability insurance policy issued to the Company providing basic long term disability insurance benefits, or under any other long term disability plan which hereafter may be maintained by the Company, whether or not the Participant is covered by such plan. In the event of a dispute, the determination of whether a Participant has incurred a Disability will be made by the Committee and may be supported by the advice of a physician competent in the area to which such Disability relates.

17. Adjustments upon Changes in Capitalization. The number of Shares of Common Stock covered by the Option, and the price per share thereof in such Option, shall be proportionately adjusted for any increase or decrease in the number of issued Shares of Common Stock of the Company resulting from a subdivision or consolidation of Shares or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of such Shares effected without receipt of consideration by the Company.

In the event the Company shall be the surviving corporation in any merger or consolidation, the Option shall pertain to and apply to the securities to which a holder of the number of Shares of Common Stock subject to the Option would have been entitled. A dissolution or liquidation of the Company or a merger or consolidation in which the Company is not the surviving corporation, shall cause the Option to terminate as of a date to be fixed by the Committee (which date shall be as of or prior to the effective date of any such dissolution or liquidation or merger or consolidation); provided, that not less than thirty (30) days written notice of the date so fixed as such termination date shall be given to the Participant, and the Participant shall, in such event, have the right, during the said period of thirty (30) days preceding such termination date, to exercise the Option in whole or in part in the manner set forth in the Plan and above.

To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments, if any, shall be appropriately made by the Committee, as provided in the Plan, whose determination in that respect shall be final, binding and conclusive. The Company shall give timely notice of any adjustments made to the Participant.

Except as hereinabove expressly provided in this Section 17, the Participant shall have no rights by reason of any subdivision or consolidation of Shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of Shares of stock of any class or by reason of any dissolution, liquidation, merger, or consolidation or spinoff of assets or stock of another corporation, and any issue by the Company of Shares of stock of any class, or securities convertible into Shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares of Common Stock subject to the Option.

Without limiting the generality of the foregoing, no adjustment shall be made with respect to the number or price of Shares subject to the Option upon the occurrence of any of the following events:

- (a) The grant or exercise of any other Options which may be granted or exercised under any qualified or nonqualified stock option plan or under any other Participant benefit plan of the Company, whether or not such Options were outstanding on the Grant Date of the Option or thereafter granted;
- (b) The sale of any Shares of Common Stock by the Company in any public offering, including, without limitation, Shares sold upon the exercise of any overallotment Option granted to the underwriter in connection with such offering;
- (c) The issuance, sale or exercise of any warrants to purchase Shares of Common Stock, whether or not such warrants were outstanding on the Date of Grant of the Option or thereafter issued;
- (d) The issuance or sale of rights, promissory notes or other securities convertible into Shares of Common Stock in accordance with the terms of such securities ("Convertible Securities"), whether or not such Convertible Securities were outstanding on the Date of Grant of the Option or were thereafter issued or sold;

(e) The issuance or sale of Common Stock upon conversion or exchange of any Convertible Securities, whether or not any adjustment in the purchase price was made or required to be made upon the issuance or sale of such Convertible Securities and whether or not such Convertible Securities were outstanding on the Date of Grant of the Option or were thereafter issued or sold; or

(f) Upon any amendment to or change in the terms of any rights or warrants to subscribe for or purchase, or Options for the purchase of, Common Stock or Convertible Securities or in the terms of any Convertible Securities, including, but not limited to, any extension of any expiration date of any such right, warrant or Option, any change in any exercise or purchase price provided for in any such right, warrant or Option, any extension of any date through which any Convertible Securities are convertible into or exchangeable for Common Stock or any change in the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock.

18. Reservation of Stock. The Company shall at all times during the term of the Option reserve and keep available such number of Shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement, shall pay all original issue and transfer taxes with respect to the issue and transfer of Shares pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith, and will from time to time use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Company, shall be applicable.

STOCK OPTION AWARD AGREEMENT

MESA LABORATORIES, INC.

(Pursuant to the 2014 Equity Plan)

Name of Recipient:	Grantee Name
No. of Options:	_____
Grant Date:	April 2, 2018
Vesting Dates:	April 1, 2019 April 1, 2020 April 1, 2021 April 1, 2022 April 1, 2023

This Stock Option Award Agreement ("Agreement") sets forth below the terms and conditions for grants of either incentive or non-qualified stock options by MESA LABORATORIES, INC., a Colorado corporation (the "Company"), pursuant to the Company's 2014 Equity Plan ("Plan"), to an officer, director, employee or advisor of the Company or a Subsidiary thereof (the "Participant"). The Plan, these terms and conditions, and the grant of stock options under the Plan are administered and approved by the Compensation Committee of the Board of Directors of the Company (the "Committee").

For purposes of this Agreement, the term "Subsidiary" shall mean any corporation in an unbroken chain of corporations beginning with the Participant's corporation if, at the time of granting of the stock option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

In the event of any conflict between the terms and conditions stated in this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall govern.

By acceptance of Options under this Agreement, the Participant acknowledges receipt of a copy of the Plan and recognizes and agrees that all determinations, interpretations or other actions respecting the Plan may be made by the Committee, and that such determinations, interpretations or other actions are final, conclusive and binding upon all parties, including the Participant.

1. Grant of Option. The Company from time to time may grant to the Participant the right and option to purchase all or any part of the number of Shares of the Company's Common Stock ("Shares") indicated in a Notice of Stock Option Grant issued to the Participant (such number being subject to adjustment as provided in Section 17 hereof) pursuant to the terms and conditions set forth herein (the "Option").
 2. Acceptance of Option. Within one (1) year following the grant of the Option, the Participant must acknowledge receipt of the Option and Agree to the Terms and Conditions of this Agreement, either by serving written notice to the Company, or by accepting the Option within the Company's on-line Option administration system.
 3. Term of Option. The term of the Option shall be from the Grant Date until the Expiration Date, both as indicated in the Notice of Stock Option Grant, up to a maximum term of ten (10) years, subject to earlier termination or extension as provided in Sections 14, 15 and 16 hereof. The Option and all rights hereunder with respect thereto, to the extent such rights shall not have been previously exercised, shall terminate and become null and void upon expiration of the term hereof.
-

4. Purchase Price of Option. The purchase price of the Shares of the Common Stock covered by the Option shall be indicated as the Exercise Price Per Share in the Notice of Stock Option Grant, such purchase price being at least one hundred percent (100%) of the fair market value per share of such Shares on the Grant Date of the Option, subject to adjustment as provided in Section 17 hereof.

5. Time of Exercise of Option. Except as otherwise stated herein, the specified number of Shares of the Option may be exercised, at those times and during those periods as stated in the Vesting Schedule in the Notice of Stock Option Grant, subject to adjustment as provided in Section 17 hereof; provided that, except as otherwise provided in Sections 14, 15 and 16 hereof, the Option may not be exercisable at any time by the Participant unless the Participant shall have been in the continuous employ or service of the Company or a Subsidiary from the Grant Date to the date of the exercise of the Option.

6. Method of Exercising the Option. Subject to the terms and conditions of this Agreement and those of the Plan, the Option may be exercised by written or electronic notice to the Company at its principal place of business, or through the Company's on-line Option management system. Such notice shall state the election to exercise the Option, and the number of full Shares that are being exercised. Such notice shall be accompanied by payment of the full purchase price of such Shares, or other payment method as described in Section 7 hereof. The Company shall deliver Shares either electronically or in certificate form as soon as practicable after the aforesaid notice. The Shares as to which the Option shall have been so exercised shall be registered in the name of the person or persons so exercising the Option, or, if the Option shall be exercised by the Participant and if the Participant shall so request in the notice exercising the Option, shall be registered in the name of the Participant and another person jointly, with right of survivorship. In the event the Option shall be exercised, pursuant to Section 15 or Section 16 hereof, by any person or persons other than the Participant, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

7. Payment of Option. As determined by the Committee at or after the Award Date, payment of the exercise price of an Option may be made, in whole or in part, in the form of (i) cash or cash equivalents, (ii) withholding of Shares from the Option based on the Fair Market Value of the Shares on the date the Option is exercised, (iii) broker-assisted market sales, or (iv) any other "cashless exercise" arrangement.

8. Payment of Taxes. All taxes required to be withheld under applicable tax laws in connection with the Participant's receipt of Shares upon exercise of a non-qualified Option, must be paid to the Company by the Participant, in cash, immediately upon advice of the Company, unless an alternate arrangement to satisfy withholding requirements has been made between the Company and the Participant pursuant to the terms and conditions of the Plan.

9. No Obligation to Exercise. The granting of the Option hereof shall impose no obligation upon the Participant to exercise such Option.

10. Acceleration and Exercise Upon Change of Control. Notwithstanding the provisions of Section 5 hereof, the exercise period set forth in Section 5 hereof shall be accelerated upon the occurrence of a Change of Control (as defined in the Plan) of the Company, so that the Option shall thereupon become fully exercisable immediately in part or in its entirety by the Participant, as the Participant shall elect, subject to the condition that no Option shall be exercisable after the Expiration Date of the Option.

11. Rights as a Shareholder. The holder of the Option shall have no rights as a shareholder of the Company with respect to the Shares covered by the Option until the due exercise of the Option and the date of the issuance of the Shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such Option is exercised, except as provided in Section 17 hereof.

12. No transferability. The Option shall not be transferable otherwise than by Will, the laws of descent and distribution, or as permitted by the rules and regulations of the Securities and Exchange Commission, and the Option may be exercised, during the lifetime of the Participant, only by the Participant or by the Participant's court appointed guardian as set forth in Section 16 hereof. More particularly (but without limiting the generality of the foregoing), the Option may not be assigned, transferred (except as provided above), pledged, or hypothecated in any way, shall not be assignable by operation of law and shall not be subject to execution, attachment, or similar process. Any attempted assignment, transfer, pledge, hypothecation, or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment, or similar process upon the Option, shall be null and void and without effect and shall terminate the Option.

13. Incentive Stock Options. The following provisions shall apply, in addition to the other provisions of the Plan and this Agreement which are not inconsistent therewith, to Options intended to qualify as incentive stock options ("ISOs") under Section 422 of the Code:

(a) Options may be granted as ISOs only to individuals who are employees of the Corporation or any present or future "subsidiary corporation" or "parent corporation" as those terms are defined in Section 424 of the Code (collectively, "Related Corporations") and Options shall not be granted as ISOs to independent contractors;

(b) for purposes of Section 16 of this Agreement, "Disability" shall mean "permanent and total disability" as defined in Section 22(e)(3) of the Code;

(c) Options held by a Participant shall be eligible for treatment as ISOs only if the fair market value (determined as at the Grant Date) of the Shares with respect to which such Options and all other options intended to qualify as "incentive stock options" under Section 422 of the Code held by such individual and granted under the Plan or any other plan of a Related Corporation and which are exercisable for the first time by such individual during any one calendar year does not exceed U.S.\$100,000; and

(d) by accepting an Option granted as an ISO under the Plan, each Participant agrees to notify the Company in writing immediately after such Participant makes a "Disqualifying Disposition" of any stock acquired pursuant to the exercise of such ISO; for this purpose, a Disqualifying Disposition is any disposition occurring on or before the later of (i) the date two years following the date the ISO was granted or (ii) the date one year following the date the ISO was exercised.

14. Termination of Services. In the event that the services of the Participant as an employee, director, advisor or officer of the Company or a Subsidiary shall be terminated (otherwise than by reason of death, disability or cause, as specifically defined below), the Option (and any other Option or Options held by the Participant to the extent not previously exercised) may be exercised by the Participant (to the extent that the Participant shall have been entitled to do so at the termination of the Participant's services) at any time within one (1) month after such termination. So long as the Participant shall continue to provide services to the Company or Subsidiary, the Option shall not be affected by any change of duties or position.

In the event the Participant's employment is terminated for cause while employed by the Company or a Subsidiary, all unexercised Options shall be immediately cancelled, in addition to any other remedy which the Company may have. For purposes of this Section 14, the term "cause" shall include only the following acts committed by the Participant while employed by the Company or a Subsidiary: (a) theft, bribery or fraud; (b) competing with the business of the Company, its operating groups or any other of the Company's affiliates; (c) soliciting for employment any employees of the Company, its operating groups or any other of the Company's affiliates; or (d) disclosing confidential information which is material to the Company and/or its affiliates.

15. Death of Participant. If the Participant shall die while providing services to the Company or Subsidiary, the Option may be exercised (to the extent that the Participant shall have been entitled to do so at the date of the Participant's death) by a legatee or legatees of the Participant under the Participant's duly probated Last Will and Testament, or by the Participant's duly appointed personal representative, at any time within one (1) year after the death of the Participant, subject to the condition that no Option may be exercised after ten (10) years from the Date of Grant.

16. Disability of Participant. If the Participant's service to the Company or a Subsidiary is terminated by reason of the Disability (as hereinafter defined) of the Participant, the Option may be exercised (to the extent that the Participant shall have been entitled to do so at the date the Participant's service with the Company or a Subsidiary was terminated due to the Disability of the Participant) by the Participant or the Participant's court appointed guardian at any time within one (1) year after the Participant ceased to provide services to the Company or a Subsidiary, subject to the condition that no Option may be exercised after ten (10) years from the Date of Grant. For purposes of this Agreement, the term "Disability" means a condition for which the Participant becomes eligible for a disability benefit under the long term disability insurance policy issued to the Company providing basic long term disability insurance benefits, or under any other long term disability plan which hereafter may be maintained by the Company, whether or not the Participant is covered by such plan. In the event of a dispute, the determination of whether a Participant has incurred a Disability will be made by the Committee and may be supported by the advice of a physician competent in the area to which such Disability relates.

17. Adjustments upon Changes in Capitalization. The number of Shares of Common Stock covered by the Option, and the price per share thereof in such Option, shall be proportionately adjusted for any increase or decrease in the number of issued Shares of Common Stock of the Company resulting from a subdivision or consolidation of Shares or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of such Shares effected without receipt of consideration by the Company.

In the event the Company shall be the surviving corporation in any merger or consolidation, the Option shall pertain to and apply to the securities to which a holder of the number of Shares of Common Stock subject to the Option would have been entitled. A dissolution or liquidation of the Company or a merger or consolidation in which the Company is not the surviving corporation, shall cause the Option to terminate as of a date to be fixed by the Committee (which date shall be as of or prior to the effective date of any such dissolution or liquidation or merger or consolidation); provided, that not less than thirty (30) days written notice of the date so fixed as such termination date shall be given to the Participant, and the Participant shall, in such event, have the right, during the said period of thirty (30) days preceding such termination date, to exercise the Option in whole or in part in the manner set forth in the Plan and above.

To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments, if any, shall be appropriately made by the Committee, as provided in the Plan, whose determination in that respect shall be final, binding and conclusive. The Company shall give timely notice of any adjustments made to the Participant.

Except as hereinabove expressly provided in this Section 17, the Participant shall have no rights by reason of any subdivision or consolidation of Shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of Shares of stock of any class or by reason of any dissolution, liquidation, merger, or consolidation or spinoff of assets or stock of another corporation, and any issue by the Company of Shares of stock of any class, or securities convertible into Shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares of Common Stock subject to the Option.

Without limiting the generality of the foregoing, no adjustment shall be made with respect to the number or price of Shares subject to the Option upon the occurrence of any of the following events:

- (a) The grant or exercise of any other Options which may be granted or exercised under any qualified or nonqualified stock option plan or under any other Participant benefit plan of the Company, whether or not such Options were outstanding on the Grant Date of the Option or thereafter granted;
- (b) The sale of any Shares of Common Stock by the Company in any public offering, including, without limitation, Shares sold upon the exercise of any overallotment Option granted to the underwriter in connection with such offering;
- (c) The issuance, sale or exercise of any warrants to purchase Shares of Common Stock, whether or not such warrants were outstanding on the Date of Grant of the Option or thereafter issued;
- (d) The issuance or sale of rights, promissory notes or other securities convertible into Shares of Common Stock in accordance with the terms of such securities ("Convertible Securities"), whether or not such Convertible Securities were outstanding on the Date of Grant of the Option or were thereafter issued or sold;

(e) The issuance or sale of Common Stock upon conversion or exchange of any Convertible Securities, whether or not any adjustment in the purchase price was made or required to be made upon the issuance or sale of such Convertible Securities and whether or not such Convertible Securities were outstanding on the Date of Grant of the Option or were thereafter issued or sold; or

(f) Upon any amendment to or change in the terms of any rights or warrants to subscribe for or purchase, or Options for the purchase of, Common Stock or Convertible Securities or in the terms of any Convertible Securities, including, but not limited to, any extension of any expiration date of any such right, warrant or Option, any change in any exercise or purchase price provided for in any such right, warrant or Option, any extension of any date through which any Convertible Securities are convertible into or exchangeable for Common Stock or any change in the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock.

18. Reservation of Stock. The Company shall at all times during the term of the Option reserve and keep available such number of Shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement, shall pay all original issue and transfer taxes with respect to the issue and transfer of Shares pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith, and will from time to time use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Company, shall be applicable.

**MESA LABORATORIES, INC.
PERFORMANCE SHARE AGREEMENT
(Pursuant to the 2014 Equity Plan)**

Mesa Laboratories, Inc. (the “Company”) hereby agrees to award to the recipient named below (the “Recipient”) performance share units over the number of shares of Common Stock, of the Company (the “Shares”) set forth below as the “Target Award” (the “Award”) in accordance with and subject to the terms, conditions and restrictions of this Performance Share Agreement, together with Appendix A and the Performance Share Agreement, the “Agreement”). The Award shall settle as Shares, but until such settlement, the Award will be denominated in performance share units. The Shares awarded will be released to the Recipient on the date set forth below (“Release Date”) if the conditions described in this Agreement are satisfied. Such Award will be made under the terms of The Mesa Laboratories, Inc. 2014 Equity Plan (the “Plan”).

Name of Recipient:	
Target Award:	xxxx shares
Award Date:	

The following dates are applicable for this Award:

Performance Period:	
Service Period:	
Performance Certification Date:	
Release Date:	

Performance Criteria: The performance criteria shown in Appendix A must be met for Shares to be released pursuant to an Award under this Agreement. The number of Shares that may be released on the Release Date shall be determined based upon the Target Award and the schedule shown in Appendix A.

TERMS AND CONDITIONS OF THIS AGREEMENT

- (1) **General Conditions.** This Award is in the form of performance share units that settle in Shares at the Release Date. If all of the conditions set forth in this Agreement are satisfied, the Shares will be released to the Recipient as soon as administratively possible on or following the Release Date. If these conditions are not satisfied, the Award shall be forfeited. Capitalized terms in this Agreement refer to defined terms in the Plan, except as otherwise defined herein.
- (a) **Continuous Employment.** Except as provided in Section 3, the Shares shall be released on the Release Date only if the Recipient is continuously employed by the Company until the Release Date.
- (b) **Performance Conditions.** The Shares shall be issuable only if (and to the extent) that the Performance Criteria, set forth herein, are satisfied during the Performance Period. The Controller of the Company and the Compensation Committee of the Board of Directors of the Company shall certify whether, and to what extent, the Performance Criteria have been achieved. If the minimum performance is not met, no Shares shall be issued and the Award shall be forfeited.
- (c) In the event of any conflict between the terms and conditions stated in this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall govern.
- (2) **Shares, Dividends and Voting Rights.** As soon as administratively practicable following the Release Date, or as otherwise provided in Section 3 below, the number of Shares determined based on the Performance Criteria shall be issued to the Recipient, provided all conditions set forth in Section 1 above are satisfied. All Awards shall be settled in Shares.
-

Prior to the Release Date, the Recipient shall have no rights with respect to the Shares, including but not limited to rights to sell, vote, exchange, transfer, pledge, hypothecate or otherwise dispose of the Shares. In addition, prior to the Release Date, the Recipient shall not be entitled to receive dividends, dividend equivalents and shall not have any other rights with respect to the Shares.

(3) Employment Events.

(a) If any of the employment events listed below occur prior to the Release Date, the terms of this subparagraph shall apply. The following table describes the result depending on the reason for the Recipient's termination of employment, or other employment event, and the timing of the same. In the event of the Recipient's termination of employment prior to the Release Date for reasons other than those set forth below, the Award shall be forfeited.

Event	During the Performance Period	During the Service Period
<p>The services of the Recipient as an employee, director, or officer of the Company or a Subsidiary shall be terminated (otherwise than by reason of death, disability or cause) <u>and</u> employee signs a release of all claims and, if requested, an agreement on confidentiality and competition.</p> <p>Employment with the Company or an Affiliate terminates because of death</p>	<ul style="list-style-type: none"> • Awards held less than 12 months from the Award Date are forfeited. • For Awards held at least 12 months from the Award Date, such recipient shall be entitled to retain a prorated number of Shares subject to the Award if such Shares have been earned (calculated at the lesser of the value of the Target Award or the value based upon the results of the actual performance criteria), unless otherwise specified at the time of grant. Shares will be prorated based on the number of whole and partial calendar months of service during the Performance Period through the date of termination of employment, with any partial calendar months equaling a whole calendar month. The number of Shares earned are issued and released on the Release Date. If required by Section 409A of the Internal Revenue Code, Shares may not be released to specified employees until at least six months following termination of employment. • The Recipient's estate shall receive shares equal to the value of the Target Award. The value shall be determined based on the closing price of the Shares on the date of the Recipient's death and shall be issued within 90 days after the Recipient's death. 	<ul style="list-style-type: none"> • If all requirements met, earned Shares are released on the Release Date. If required by Section 409A of the Internal Revenue Code, Shares may not be released to specified employees until at least six months following termination of employment. • If Shares have been issued, the Shares shall be released to the Recipient's estate within 90 days after the Recipient's death. • If Shares have not been issued, the Recipient's estate shall receive the Shares earned and the Shares shall be released to the Recipient's estate within 90 days after the Recipient's death.

Event	During the Performance Period	During the Service Period
<p>Employment with the Company or a Subsidiary terminates because of Disability</p>	<ul style="list-style-type: none"> Recipient shall receive a prorated number of Shares subject to the Award if such Shares have been earned (calculated at the value of the Target Award), unless otherwise specified at the time of grant. Shares will be prorated based on the number of whole and partial calendar months of service during the Performance Period through the date of termination of employment, with any partial calendar months equaling a whole calendar month. The number of Shares earned are issued and released on the Release Date. If required by Section 409A of the Internal Revenue Code, Shares may not be released to specified employees until at least six months following termination of employment. 	<ul style="list-style-type: none"> Issue and/or release Shares earned on the Release Date

<p>The services of the Recipient's employment is terminated for cause while employed by the Company or a Subsidiary.</p> <p>For purposes of this Section 3, the term "cause" shall include only the following acts committed by the Recipient while employed by the Company or a subsidiary (a) any act of personal dishonesty taken by the Recipient in connection with the Recipient's responsibility as an employee and intended to result in personal enrichment to Recipient; (b) conviction of a felony or a crime other than a misdemeanor; (c) negligent conduct endangering, or likely to endanger, the health or safety of another employee; (d) the Recipient's continued neglect of duties; (e) repeated failure to follow lawful instructions of the Chief Executive Officer or the Board of Directors that does, or reasonably could be materially and demonstrably injurious to the Company, (f) commission of theft, a material act of dishonesty or fraud, intentional falsification of employment or company records, or a criminal act that materially impairs the Recipient's ability to perform its duties; (g) misconduct, including violation of the Company's employment policies, that is material and demonstrably injurious to the Company; or (h) purposely falsifying or misrepresenting information on Company's records.</p>	<ul style="list-style-type: none"> All unvested Awards shall be immediately canceled, in addition to any other remedy which the Company may have. 	<ul style="list-style-type: none"> If prior to the Release Date, all Shares shall be immediately canceled, in addition to any other remedy which the Company may have.
---	--	---

- (4) **Acceptance of Agreement.** The Recipient shall indicate his or her acceptance of this Agreement, including any Power of Attorney, if requested and in the method directed by the Company.
- (5) **Adjustments upon Change in Capital Structure.** Changes in Capital Structure will be treated in accordance with Article 14 of the Plan.
- (6) **Notices.** Each notice relating to this Award shall be in writing. All notices to the Company shall be addressed to the Secretary, Mesa Laboratories, Inc., 12100 W. 6th Avenue, Lakewood, Colorado, 80228. All notices to the Recipient shall be addressed to the address of the Recipient on file with the Company or the Participant's Company provided email address.
- (7) **Responsibility for Taxes.**
- (a) Irrespective of any action taken by the Company or the Employer, the Recipient hereby acknowledges and agrees that the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Recipient's participation in the Plan and legally applicable to the Recipient ("Tax-Related Items"), is and remains the responsibility of the Recipient or the Recipient's estate (as applicable) and may exceed the amount actually withheld by the Company or the Employer. The Recipient acknowledges and understands that the requirements with respect to the Tax-Related Items may change from time to time as applicable laws or interpretations change.
- (b) Prior to any relevant taxable or tax withholding event, as applicable, the Recipient agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Recipient authorizes the Company, the Employer, and their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items withholding obligations by one or a combination of the following:
- (1) withholding from the Recipient's wages or other cash compensation paid to the Recipient by the Company and/or the Employer, or any other payment of any kind otherwise due to the Recipient by the Company and/or the Employer; or
 - (2) withholding from proceeds of the sale of Shares acquired upon vesting/settlement of the Award, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Recipient's behalf pursuant to this authorization without further consent).
- (c) In addition, the Recipient may pay to the Company any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of the Recipient's participation in the Plan. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Recipient fails to comply with the Recipient's obligations in connection with the Tax-Related Items.
- (d) The Recipient further acknowledges that the Company (1) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting, settlement or release of the Award, the issuance of Shares upon settlement or release of the Award, the subsequent sale of Shares acquired pursuant to such settlement or release and the receipt of any dividends and/or dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Recipient's liability for Tax-Related Items or achieve any particular tax result. Further, if the Recipient is subject to tax in more than one jurisdiction, the Recipient acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. For Recipients who are International Service Associates or covered by another international service policy, all Tax-Related Items remain the Recipient's responsibility, except as expressly provided in the Company's International Service Policy and/or Tax Equalization Policy (if any).
-

(8) **Compensation Committee.** The Recipient hereby agrees that (a) any change, interpretation, determination or modification of this Agreement by the Compensation Committee shall be final and conclusive for all purposes and on all persons including the Company and the Recipient; provided, however, that with respect to any amendment or modification of the Plan which affects the Award of Shares made hereby, the Compensation Committee shall have determined that such amendment or modification is in the best interests of the Recipient of such Award; and (b) this Agreement and the Award shall not affect in any way the right of the Company to terminate or change the employment of the Recipient.

(9) **Prohibited Activities.** In the event Recipient engages in a “Prohibited Activity” (defined below), at any time during the term of this Agreement, or within one year after termination of the Recipient’s employment from the Company, or within one year after the Release Date, whichever occurs latest, the Shares shall be forfeited and, if applicable, any profit or gain associated with the Shares shall be forfeited and repaid to the Company.

Prohibited Activities are those activities listed and defined in the Recipient’s signed Confidentiality, Non-Compete and Non-Solicitation Agreement (dated April 12, 2018) which include provisions on Confidentiality, Restriction on Competition and Solicitation, Employee Piracy, Reasonable Restriction, Inventions, No Conflict with Prior Employment, and General Provisions.

(10) **Modification of Agreement.** If any of the terms of this Agreement may in the opinion of the Company conflict or be inconsistent with any applicable law or regulation of any governmental agency having jurisdiction, the Company reserves the right to modify this Agreement to be consistent with applicable laws or regulations.

(11) **Data Privacy.** The Recipient hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Recipient’s personal data as described in this Agreement and any other Award materials by and among, as applicable, the Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing the Recipient’s participation in the Plan.

The Recipient understands that the Company and any Affiliate may hold certain personal information about the Recipient, including but not limited to his or her name, home address, telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company and details of all Awards or any other entitlements to shares of stock awarded, cancelled, vested, unvested, or outstanding in the Recipient’s favor (“Data”), for the exclusive purpose of implementing, administering or managing the Plan. Certain Data may also constitute “sensitive personal data” within the meaning of applicable local law. Such Data includes, but is not limited to, the information provided above and any changes thereto and other appropriate personal and financial data about the Recipient. The Recipient hereby provides explicit consent to the Company and any Affiliate to process any such Data.

The Recipient understands that Data will be transferred to Fidelity or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Recipient understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients’ country (e.g., the United States) may have different data privacy laws and protections than the Recipient’s country. The Recipient understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Recipient authorizes the Company, Fidelity and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. The Recipient understands that Data will be held only as long as is necessary to implement, administer and manage the Recipient’s participation in the Plan. The Recipient understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Recipient understands that he or she is providing the consents herein on a purely voluntary basis. If the Recipient does not consent, or if the Recipient later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing the Recipient’s consent is that the Company would not be able to grant the Recipient Awards or other equity awards or administer or maintain such awards. Therefore, the Recipient understands that refusing or withdrawing his or her consent may affect the Recipient’s ability to participate in the Plan. For more information on the consequences of the Recipient’s refusal to consent or withdrawal of consent, the Recipient understands that he or she may contact his or her local human resources representative.

(12) **Nature of Award.** In accepting the Award, the Recipient acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and the Company can amend, modify, suspend, cancel or terminate it at any time, to the extent permitted under the Plan;
 - (b) this Award and any other awards under the Plan are voluntary and occasional and do not create any contractual or other right to receive future awards or benefits in lieu of any awards, even if similar awards have been granted repeatedly in the past;
 - (c) all determinations with respect to any future awards, including, but not limited to, the times when awards are made, the number of Shares, and the performance and other conditions attached to the awards, will be at the sole discretion of the Company and/or the Compensation Committee;
 - (d) participation in this Plan or program is voluntary;
 - (e) this Award and the underlying Shares, and any income derived therefrom are not paid in lieu of and are not intended to replace any compensation and not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any termination, severance, resignation, redundancy, dismissal, end of service payments, bonuses, long-service awards, life or accident insurance benefits, pension or retirement or welfare benefits or similar payments;
 - (f) for purposes of the Award, the Recipient's employment or service relationship will be considered terminated as of the date the Recipient is no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later to be found invalid or in breach of employment laws in the jurisdiction where the Recipient is employed or the terms of the Recipient's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, the Recipient's right to vest in the Award under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Recipient's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Recipient is employed or the terms of the Recipient's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Recipient is no longer actively providing services for purposes of the Award (including whether the Recipient may still be considered to be providing services while on a leave of absence);
 - (g) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
 - (h) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of the Recipient's employment or other service relationship (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Recipient is employed or the terms of the Recipient's employment agreement, if any), and in consideration of the grant of the Award to which the Recipient is otherwise not entitled, the Recipient irrevocably agrees never to institute any claim against the Company, the Employer or any Affiliate; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Recipient shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim; and
-

- (i) the Award and the Recipient's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Affiliate and shall not interfere with the ability of the Company or any Affiliate, as applicable, to terminate the Recipient's employment or service relationship (if any); and
- (j) if the Recipient is providing services outside the United States, the Recipient acknowledges and agrees that neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Recipient's local currency and the United States Dollar that may affect the value of the Award or of any amounts due to the Recipient pursuant to the settlement of the Award or the subsequent sale of any Shares acquired upon settlement.
- (13) **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Recipient's participation in the Plan, or the Recipient's acquisition or sale of the underlying Shares. The Recipient is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.
- (14) **Entire Agreement; Severability.** The Plan and this Agreement set forth the entire understanding between the Recipient, the Company, and any Affiliate regarding the acquisition of the Shares and supersedes all prior oral and written agreements pertaining to this Award. If all or any part or application of the provisions of this Agreement are held or determined to be invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction in an action between Recipient and the Company, each and all of the other provisions of this Agreement shall remain in full force and effect.
- (15) **Governing Law and Venue.** This Award and this Agreement has been made in and shall be governed by, construed under and in accordance with the laws of the State of Colorado, United States of America, without regard to the conflict of law provisions, as provided in the Plan. Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Award or this Agreement, shall be brought and heard exclusively in the United States District Court for the District of Colorado or the Colorado Superior Court. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.
- (16) **Compliance with Law.** Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the Shares, the Company shall not be required to deliver any Shares issuable upon settlement of the Award prior to the completion of any registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. The Recipient understands that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, the Recipient agrees that the Company shall have unilateral authority to amend the Plan and the Agreement without the Recipient's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares.
-

- (17) **Language.** If the Recipient has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
- (18) **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Recipient hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
- (19) **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Recipient's participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Recipient to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
- (20) **Waiver.** The Recipient acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Recipient or any other Recipient.
- (21) **Insider Trading Restrictions/Market Abuse Laws.** The Recipient acknowledges that the Recipient may be subject to insider trading restrictions and/or market abuse laws, which may affect the Recipient's ability to acquire or sell shares of Common Stock or rights to shares of Common Stock (e.g., Awards) under the Plan during such times as the Recipient is considered to have "inside information" regarding the Company (as defined by the laws in the Recipient's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy. The Recipient acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Recipient is advised to speak to his or her personal advisor on this matter.

Mesa Laboratories, Inc.

Authorized Signature

I hereby accept the above Award in accordance with and subject to the terms and conditions of this Agreement and the Plan, acknowledge that I have read this Agreement and the Plan, and agree to be bound by this Agreement, the Plan and the actions of the Committee. If I do not do so prior to August 15, 2018, then the Company may declare the Award null and void at any time. Also, in the unfortunate event that death occurs before this Agreement has been accepted, this Award will be voided, which means the Award will terminate automatically and cannot be transferred to my heirs pursuant to my will or the laws of descent and distribution.

Name:

Authorized Signature

Power of Attorney

This Power of Attorney shall not apply if the Recipient becomes an Executive Officer or a Reporting Officer under Section 16 of the Securities Exchange Act of 1934.

The Recipient, by electing to participate in the Plan and accepting the Agreement, does hereby appoint as attorney-in-fact, the Company, through its duly appointed representative, as the Recipient's true and lawful representative, with full power and authority to do the following:

- (i) To direct, instruct, authorize and prepare and execute any document necessary to have Fidelity (or any successor broker designated by the Company) sell on the Recipient's behalf a set percentage of the Shares the Recipient receives at vesting as may be needed to cover Tax-Related Items due at vesting;
- (ii) To direct, instruct, authorize and prepare and execute any document necessary to have the Company and/or Fidelity (or any successor broker designated by the Company) use the Recipient's bank and/or brokerage account information and any other information as required to effectuate the sale of Shares the Recipient receives at vesting as may be needed to cover Tax-Related Items due at vesting;
- (iii) To take any additional action that may be necessary or appropriate for implementation of the Plan with any competent taxing authority; and
- (iv) To constitute and appoint, in the Recipient's place and stead, and as the Recipient's substitute, one representative or more, with power of revocation.

The authority set forth herein to sell Shares shall not be valid if the Recipient or the Company notifies Fidelity that the Recipient is unable to trade in Company securities due to trading restrictions pursuant to the Company's Insider Trading Policy or applicable securities laws. The Recipient hereby ratifies and confirms as his or her own act and deed all that such representative may do or cause to be done by virtue of this instrument.

APPENDIX A

**MESA LABORATORIES, INC.
FY19 Performance Share Unit Plan**

[Intentionally Left Blank]

Mesa Laboratories, Inc.
CONFIDENTIALITY, NON-COMPETE, AND NON-SOLICITATION AGREEMENT

This Confidentiality, Non-Compete and Non-Solicitation Agreement is made and entered into as of the _____ day of _____, 20__ by and between *Mesa Laboratories, Inc.* (“*Company*”) a Colorado Corporation and _____ (“*Employee*”).

BACKGROUND

Company is in the business of designing, manufacturing, selling and distributing quality control products and services (“*P/S*”) which are sold into niche markets driven by regulatory requirements (the “*Business*”). Company conducts its Business and offers and sells its P/S to Customers (defined in section 2.e., below) throughout the United States, Canada and Europe (the “*Market*”), and intends to continue to so offer and sell its P/S.

Employee has been employed by Company since in or about _____, _____, [19xx or 20xx] and currently holds the position of _____. Employee has held the position(s) set forth on *Exhibit A* during the period(s) of time stated thereon.

AGREEMENT

In consideration of the continued employment of Employee by Company, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Confidentiality.**

a. Employee acknowledges that in connection with his/her employment, Employee has had and will continue to have access to confidential and proprietary information and material belonging to Company (“*Confidential Information*” as more fully defined in (c) below).

b. Employee agrees that he/she shall at no time, directly or indirectly, for his/her own benefit or the benefit of any other Person (as hereinafter defined), utilize or disclose to any Person any of the Confidential Information of Company, other than as necessary in the course of rendering services to, for, or on behalf of Company.

c. For purposes of this Agreement, “*Confidential Information*” includes, without limitation, information concerning: ownership, management and organization structure; shareholder arrangements and agreements; employee compensation, bonuses and profit sharing arrangements or plans; stock transaction agreements; insurance information; business methods; systems of operation and operating practices and strategies; strategic plans and business development strategies; pricing strategies; estimating techniques, financial affairs, condition, and information (whether historical or forecasted); tax information; and information concerning clients served, potential clients, and client referral sources; as well as all other proprietary information of Company; and all related compilations, reports, financial statements, analyses, agreements, instruments other documents containing such information in whatever form or medium.

d. Employee agrees that the Confidential Information (i) constitutes trade secrets of Company, not general secrets of the trade, and is not readily ascertainable from any other source; and (ii) is the product of a material investment of Company time, effort and money, and (iii) constitutes a valuable asset of Company.

e. All Confidential Information acquired by the Employee is and shall remain the sole and exclusive property of Company and shall be immediately placed in the hands of Company by Employee upon request by Company and upon termination of his/her employment (for any reason), along with any copies made thereof, in whatever form or medium.

2. Restriction on Competition and Solicitation.

a. Employee acknowledges that Company offers and sells its P/S throughout the Market and intends to continue to offer and sell its P/S throughout the Market.

b. Employee agrees that during the term of his/her employment with Company and for a period of _____ [month(s)] [year(s)] following its termination, regardless of the reason for such termination, he/she (i) will not acquire or maintain ownership of (except as a holder of stock in a corporation whose stock is publicly traded and which is subject to the reporting requirements of the Securities Exchange Act of 1934, and then only to the extent of owning not more than five (5%) percent of the issued and outstanding stock of such corporation), or (ii) serve, facilitate, or be employed directly or indirectly, in any capacity (whether as a director, officer, manager, employee, consultant or agent) by, any individual, corporation, partnership, limited liability company, association, trust, or other entity or organization ("**Person**") which is in the business of providing products or services in the nature of or substantially similar to those of the Business, or which otherwise competes with the Business.

c. Employee agrees that (i) his/her individual relationship with each of Company's Customers (as defined below), is a determinative factor in the business dealings and relationships between Company and its Customers and Company's prospects for continuing those business dealings and relationships; (ii) Company has a legitimate business interest in protecting its Customer relationships; (iii) Company is entitled to the benefit of the goodwill developed by Employee within the industry while performing services for Company; and (iv) Employee shall have no property right in any Customer of Company, regardless of the source of the Customer.

d. Employee agrees that during the term of this Agreement and for a period of ____ [(months)(year(s))] following its termination, regardless of the reason for such termination, Employee will not, either directly or indirectly, in any capacity (whether for his/her own account or for the account of any Person), (i) call upon, solicit, be solicited by, or otherwise communicate in any way with any Customer of Company for the purpose of selling or providing, or offering to sell or provide products or services in the nature of or substantially similar to the P/S provided by Company, or (ii) request that any Customer of Company not purchase products or services from Company or curtail or cancel its business with Company.

e. For purposes of the Agreement the term "Customer" includes any Person and each of its subsidiaries, affiliates, joint venturers, partners, agents, employees and any corporation, partnership, limited liability company, association, trust, or other entity or organization in which such Person has an interest:

- i. who purchased P/S from Company at any time during the period while this Agreement was in effect;

ii. who was called upon, solicited by or otherwise in contact with Employee for purposes related to the business of Company;

iii. who received any bid or proposal from Company for the sale or provision, or proposed sale or provision, of any P/S during the twelve (12) month period prior to the termination of Employee's employment.

3. **Employee Piracy.** Employee agrees that during any period while he/she is employed by Company and for a ____ [(month) (year)] period following the termination of such employment, regardless of the reason therefore, he/she shall not, either directly or indirectly, in any capacity, whether for his/her own account or for the account of any other Person, offer employment to any employee of Company or attempt to induce or cooperate with any other Person in an attempt to induce or entice any employee of Company to leave the employ of Company.

4. **Reasonable Restriction.**

a. Employee acknowledges that the restrictions and the covenants contained herein are reasonable and necessary in order for Company to maintain its Confidential Information and goodwill, and in order to protect its interests and rights in the Business and its relationships with its Customers. Employee further acknowledges that such restrictions will not create an undue hardship on Employee or otherwise unreasonably prohibit Employee, following the termination of his/her employment with Company, from being employed by, acquiring an interest in, or being otherwise connected with any Person in the conduct of business activities other than those of the Business.

b. Employee agrees that, if his/her employment by Company terminates and he/she is employed by or otherwise connected with another Person for business purposes, legitimate questions may arise as to whether Employee is then breaching or has breached his/her obligations to Company. Employee authorizes Company to contact any Person by whom Employee becomes employed, or becomes otherwise connected with for business purposes, to advise said Person of the existence and terms of this Agreement, and/or to ascertain the nature and extent of the duties and activities that Employee has performed or undertaken, or will perform or undertake, for said Person.

5. **Inventions.** Employee shall promptly disclose to the Company or its designee any and all ideas, inventions, works of authorship (including, but not limited to computer programs, software and documentation), improvements, discoveries, developments, or innovations (collectively, "Inventions"), whether patentable or unpatentable, copyrightable or uncopyrightable, made, developed, worked on, or conceived by Employee, either solely or jointly with others, whether or not reduced to drawings, written description, documentation, models, or other tangible form: (a) during the period of Employee's employment with the Company which relate to, or arise out of, any developments, services, research, or products of, or pertain to the business of, the Company and (b) for a period of six (6) months after termination of the Employee's employment with the Company, said Inventions which relate to, or arise out of, any developments, services, research, or products that Employee had been concerned with during the term of his employment.

Any and all such Inventions shall be the exclusive property of Company or its designees. Employee will grant, convey, and assign to Company or the designee of Company the right, title, and interest, domestic and foreign, in such Inventions without additional compensation. Employee further agrees to sign all applications or registrations for patents, trademarks, or copyrights, any continuations, renewals or reissues thereof, assignments and other documents and to perform all acts necessary or desirable to implement the provisions of this paragraph.

6. **No Conflict with Prior Employment.** Employee represents that Employee is not a party to any oral or written agreement with any former employer or other person which may restrict Employee's ability or make it unlawful for Employee to be employed by Company or to perform Employee's duties. Employee represents that any agreement, whether oral or written, with a prior employer or other person which contains any employment, confidentiality, competition or solicitation restriction has been disclosed to, and in the case of a written agreement provided to Company. Employee agrees that he/she will not disclose, or provide to Company, or use for or on behalf of the Company, any trade secrets or confidential or proprietary information of any prior employer of Employee, or any other person, without proper consent.

7. **Remedies.**

a. In the event of a breach or threatened or attempted breach of the provisions of paragraphs 1, 2, or 3 of this Agreement, Employee acknowledges that said breach would cause irreparable harm to Company, incapable of compensation by the award of money damages. In addition to all other remedies provided by law, Company shall, therefore, be entitled to a temporary, preliminary and permanent injunction (without the necessity of proving any actual damage or proving that monetary damages would not afford an adequate remedy) or decree for specific performance of the terms hereof, or both. However, nothing contained herein shall be construed as prohibiting Company from pursuing any other remedies for such a breach.

b. In the event of any breach by Employee of the provisions of this Agreement, Company shall be entitled to an award of costs and expenses incurred by Company in connection with such action, including reasonable attorneys' fees.

c. In the event Company seeks enforcement of any of the covenants contained in paragraphs 2 or 3, the provisions of said paragraphs shall continue in effect, and the period of the restriction referred to therein shall be automatically extended by a period of time equal in duration to the period of time beginning when any violation of the provisions of said paragraphs began and ending when the activities constituting such violation shall have finally terminated in good faith, or when there has been a final adjudication by a trial court as to the enforcement of this covenant, whichever is earlier.

8. **General Provisions.**

a. The provisions of Agreement shall survive termination of Employees employment with Company.

b. In the event any provision of this Agreement shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement, and this Agreement shall be construed as if such invalid or unenforceable provision had been more narrowly drawn so as not to be invalid or unenforceable.

c. This Agreement and all questions relating to its validity, interpretation, performance and enforcement shall be governed by, and construed in accordance with, the laws applicable to contracts made and wholly performed within the state in which the Employee is employed by the Company, without giving effect to the principles of conflict of laws.

d. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, personal representatives, successors and assigns, except that it shall not be assignable by Employee.

e. The failure of Company to insist upon the strict performance of the covenants and conditions contained herein shall not be deemed a waiver of the right of Company to insist upon the strict performance of such covenant and conditions any other time. Any waiver by Company of any breach or violation of any part of this Agreement shall not operate or be interpreted, therefore, as a waiver of any subsequent breach or violation of this Agreement.

f. This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings of the parties with respect thereto. This Agreement may not be amended or supplemented except by a separate agreement in writing signed by the parties.

[Remainder of Page Intentionally Blank]
[Signatures appear on the Following Page]

IN WITNESS WHEREOF, this Confidentiality, Non-Compete and Non-Solicitation Agreement has been duly executed as of the date first above written.

Mesa Laboratories, Inc.

By _____
Name: _____
Title: _____

Employee:

[NAME]

EXHIBIT A
MESA EMPLOYMENT HISTORY

Subsidiaries of Mesa Laboratories, Inc.

Subsidiary Name	Jurisdiction of Formation
Mesa Canada, Inc	Canada
Mesa France, S.A.S.	France
Mesa Germany, GmbH	Germany
Simicon, GmbH	Germany

EXHIBIT 31.1 CERTIFICATIONS PURSUANT TO RULE 13A-14(A)

I, Gary M. Owens, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mesa Laboratories, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2018

/s/ Gary M. Owens
Gary M. Owens
Chief Executive Officer

EXHIBIT 31.2 CERTIFICATIONS PURSUANT TO RULE 13A-14(A)

I, John V. Sakys, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mesa Laboratories, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2018

/s/ John V. Sakys
John V. Sakys
Chief Financial Officer

EXHIBIT 32.1 CERTIFICATIONS PURSUANT TO RULE 13A-14(B) AND 18 U.S.C SECTION 1350

In connection with the Quarterly Report of Mesa Laboratories, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary M. Owens, Chief Executive Officer of the Company, certify, pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2018

/s/ Gary M. Owens
Gary M. Owens
Chief Executive Officer

EXHIBIT 32.2 CERTIFICATIONS PURSUANT TO RULE 13A-14(B) AND 18 U.S.C SECTION 1350

In connection with the Quarterly Report of Mesa Laboratories, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John V. Sakys, Chief Financial Officer of the Company, certify, pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2018

/s/ John V. Sakys
John V. Sakys
Chief Financial Officer