

**CHARTER FOR THE
GOVERNANCE AND NOMINATING COMMITTEE
OF THE BOARD OF DIRECTORS OF
WINLAND ELECTRONICS, INC.**

I. PURPOSE:

The Governance and Nominating Committee shall be responsible for matters relating to the governance of Winland Electronics, Inc. (the “Company”), including selection of candidates for the Company’s Board of Directors.

II. MEMBERSHIP:

The Governance and Nominating Committee will be comprised of two or more directors elected by the Board, each of whom shall be independent (as such term is defined by applicable laws and regulations or the Company’s corporate governance policies, if any).

The Chair of the Governance and Nominating Committee shall be elected by the Board or, if not elected by the Board, then by the majority of the members of the Committee. The Chair of the Governance and Nominating Committee shall conduct the Committee meetings as well as represent the Committee at meetings of the Company’s Board.

III. RESPONSIBILITIES:

- ⌚ Developing, reviewing and revising as appropriate, for adoption by the Board, the Principles of Corporate Governance by which the Company and the Board shall be governed.
- ⌚ Developing, reviewing and revising as appropriate, for adoption by the Board, the codes of ethical conduct and legal compliance by which the Company and its directors, officers, employees and agents will be governed.
- ⌚ Developing and recommending to the Board policies and processes designed to provide for effective and efficient governance, including but not limited to: policies for evaluation of the Board and the chairperson; election and reelection of Board members; and succession planning for the Chief Executive Officer, the Board chairperson and other Board leaders.
- ⌚ Developing and implementing a process for identifying and evaluating potential nominees for election to the Board of Directors, and developing and implementing a policy for nomination and consideration of Board candidates nominated by the Company’s shareholders.
- ⌚ Annually reviewing the composition of the Board against a matrix of skills and characteristics focused on the governance and business needs and requirements of the Company, and reporting to the Board regarding suggested changes in Board composition

which will guide the Committee in the selection, recruitment and recommendation of directors.

- ⌚ Meeting as necessary to consider the nomination and screening of Board member candidates, to evaluate the performance of the Board and its members, as well as to handle termination of membership of Board members in accordance with corporate policy, for cause or other appropriate reasons.
- ⌚ Developing, recommending, reviewing and administering compensation plans for members of the Board of Directors.

IV. AUTHORITY:

The Governance and Nominating Committee shall have the authority, as and when it shall determine to be necessary or appropriate to the functions of the Governance and Nominating Committee,

(i) at the expense of the Company and not at the expense of the members thereof, to retain counsel (which may be, but need not be, the regular corporate counsel to the Company), employ one or more recruiting firms to assist in the identification and recruitment of director candidates and other advisors to assist it in connection with its functions; and

(ii) to request from the Chief Executive Officer, the Chief Financial Officer, and such other members of the Company's management as the Committee shall deem appropriate, advice and information, orally or in writing, concerning the Company's business operations and financial condition relevant to the functions of the Committee.

V. ATTENDANCE/MEETINGS/MINUTES:

Members of the Governance and Nominating Committee are expected to attend in person or via teleconference all meetings. In addition to these members, the Chief Executive Officer and/or Chief Financial Officer may be invited. Minutes of the meeting will be prepared by one of the Corporate Secretaries.

The Committee shall meet at least four times annually. Additional meetings of the Committee may be called by the Chief Executive Officer, Chairman of the Committee, or any member of the Committee by formal notice to the other members, and shall be scheduled as considered necessary by the Committee chairperson. Minutes of all meetings shall be recorded and maintained by the Committee.

VI. COOPERATION OF MANAGEMENT:

All members of management of the Company are requested to cooperate with the Governance/Nominating Committee, and to render assistance to it as it shall request in carrying out its functions.