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MESA LABORATORIES INC /CO
Form DEF 14A
October 29, 2003

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant / /
Filed by a party other than the Registrant / /

Check the appropriate box:

/ / Preliminary Proxy Statement
/ / CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE
14a-6(e) (2))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to Section 240.14a-12

MESA LABORATORIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.

/ / Fee computed on table below per Exchange Act Rules 14a-6(i) (4)
and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (set forth the amount on which the
filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

/ / Fee paid previously with preliminary materials.

/ / Check box if any part of the fee is offset as provided by Exchange Act Rule
0-11(a) (2) and identify the filing for which the offsetting fee was paid
previously. Identify the previous filing by registration statement number,
or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

MESA LABORATORIES, INC.
12100 West Sixth Avenue
Lakewood, Colorado 80228
Telephone: (303) 987-8000

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held Friday, December 12, 2003

To the Shareholders:

PLEASE TAKE NOTICE that the Annual meeting of Shareholders of Mesa Laboratories, Inc. (the "Company") will be held at the Company's offices at 12100 West Sixth Avenue, Lakewood, Colorado 80228, on Friday, December 12, 2003 at 9:30 AM.

1. To elect four directors to hold office for the term specified in the Proxy Statement or until their successors are elected and qualified; and
2. To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on October 24, 2003, as the record date for the determination of shareholders entitled to notice of and to vote at the meeting and at any adjournment or adjournments thereof.

A Proxy Statement, which describes the foregoing proposal and a form of Proxy, accompany this Notice.

By Order of the Board of Directors

Dated: October 27, 2003

Steven W. Peterson
Secretary

IMPORTANT

Whether or not you expect to attend the Meeting, you are urged to execute the accompanying proxy and return it promptly in the enclosed reply envelope, which requires no postage. Any shareholder granting a proxy may revoke the same at any time prior to its exercise. Also, whether or not you grant a proxy, you may vote in person if you attend the Meeting.

**MESA LABORATORIES, INC.
12100 West Sixth Avenue
Lakewood, Colorado 80228**

PROXY STATEMENT

**ANNUAL MEETING OF SHAREHOLDERS
To Be Held Friday, December 12, 2003**

SOLICITATION OF PROXY

The accompanying proxy is solicited on behalf of the Board of Directors of Mesa Laboratories, Inc. (the "Company") for use at the Annual Meeting of Shareholders of the Company to be held on Friday, December 12, 2003, and at any adjournment or adjournments thereof. In addition to the use of the mails, proxies may be solicited by personal interview, telephone or telegraph by officers, directors and other employees of the Company, who will not receive additional compensation for such services. The Company may also request brokerage houses, nominees, custodians and fiduciaries to forward the soliciting material to the beneficial owners of stock held of record and will reimburse such persons for forwarding such material at the rates suggested by the New York Stock Exchange. The Company will bear the cost of this solicitation of proxies. Such costs are expected to be nominal. Proxy solicitation will commence with the mailing of this Proxy Statement on or about October 27, 2003.

Execution and return of the enclosed proxy will not affect a shareholder's right to attend the Meeting and to vote in person. Any shareholder executing a proxy retains the right to revoke it at any time prior to exercise at the Meeting. A proxy may be revoked by delivery of written notice of revocation to the Secretary of the Company, by execution and delivery of a later proxy or by voting the shares in person at the Meeting. A proxy, when executed and not revoked, will be voted in accordance with the instructions thereon. In the absence of specific instructions, proxies will be voted by the person named in the proxy "FOR" the election as directors of those nominees named in the Proxy Statement and in accordance with his best judgment on all other matters that may properly come before the Meeting.

The enclosed proxy provides a method for shareholders to withhold authority to vote for any one or more of the nominees for director while granting authority to vote for the remaining nominees. The names of all nominees are listed on the proxy. If you wish to grant authority to vote for all nominees, check the box marked "FOR". If you wish to withhold authority to vote for all nominees, check the box marked "WITHHOLD". If you wish your shares to be voted for some nominees and not for one or more of the others, check the box marked "FOR" and indicate the name(s) of the nominee(s) for whom you are withholding the authority to vote by writing the name(s) of such nominee(s) on the proxy in the space provided.

PURPOSE OF MEETING

As stated in the Notice of Annual Meeting of Shareholders accompanying this Proxy Statement, the business to be conducted and the matters to be considered and acted upon at the Meeting are as follows:

1. To elect four directors to hold office for the term specified herein or until their successors are elected and qualified; and
2. To transact such other business as may properly come before the

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Meeting or any adjournment or adjournments thereof.

VOTING AT MEETING

The voting securities of the Company consist solely of common stock, no par value per share (the "Common Stock").

The record date for shareholders entitled to notice of and to vote at the Meeting is the close of business on October 24, 2003, at which time the Company had outstanding and entitled to vote at the meeting 3,046,638 shares of Common Stock. Shareholders are entitled to one vote, in person or by proxy, for each share of Common Stock held in their name on the record date.

Shareholders representing a majority of the Common Stock outstanding and entitled to vote must be present or represented by proxy to constitute a quorum. The election of directors will require the affirmative vote of the holders of a majority of the Common Stock present or represented by proxy at the Meeting and entitled to vote thereon. Cumulative voting for directors is not authorized and proxies cannot be voted for more than four nominees.

STOCK OWNERSHIP

The following table sets forth the number of shares of the Company's common stock owned beneficially as of March 31, 2003 (unless otherwise noted), by each person known by the Company to have owned beneficially more than five percent of such shares then outstanding, by each officer and director of the Company and by all of the Company's officers and directors as a group. This information gives effect to securities deemed outstanding pursuant to Rule 13d-3(d)(1) under the Securities Exchange Act of 1934, as amended. As far as is known to management of the Company, no person owns beneficially more than five percent of the outstanding shares of common stock as of March 31, 2003 except as set forth below.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class Beneficially Owned
-----	-----	-----
Luke R. Schmieder (1)	355,967 (2)	11.4
Steven W. Peterson (1)	66,050 (3)	2.1
Paul D. Duke (1)	127,466 (4)	4.1
H. Stuart Campbell (1)	78,000 (5)	2.5
Michael T. Brooks (1)	21,200 (6)	0.7
FMR Corp. (9)	297,600 (7)	9.6
All officers and directors as a group (5 in number)	648,683 (8)	20.5

- (1) The business address is 12100 West Sixth Avenue, Lakewood, Colorado 80228.
- (2) Includes 10,000 shares which Mr. Schmieder has the right to acquire within 60 days by exercise of stock options.
- (3) Includes 11,500 shares which Mr. Peterson has the right to acquire within 60 days by exercise of stock options.
- (4) Includes 6,000 shares which Mr. Duke has the right to acquire within 60 days by exercise of stock options.
- (5) Includes 22,000 shares which Mr. Campbell has the right to acquire within 60 days by exercise of stock options.
- (6) Includes 20,000 shares which Mr. Brooks has the right to acquire within 60

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days by exercise of stock options.

- (7) Based upon information set forth in schedule 13G filed by FMR Corp. with the Securities and Exchange Commission dated February 14, 2003. Fidelity Management & Research Company ("Fidelity"), a wholly owned subsidiary of FMR Corp., is the beneficial owner of 297,600 shares as a result of acting as investment advisor to several investment companies. The ownership by one investment company, Fidelity Low-Priced Stock Fund, amounted to 297,600 shares. Mr. Edward C. Johnson 3d, FMR Corp., through its control of Fidelity, and the aforementioned investment companies each has the power to dispose of the 297,600 shares.
- (8) Includes 69,500 shares which the officers and directors of the Company as a group have the right to acquire within 60 days by exercise of stock options.
- (9) The business address is 82 Devonshire Street, Boston, MA 02109.

BOARD OF DIRECTORS

The Board of Directors has the responsibility for establishing broad corporate policies and for the overall performance of the Company, although it is not involved in day-to-day operating details. The Board meets regularly throughout the year, including the annual organization meeting following the Annual Meeting of Shareholders, to review significant developments affecting the Company and to act upon matters requiring Board approval. It also holds special meetings as required from time to time when important matters arise requiring Board action between scheduled meetings. During the last fiscal year, the board met four times.

The Board of Directors has established Compensation and Audit Committees to devote attention to specific subjects and to assist it in the discharge of its responsibilities. The functions of these committees, their current members, and the number of meetings held during the last fiscal year are described below.

The Compensation Committee consists of Messrs. Campbell and Brooks. Its function is to recommend the compensation to be paid to the President and certain other employees, and for the development of policies on employee compensation and benefits. The Compensation Committee met once during the fiscal year ended March 31, 2003.

The Audit Committee consists of Messrs. Campbell and Brooks. The Audit Committee operates under a written charter adopted by the Company's Board of Directors. The functions of the Audit Committee are to appoint the independent public accountants of the Company on an annual basis, discuss and review the scope and the fees of the prospective annual audit and review the results thereof with the independent public accountants, review and approve non-audit services of the independent public accountants, review compliance with existing major accounting and financial policies of the Company, review the adequacy of the financial organization of the Company and review management's procedures and policies relative to the adequacy of the Company's internal accounting controls and compliance with federal and state laws relating to accounting practice. The Audit Committee met two times during the fiscal year ended March 31, 2003.

The Company does not have a nominating committee. The functions customarily attributable to a nominating committee are performed by the Board of Directors as a whole.

No director attended fewer than 75 percent of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings held by all committees of the Board on which he served.

Each non-employee director will be compensated separately for service on

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the Board and is reimbursed for expenses to attend Board meetings. Members of the Audit and Compensation Committees are not compensated separately for service on those committees. In addition, non-employee directors participate in the Outside Director Stock Option Plan. See "Executive Compensation - Compensation of Directors."

ELECTION OF DIRECTORS

At the Meeting, four directors are to be elected. Each director will be elected for a one-year term or until his successor is elected and qualified.

Shares represented by properly executed proxies will be voted, in the absence of contrary indication therein or revocation thereof by the shareholder granting such proxy, in favor of the persons named below as directors, to hold office for the term stated in the preceding paragraph. The person named as proxy in the enclosed proxy has been designated by management and intends to vote for the election to the Board of Directors of the persons named below, each of who is now a director of the Company. If the contingency should occur that any such nominee is unable to serve as a director, it is intended that the shares represented by the proxies will be voted, in the absence of contrary indication, for any substitute nominee that management may designate. Management knows of no reason why any nominee would be unable to serve. The information presented herein with respect to the nominees was obtained in part from the respective persons, and in part from the records of the Company.

Nominees for Election as Directors

Name and Address -----	Age ---	Office -----	Term Expires(1) -----
Luke R. Schmieder 12100 West Sixth Avenue Lakewood, Colorado	60	President, Chief Executive Officer, Treasurer and Director	2003
Paul D. Duke 12100 West Sixth Avenue Lakewood, Colorado	61	Director	2003
H. Stuart Campbell 12100 West Sixth Avenue Lakewood, Colorado	73	Director	2003
Michael T. Brooks 12100 West Sixth Avenue Lakewood, Colorado	54	Director	2003

(1) The term of office of each officer of the Company is at the discretion of the Board of Directors.

Luke R. Schmieder, President, Chief Executive Officer, Treasurer and Director

Mr. Schmieder attended Ohio State University and Ohio University taking courses in mechanical engineering and business management. Mr. Schmieder was employed from 1970 to 1977 by Cobe Laboratories, Inc. (manufacturer of dialysis and cardiovascular equipment and supplies) as a designer and process controller on various projects. From 1977 to 1982, Mr. Schmieder served as president and principal of a consulting company for product and process development primarily in the medical field. Mr. Schmieder has served as president and a director of the Company since its inception in March 1982.

Paul D. Duke, Director

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Mr. Duke received his initial medical training while on active duty with the United States Navy and while attending the University of Alabama. Mr. Duke was employed from 1965 to 1969 by the University of Alabama Medical Center as chief hemodialysis technician and was employed by Cobe Laboratories, Inc. from 1969 to 1973 as field service and training technician. From 1973 to 1979, he served in various capacities for Cordis Dow Corporation (manufacturer of pacemakers and hemodialysis equipment and supplies), including sales, product management, European training manager and national service manager. From 1980 to 1982, Mr. Duke served as proprietor and president of a consulting company specializing in medical marketing, sales, service and training. Mr. Duke has served as vice president and a director of the Company since its inception in 1982. At March 31, 2002, Mr. Duke retired from his position as Vice President and now devotes such time as is necessary to the affairs of the Company.

H. Stuart Campbell, Director

Mr. Campbell received his Bachelor of Science degree from Cornell University in 1951. From 1960 through September 1982, Mr. Campbell served in various capacities for Johnson & Johnson and Ethicon, Inc., a domestic subsidiary of Johnson & Johnson. From 1977 through September 1982, he was a Company Group Chairman with Johnson & Johnson and served as Chief Executive Officer and Chairman of the Board of Directors of eight major corporate subsidiaries. Mr. Campbell owned and served as an officer of Highland Packaging Labs, Inc., Somerville, New Jersey (contract packaging business) until its sale in 2002. He also serves as a director of Atrix Laboratories, Inc. (pharmaceutical and contract research and development company). Mr. Campbell has served as a director of the Company since May 1983 and devotes such time as is necessary to the affairs of the Company.

Michael T. Brooks, Director

Mr. Brooks received his Bachelor of Arts in History from Ohio Wesleyan University in 1971. While pursuing a career in fluid power, he received a Masters in Business from the University of Denver in 1983. Mr. Brooks was an independent manufacturer's representative from 1982 - 1985 at which time he purchased an interest in Fiero Fluid Power which he presently owns and operates. Fiero Fluid Power is a Rep/Distributor selling pneumatic and instrumentation equipment. He has been a director since October, 1998 and devotes such time as is necessary to the affairs of the Company.

Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to the Company pursuant to 17C.F.R. 240.16a-3(e) during its most recent fiscal year and Forms 5 and amendments thereto furnished to the Company with respect to its most recent fiscal year, and any written representation from the reporting person (as hereinafter defined) that no Form 5 is required, the Company is not aware of any person who, at any time during the fiscal year, was a director, officer, beneficial owner of more than ten percent of any class of equity securities of the Company registered pursuant to Section 12 of the Exchange Act ("reporting person"), that failed to file on a timely basis, as disclosed in the above Forms, reports required by Section 16(a) of the Exchange Act during the most recent fiscal year or prior fiscal years.

THE BOARD OF DIRECTORS RECOMMENDS TO THE SHAREHOLDERS THAT THEY VOTE "FOR" THE ELECTION OF SUCH NOMINEES.

EXECUTIVE COMPENSATION

The following table, and its accompanying explanatory footnotes, includes

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annual and long-term compensation information on the Company's Chief Executive Officer and Chief Financial Officer for services rendered in all capacities during the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001. No other executive officer received total annual salary and bonus for the fiscal year ended March 31, 2003 in excess of \$100,000. SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary	Bonus(1)	Options Granted	Other Comp
L. Schmieder, CEO	2003	\$113,885	\$19,066	4,000	\$3,742
	2002	\$108,985	\$11,928	4,000	\$3,100
	2001	\$106,867	\$10,400	4,000	\$3,150
S. Peterson, CFO	2003	\$ 84,528	\$16,228	4,000	\$2,824
	2002	\$ 80,190	\$ 9,619	6,000	\$2,628
	2001	\$ 75,317	\$ 7,400	6,000	\$2,683

(1) Reflects bonus earned in fiscal year, but paid in the following fiscal year.

The following summary table sets forth information concerning grants of stock options made during the fiscal year ended March 31, 2003 to the Company's Chief Executive Officer and Chief Financial Officer.

Option Grants in Last Fiscal Year

Name	Options Granted	Percent of Total Options Granted in Fiscal Year	Exercise Price	Expiration Date
-----	-----	-----	-----	-----
L. Schmieder	4,000	5%	\$5.91	October 15, 2012
S. Peterson	4,000	5%	\$5.91	October 15, 2007

Compensation of Directors

On October 3, 1996, the Company adopted a new nonqualified performance stock option plan for the benefit of the Company's outside Directors. The plan provides that the outside Directors will receive grants to be determined and approved by the Company's inside directors and not to exceed 20,000 options per year per director. Under the terms of the plan, the options are exercisable for a term of ten years, and during such term are exercisable as follows: 25% after each year, and 100% anytime after the fourth year until the end of the tenth year. The purchase price of the common stock will be equal to 100% of the closing bid price of the common stock on the over-the-counter market on the date of grant.

On October 16, 2002, Mr. Brooks and Mr. Campbell, outside directors, were granted options to purchase 4,000 shares of common stock at \$5.91 per share. Mr. Duke, a director who retired from his position as an executive officer in March 2002, was granted 6,000 shares of common stock at \$5.91 per share. Mr. Schmieder, the Company's inside director was granted options to purchase 4,000 shares of common stock at a price of \$5.91 per share.

Currently, all outside directors receive cash compensation of \$1,000 for each Board of Directors meeting attended in person, and \$300 for each teleconference Board of Directors meeting attended.

Incentive Stock Option Plans

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The Company has adopted three incentive stock option plans, approved by the shareholders of the Company in September 1984, October 1989 and November 1993, respectively, for the benefit of the Company's employees. The plans are administered by the non-participating members of the Board of Directors, who select the optionees and determine the terms and conditions of the stock option grant. The exercise price for options granted under the plans cannot be less than the fair market value of the stock at the date of grant or 110% of such fair market value with respect to options granted to any optionee who holds more than 10% of the Company's common stock. Options are not exercisable until one year after the date of grant and expire five years after the date of grant. All outstanding options are subject to vesting provisions whereby they become exercisable over a four-year period. The plans authorize options to purchase up to 200,000, 300,000 and 300,000 shares of common stock, respectively.

On October 21, 1999, the Company adopted a new stock compensation plan. The purpose of the plan is to encourage ownership of the Common Stock of the Company by certain officers, directors, employees and certain advisors of the Company in order to provide incentive to promote the success and business of the Company. A total of 300,000 shares of Common Stock have been reserved for issuance under the plan and are subject to terms as set by the Compensation Committee of the Board of Directors at the time of grant.

As of March 31, 2003, options to purchase a total of 323,295 shares were outstanding, at exercise prices ranging from \$3.75 to \$7.00 per share. Further, as of March 31, 2003, options to purchase an aggregate of 223,371 shares remained available for grant under the Company's stock option plans. The plan adopted in September 1984 was terminated effective June 1, 1993. Options were granted during the fiscal year ended March 31, 2003, pursuant to the Company's incentive stock option plans, to each of the Company's executive officers. Options to purchase 4,000 shares at \$5.91 per share were granted to Mr. Steven W. Peterson, Vice President-Finance. Mr. Luke R. Schmieder, President, was granted options to purchase 4,000 shares at \$5.91 per share.

Retirement Plan

The Company has adopted a 401(k) plan for the benefit of its officers and employees. Subject to certain restrictions, a participant may defer up to 15% of their gross compensation into the plan. The Company currently matches up to 6% of the participant's contribution at a rate of 50% of the contribution. The plan also allows for additional contributions by the Company at its discretion.

RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

Ehrhardt Keefe Steiner & Hottman PC, Denver, Colorado, conducted the audits of the Company's accounting records since 1986 and the Board of Directors expects to engage the same firm to audit the Company's accounting records for the fiscal year ending March 31, 2004.

A representative of Ehrhardt Keefe Steiner & Hottman PC will attend the Annual Meeting of Shareholders and will have the opportunity to make a statement if he so desires. This representative will be available to respond to appropriate shareholder questions at that time.

AUDIT FEES

Ehrhardt Keefe Steiner & Hottman PC's fees for the Company's 2003 annual audit and reviews of the Company's quarterly financial statements were approximately \$39,700.

FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

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Ehrhardt Keefe Steiner & Hottman PC did not render any services to the Company in 2003 with respect to financial information systems design and implementation.

ALL OTHER FEES

Ehrhardt Keefe Steiner & Hottman PC's fees for tax preparation services to the Company for 2003 were approximately \$8,800. Ehrhardt Keefe Steiner & Hottman PC's fees for all other services to the Company for 2003 were approximately \$3,200.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is composed of two non-employee directors of the Company. All members are independent as defined under the NASDAQ Marketplace Rules. The Committee held two meetings during fiscal year 2003. The Audit Committee operates under a written charter adopted by the Company's Board of Directors.

In connection with the March 31, 2003 financial statements, the Audit Committee has (1) reviewed and discussed the audited financial statements with management; (2) discussed with the independent auditors the matters required to be discussed by SAS 61; (3) received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1, and (4) discussed with the independent accountant their independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the Audited financial statements be included in the Company's Annual Report on Form 10-KSB for the fiscal year ended March 31, 2003 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

H. Stuart Campbell, Chairman
Michael T. Brooks

PROPOSALS OF SHAREHOLDER FOR PRESENTATION AT NEXT ANNUAL MEETING FOR SHAREHOLDERS

Any shareholder of record of the Company who desires to submit a proper proposal for inclusion in the proxy materials relating to the next Annual Meeting of Shareholders must do so in writing and it must be received at the Company's principal executive offices by the end of the fiscal year March 31, 2004. The proponent must be a record or beneficial owner entitled to vote at the next Annual Meeting on his proposal and must continue to own such security entitling him to vote through the date on which the Meeting is held.

ANNUAL REPORT

The Annual Report to Shareholders concerning the operations of the Company during the fiscal year ended March 31, 2003, including audited financial statements for the year then ended, has been distributed to all record holders as of the record date. The Annual Report is not incorporated in the Proxy Statement and is not to be considered a part of the soliciting material.

OTHER BUSINESS

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Management of the Company is not aware of any matters which are to be presented at the Meeting, nor has it been advised that other persons will present any such matters. However, if other matters properly come before the meeting, the individual named in the accompanying proxy shall vote on such matters in accordance with his best judgement.

AVAILABILITY OF ANNUAL REPORT ON FORM 10-KSB

UPON WRITTEN REQUEST, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF ITS ANNUAL REPORT ON FORM 10-KSB FOR THE FISCAL YEAR ENDED MARCH 31, 2003, TO EACH SHAREHOLDER OF RECORD OR TO EACH SHAREHOLDER WHO OWNED COMMON STOCK OF THE COMPANY LISTED IN THE NAME OF A BANK OR BROKER, AS NOMINEE, AT THE CLOSE OF BUSINESS ON OCTOBER 24, 2003. ANY REQUEST BY A SHAREHOLDER FOR THE COMPANY'S ANNUAL REPORT ON FORM 10-KSB SHOULD BE MAILED TO THE COMPANY'S SECRETARY, MESA LABORATORIES, INC., 12100 WEST SIXTH AVENUE, LAKEWOOD, COLORADO 80228.

The above notice and Proxy Statement are sent by order of the Board of Directors.

Steven W. Peterson
Secretary

October 27, 2003

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE OF THE MESA LABORATORIES, INC. BOARD OF DIRECTORS

The Audit Committee (the "Committee") assists the Board of Directors (the "Board") of Mesa Laboratories, Inc. (the "Company") in fulfilling its responsibilities as to the quality and integrity of the Company's financial records and reports. The Committee's purpose is to prepare the report that rules of the Securities and Exchange Commission ("SEC") require be included in the Company's annual proxy statement and to assist Board oversight of:

- o the integrity of the Company's financial statements;
- o the Company's compliance with legal and regulatory requirements;
- o the independent auditor's qualifications and independence; and
- o the performance of the Company's internal audit function and independent auditors.

ORGANIZATION

The Committee shall be composed of members of the Board who are independent of the Company's management and are not affiliates of the Company or any of its subsidiaries. No Committee member may receive any consulting, advisory or other fees from the company other than director and committee fees. No Committee member may simultaneously serve on the audit Committee of more than two other public company audit committees. Each Committee member must be able to dedicate the time necessary to be an effective Committee member. All Committee members

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must be financially literate, and the Committee will attempt to maintain at least one member who will have accounting or related financial management expertise and will be a "financial expert" as defined by the SEC. Such financial expert must have an understanding of generally accepted accounting principles ("GAAP") and financial statements, experience in the preparation or auditing of financial statements of generally comparable companies and the application of such principles in connection with the accounting for estimates, accruals and reserves, experience with internal accounting controls and understanding of audit Committee functions.

The Committee shall have at least two members and shall be appointed by the Board, to serve an annual term. Committee members may be replaced by the Board. One Committee member shall be designated as the Chairperson.

The Chief Financial Officer of the Company shall be the member of management to serve in a liaison capacity with respect to the Committee. At its discretion, the Committee shall have direct access to the independent auditors, legal counsel, the Controller, the internal auditors and any other individual within the Company necessary to the Committee's discharge of its duties.

The Company shall provide the Committee with sufficient funding for it to engage and retain its own advisors.

MEETINGS

The Committee shall meet at least quarterly, unless otherwise agreed. The Chair may call additional meetings whenever circumstances warrant. The Committee shall meet separately, periodically, with management, the internal auditors (or other personnel responsible for the internal audit function) and the independent auditors. A quorum for meeting shall be at least two members, present in person or by telephone, and adequate notice of meetings shall be given to all members.

Independent directors who are not Committee members may attend meetings and participate in the Committee's deliberations. The independent auditors as well as officers and employees of the Company may be asked to attend by the Chair. Non-Committee members may be excused from all or any portion of a meeting at the request of the Chair.

Minutes of each meeting will be prepared and the Committee will report the results of its meetings to the Board on a regular basis.

AUTHORITY AND SPECIFIC DUTIES

While the Committee has the specific responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors.

The Committee is granted the authority to perform each of the specific duties enumerated below:

Independent Audit

1. Establish a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the Board and the Committee, as representatives of the Company's shareholders.
2. Select the independent auditing firm to be engaged to conduct the annual audit of the financial statements of the Company and its subsidiaries for

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the ensuing year.

3. Approve the compensation of the independent auditors for their annual examination and quarterly reviews, examine the contents of their engagement letter and approve and oversee all auditing services to be provided to the Company.
4. At least annually, obtain and review a report by the independent auditors describing (a) the firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues and (d) (to assess the auditor's independence) all relationships between the independent auditors and the Company. Consider whether, in the interest of independence, there should be regular rotation of the audit firm. Confirm that the lead audit partner and the audit partner responsible for reviewing the audit are rotated at least once every five years. Present its conclusions on the foregoing matters to the Board.
5. Review with the independent auditors, prior to the beginning of their audit, the scope of their examination and planning and staffing of the audit.
6. Meet with the independent auditors, without management present, and inquire as to:
 - o whether there were any audit problems or difficulties encountered during their audit, including any restrictions on the scope of activities or access to requested information, and management's response;
 - o whether there were accounting or disclosure issues not resolved to their satisfaction; and
 - o whether there were any other matters (including matters affecting their independence) that should be discussed with the Committee that have not been raised or covered elsewhere.
7. Report the results of the audit to the Board and, if the Committee is satisfied with all of its reviews and discussions, recommend that the audit financial statements are included in the Annual Report on Form 10-K filed with the SEC.
8. Obtain from the independent auditors an annual written communication that is prepared in accordance with Standard No.1 of the Independence Standards Board delineating all relationships of the independent auditors with the Company as well as the nature and extent of the professional advisory services provided to the Company.
9. Resolve any disagreements between the independent auditors and management.
10. Review and evaluate the independent auditors' qualifications, independence and performance, including a review and evaluation of the lead partner of the auditor, taking into account the opinions of Company management and personnel responsible for the Company's internal audit function, and, if necessary, terminate and replace the independent auditor.

Interim and Annual Financial Reports

11. Review and discuss the Company's interim and annual financial statements

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with management and the independent auditors, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

12. Generally discuss earnings and press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. The Committee need not discuss in advance each earnings release or each instance in which the Company provides earning guidance.
13. Discuss with the independent auditors the results of their review of the interim financial results in accordance with Statement on Auditing Standards No. 100, such that the results are communicated:
 - o Prior to the filing with the SEC of the Company's Quarterly Report on Form 10-Q; and
 - o Either to all members of the Committee or the Chair of the Committee.
14. Discuss with outside counsel and other members of management the substance of any significant litigation, contingencies or claims that had, or may have, a significant impact on the financial statements.
15. Obtain timely reports from the independent auditors regarding:
 - o The appropriateness and consistent application of the Company's critical accounting policies and practices;
 - o All alternative treatments of financial information with generally accepted accounting principles discussed between the independent auditors and management, the ramifications of the use of such alternative treatments and the independent auditors' preferred treatment;
 - o The reasonableness of significant estimates and judgments;
 - o The clarity and completeness of the Company's financial disclosure practices;
 - o Any other material written communication between the auditors and management, such as any management letter or schedule of unadjusted differences; and
 - o Discuss with management and the independent auditors the quality, not just acceptability, of the Company's accounting principles.

Internal Controls

16. Review and discuss the activities of management to provide reasonable assurance as to the adequacy and effectiveness of the Company's internal accounting and financial controls, including those related to the security of its information systems and risk assessment and risk management.
17. Review the independent auditors' letter to management containing suggestions for improvements in the Company's accounting policies, procedures and internal controls, and ascertain that management has adequately responded to the letter.
18. Review the appointment and replacement of the senior internal auditing executive.
19. Receive quarterly reports from management on the Company's risk exposure to

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floating rate debt, and review the terms and market value of all derivative instruments used to manage interest rate and other financial risk.

20. Obtain reports from management, the Company's senior internal auditing executive and independent auditors that the Company and its subsidiaries are in compliance with applicable laws and regulations, as well as the Company's code of Business Conduct and Ethics. Review reports and disclosures of insider and affiliated party transactions.

Other

21. Pre-approve all non-audit services to be provided to the Company by the independent auditors and confirm that such services are not prohibited by law or the rules of The NASDAQ Stock Market and are disclosed in the Company's SEC filings.
22. Engage any outside advisors that the Committee determines to be necessary or appropriate and approve the compensation and other retention terms of such advisors.
23. Review the adequacy of the professional qualifications of the Company's accounting personnel and assess succession planning within the Company's accounting organization.
24. Establish hiring policies for employees and former employees of the independent auditors. Confirm that within the year preceding the start of each year's audit, none of the Company's Chief Executive Officers, Chief Financial Officer, Contoller, Chief Accounting Officer or any person serving in an equivalent position for the Company was employed by the auditors or participated in any capacity in the Company's audit.
25. Receive explanations from management or the independent auditors of changes in, or adoption of, accounting principles and reporting and auditing standards that have had, or may have, an effect on the financial statements.
26. Review the Company's major financial exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
27. Review the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
28. Receive briefings on other accounting and financial matters on a regular basis to expand each member's knowledge of matters impacting the Company.
29. Provide oversight and review of the Company's asset management policies, including annual review of the Company's investment policies and performance for cash and short-term investments.
30. Review and approve all related party transactions and review all disclosures of such transactions.
31. Investigate any other matter brought to the Committee's attention within the scope of its duties and retain outside legal counsel and other experts for this purpose if, in the Committee's judgment, that is appropriate.
32. Obtain from the independent auditors assurance that Section 10A of the Securities Exchange Act of 1934 has not been implicated
33. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls

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or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

- 34. Review and reassess this charter as circumstances dictate, but no less frequently than annually.
- 35. Review and evaluate its performance at least annually.

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
PROXY
FOR THE ANNUAL MEETING OF SHAREHOLDERS OF
MESA LABORATORIES, INC.
TO BE HELD FRIDAY, DECEMBER 12, 2003**

The undersigned hereby appoints Luke R. Schmieder as the lawful agent and Proxy of the undersigned (with all powers the undersigned would possess if personally present, including full power of substitution), and hereby authorizes him to represent and to vote, as designated below, all the shares of Common Stock of Mesa Laboratories, Inc. held of record by the undersigned as of the close of business on October 24, 2003, at the Annual Meeting of Shareholders to be held on Friday, December 12, 2003, or any adjournment or postponement thereof.

1. ELECTION OF DIRECTORS

FOR all nominees listed below
(except as marked to the contrary below)

WITHHOLD AUTHORITY
(to vote for all nominees listed below)

L. Schmieder, P. Duke, H.S. Campbell, M. Brooks

(INSTRUCTION: To withhold authority to vote for any nominees, write the nominees' names on the space provided below.)

-
- 2. In his discretion, the Proxy is authorized to vote upon any matters which may properly come before the Meeting, or any adjournment or postponement thereof.

It is understood that when properly executed, this proxy will be voted in the manner directed herein by the undersigned shareholder. WHERE NO CHOICE IS SPECIFIED BY THE SHAREHOLDER, THE PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS PROPOSED IN ITEM (1).

The undersigned hereby revokes all previous proxies relating to the shares covered hereby and confirms all that said proxy or his substitutes may do by virtue hereof.

Please sign exactly as name appears below. When shares are held joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Dated: _____

Signature

Signature if held jointly

PLEASE MARK, SIGN, DATE AND RETURN
THE PROXY CARD PROMPTLY USING THE
ENCLOSED ENVELOPE

PLEASE CHECK THIS BOX IF YOU INTEND TO BE PRESENT AT THE MEETING.