

Adopted April 20, 2010

**CHARTER FOR THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF ELECTROMED, INC.**

This charter governs the composition, operations and responsibilities of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Electromed, Inc. (the “Company”)

I. PURPOSE

The primary function of the Audit Committee is to oversee the accounting and financial reporting process and risk management functions of the Company by reviewing: the qualifications and independence of the independent auditor; the financial reports and other financial information provided by the Company to any governmental body or the public; the Company’s systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Company’s auditing, accounting and financial reporting processes generally. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting process and internal control system.
- Coordinate, review and appraise the audit efforts of the following parties: (i) Company’s independent auditors, (ii) the Company’s management, and (iii) any financial, accounting, or other personnel who perform internal audit functions for the Company (the “internal auditors”).
- Communicate directly with the independent auditors, the financial and senior management, the internal auditing department, and the Board of Directors regarding the matters related to the Committee’s responsibilities and duties.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles, or to certify or otherwise attest to the Company’s financial statements. This is the responsibility of management and the independent auditors, for which the independent auditors are ultimately responsible to the Committee.

II. MEMBERSHIP

The Board appoints members of the Committee and the Chair of the Committee. The Board may remove any member of the Committee with or without cause. The Chair of the Committee shall conduct the Committee meetings and represent the Committee to the Board. In the absence of the election of a Chair by the Board, the members of the Committee shall elect a Chair by majority vote of the Committee membership.

The Committee shall be comprised of three or more directors. Each member of the Committee shall be independent as such standard is set forth under the federal securities laws, rules and regulations and under the applicable rules of Nasdaq or any exchange on which the Company’s shares are traded, as

interpreted by the Board in its business judgment and subject to any election by the Board of Directors to rely upon the phase-in provisions applicable to initial public offerings. No Committee member shall have participated in the preparation of the financial statements of the Company at any time during the prior three years. No Committee member shall receive compensation from the Company other than compensation paid for service as a member of the Board. Committee members shall serve until the next annual organizational meeting of the Board, or until their successors are duly elected and qualified.

All Committee members shall have a working familiarity with basic finance and accounting practices and shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement, at the time of their appointment to the Committee. At least one member of the Committee shall be an "audit committee financial expert," as such term is defined under the federal securities laws, rules and regulations as may be amended from time to time.

III. RESPONSIBILITIES AND DUTIES

Review of Documents and Reports

1. Review the Company's annual financial statements and any reports or other financial information or estimates submitted to any governmental body or the public, including any certification, report, opinion or review rendered by the independent auditors.
2. As applicable, review the regular internal reports to management prepared by the Company's internal auditors.
3. Review and approve, before filing, distribution or release, any Annual Report on Form 10-K, Quarterly Report on Form 10-Q, earnings press release or annual report containing financial statements or results. Review of the report or release shall include, but shall not be limited to, a review of disclosures under the caption "Management's Discussion and Analysis of Results of Operations and Financial Conditions," the contents of the Chief Executive Officer and Chief Financial Officer certifications to be filed under Section 302 and 906 of the Sarbanes-Oxley Act, and the process conducted to support the certifications.
4. Prepare the audit committee report required by the rules of the SEC to be included in the Company's annual proxy statement.
5. Meet with the Company's Chief Executive Officer and Chief Financial Officer from time to time as appropriate to permit such officers to provide the attestations or certifications required by the rules and regulations of the SEC and NASDAQ.
6. Annually, review this Charter, provided such review may be conducted more frequently, and recommend changes to the Nominating and Governance Committee.

Independent Auditors

7. Appoint, compensate and oversee the Company's independent auditors. The Company's independent auditors shall report directly to the Committee and the Committee will oversee the resolution of disagreements between management and the independent auditors if they arise.

8. Meet with the independent auditors prior to the annual audit to review the planning, staffing and scope of the audit and its audit procedures.
9. In order to evaluate the independent auditors' independence, the Committee should, on an annual basis, review and discuss with the independent auditors all significant relationships the independent auditors have with the Company.
10. Annually evaluate the performance of the independent auditors and discharge the independent auditors when circumstances warrant.
11. At least annually, obtain and review a report from the independent auditor describing the independent auditor's internal quality-control procedures, including any material issues raised by the most recent internal-control review, peer review, or any review by governmental or professional authorities within the past five years and any responses to those issues.
12. Review the rotation of the auditors' partners in accordance with applicable government regulations and discuss with the independent auditors transition plans for new partners if the term of either partner will expire within one year.
13. Recommend policies to the Board regarding hiring former employees of the independent auditors in accordance with applicable government regulations.
14. Periodically consult with the independent auditors out of the presence of management regarding the adequacy of internal controls and the fullness and accuracy of the Company's financial statements.
15. Pre-approve all audit services and permissible non-audit services to be performed by the Company's independent auditors. Neither the Committee nor the Board shall approve, and the Company's independent auditors shall not provide to the Company, non-audit services as prohibited by applicable SEC regulations.
16. Review all material communication between the independent auditors and management.

Audit Committee Report

17. Prepare an annual Audit Committee Report to be presented to the Board. The Audit Committee Report shall include, at a minimum, the following representations:
 - (a) that the Committee has reviewed and discussed the audited financial statements with management;
 - (b) that the Committee has discussed with the independent auditors the matters required to be discussed by SAS 61, as may be modified or supplemented;
 - (c) that the Committee has received the written disclosures and the letter from the independent auditors consistent with the applicable requirements of the Public Company Accounting Oversight Board, and has discussed with the independent auditors the independent auditors' independence;

- (d) that, based on the review and discussions referred to in paragraphs (1) through (3) of this item, the Committee recommends (or declines to recommend) to the Board of Directors that the audited financial statements be included in the company's Annual Report on Form 10-K for the last fiscal year for filing with the SEC; and
 - (e) that the individual Committee members, and the Committee in the aggregate, complies with the Committee independence requirements set forth under applicable regulations.
18. The Audit Committee Report may include other information that the Committee deems appropriate. The Committee will prepare the Audit Committee Report with the understanding that its representations will be used by the Board and the Company to comply with Item 306 of Regulation S-K and Item 7(d)(3) of Schedule 14A as those regulations affect the Company.

Risk Management

19. Inquire of management, internal auditors and external auditors about the adequacy of the Company's disclosure and internal control procedures as a complete system, as well as the discovery of any individually material gaps and/or failures in the Company's disclosure and internal control procedures.
20. Meet periodically with those members of management responsible for Company risk assessment and risk management to understand and evaluate the Company's risk assessment and risk management efforts.
21. Assess the steps management has taken to minimize material risk. At least annually, submit a risk report to the Board, including mitigation strategies, quantifiable risks, and insurance coverage. Review and update the risk report as necessary.
22. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements, the Company's compliance policies, and any material reports or inquiries received from regulators or government agencies.
23. Instruct the internal and external auditors, the Chief Executive Officer and the Chief Financial Officer that the Committee expects to be advised if there are areas of Company operation and material risks that, consistent with the Committee's purpose, require its special attention.

Related-Party Transactions

24. Review and approve all related-party transactions to which the Company may be a party prior to the implementation of the transaction in order to assess whether such transactions meet applicable legal requirements. The term "related party transaction" shall refer to transactions required to be disclosed by SEC Regulation S-K, Item 404 as it may be modified, amended, or supplemented.

Financial Reporting Processes

25. Review activities, organizational structure and qualifications of the Company's internal auditors, including the role and responsibilities of the Company's Chief Financial Officer.
26. Ensure that the Company's internal auditors periodically report directly to the Committee. The Committee shall meet with key internal auditors at least annually, without management or others present, to discuss the adequacy of the internal audit function and results of such internal audit reviews.
27. In consultation with the independent auditors, internal auditors, and senior management, review: (i) management's annual assessment of the effectiveness of the Company's internal control over financial reporting and the independent auditors' audit opinion on the effectiveness of the Company's internal control over financial reporting, prior to the filing of the Company's Annual Report on Form 10-K; (ii) to the extent required to be included therein, the design, implementation, adequacy and effectiveness of the Company's internal controls; (iii) any "material weakness" or "significant deficiency" in the design or operation of internal control over financial reporting and any steps taken to resolve the issue; (iv) any related significant findings and recommendations of the independent auditors at the completion of the audit; and (v) the adequacy of disclosures about changes in internal control over financial reporting.
28. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q concerning (i) any significant deficiencies in the design or operation of the Company's internal control over financial reporting or material weakness therein and (ii) any fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting.
29. Review the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
30. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors, management or the internal auditing department.
31. Consider the adequacy of the financial and accounting staff and, when necessary, suggest changes to the Board.

Process Improvement

32. Review and approve annually the internal audit plan for the upcoming year. Such review shall include a review of the responsibilities, resources, performance, budget and staffing of the Company's internal audit function. In addition, review any significant changes to the internal audit that occurred.
33. Establish regular and separate systems of reporting to the Committee by each member of management, the independent auditors, and the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

34. Following completion of the annual audit, review with the independent auditor the results of the annual audit examination, including any accompanying management letters and management's response, and any significant problems or difficulties encountered in the course of the audit work and management's response, including any restrictions on the scope of the activities or access to required information, any significant changes required to the planned scope of the audit, any significant disagreements with management, and any matters for which the independent auditors consulted with the national or head office. Resolve any disagreements between management and the independent auditors regarding financial reporting.
35. Review with the independent auditors, the internal auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.
36. Discuss with management and the independent auditors any new accounting and financial requirements, as well as other current developments in accounting principles, auditing standards, independence standards or reporting practice.
37. Annually conduct a self-evaluation of the Committee's performance and report the results of the evaluation to the Board.

Ethical and Legal Compliance

38. Review periodically the Company's Code of Ethics and Business Conduct and the policies under which management enforces the Code as they relate to the Company's financial reporting process and internal control system.
39. Ensure that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
40. Establish and maintain procedures for the receipt, retention and treatment of correspondence with government regulators and government agencies and for any complaints regarding the Company's accounting, internal accounting controls or auditing matters. At a minimum, these procedures shall allow employees to submit concerns regarding questionable accounting and auditing matters on a confidential, anonymous basis.
41. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

IV. AUTHORITY

The Audit Committee shall have the authority as and when it shall determine to be necessary or appropriate to the functions of the Audit Committee, to, at the expense of the Company:

- Access Company records, facilities, and personnel;
- Appoint, discharge and authorize compensation of the Company's independent auditors;

- Approve any non-audit relationship with the independent auditors, other than any relationship to provide services prohibited by Section 10A(g) of the Securities Exchange Act of 1934, as it may be amended, modified, or supplemented;
- Appoint, discharge and authorize compensation of any consultants and advisors, including the Company's outside legal counsel, other Company advisors, and/or independent advisors who the Committee deems necessary to assist it with its functions;
- Require from the Chief Executive Officer, the Chief Financial Officer and such other members of Company 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;
- Conduct or authorize investigations into any matters within the scope of the Committee's responsibilities; and
- Incur ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's duties.

V. MEETINGS AND MINUTES

The Chair of the Committee, in consultation with other members of the Committee, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least four times each year. A majority of members of the Committee shall represent a quorum and, if a quorum is present, any action approved by at least a majority of the members present shall represent a valid action by the Committee.

As part of its job to foster open communication, the Committee should meet at least annually with management and internal auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee should meet with the independent auditors and management quarterly to review the Company's financials consistent with Section III of this Charter. The Committee may request that management, Company employees, or Company advisors be present at Committee meetings more frequently.

The Committee will maintain written minutes of its meeting. Such minutes will be provided to the Board of Directors, and filed with the minutes of the meetings of the Board of Directors.

VI. MANAGEMENT COOPERATION

Management of the Company is requested to cooperate with the Audit Committee, and to render assistance to the Audit Committee as it shall request in carrying out its functions.

VII. DELEGATION

To the extent permissible under applicable laws and regulations, the Committee may delegate any of its responsibilities to one or more members of the Committee or a subcommittee comprised of one or more members of the Committee; provided, that any such members or subcommittee to which any responsibilities are delegated shall report regularly to the Committee regarding the matters delegated, and shall review with the Committee any material matters discussed or recommended by such members or subcommittee.

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