

Adopted April 20, 2010
Revised March 19, 2012

**CHARTER FOR THE PERSONNEL AND COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS
OF ELECTROMED, INC.**

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

I. PURPOSE

The Committee shall be responsible for matters relating to the compensation policies of the Company, and for the compensation of executive officers and directors of the Company. The committee will primarily fulfill these duties by carrying out the responsibilities enumerated in Section III.

II. MEMBERSHIP

The Committee will be comprised of two or more directors elected by the Board. The Board shall make a determination in the exercise of its business judgment that each member of the committee (i) meets all applicable independence requirements of the NYSE Amex Company Guide, (ii) is an “outside director” within the meaning of Rule 162(m) of the Internal Revenue Code and the regulations promulgated thereunder, and (iii) is a “non-employee director” within the meaning of the rules promulgated under Section 16(b) of the Securities Exchange Act of 1934; provided, however, that the Board may elect to rely upon applicable phase-in provisions.

III. RESPONSIBILITIES AND DUTIES

1. Develop and periodically review with management a written philosophy of compensation, taking into consideration, as appropriate, enhancement of shareholder value from a short-term, intermediate-term, and long-term and the fair and equitable compensation of all employees.
2. Conduct a performance evaluation, at least annually, of the Chief Executive Officer.
3. Determine the compensation of the Chief Executive Officer (the “CEO”), including, as applicable, performance objectives and incentive compensation. The compensation of the CEO shall be subject to the approval of the Board, who shall meet to review and approve the compensation outside the presence of the CEO.
4. Review with the CEO the performance and compensation of the other executive officers of the Company and determine the compensation, including, as applicable, performance objectives and incentive compensation, subject to approval of the Company’s Board of Directors.
5. Review compensation policies and plans that are applicable to the Company’s executive officers, including equity compensation, stock purchase plans, incentive plans, expense accounts, benefits and perquisites, and when necessary recommend changes to the Board to ensure that the policies and plans provide for payments and benefits that comply with the Company’s philosophy of compensation.
6. Administer any compensation plans the Company may adopt, including, but not limited to, equity compensation plans, stock purchase plans, and executive or employee incentive plans. In administering these plans, the Committee may grant or amend awards, subject

in each case to approval of the Company's Board with respect to grants or amendments of awards made to the Company's executive officers.

7. Review and make recommendations to the Board with respect to compensation of directors.
8. Review the Company's regulatory compliance with respect to compensation matters, including ensuring that reasonable efforts are made to structure compensation programs to preserve tax deductibility, and, as and when required, approving performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
9. Review the employment agreements currently in place, including but not limited to severance and change of control provisions, and, when appropriate, make recommendations to the Board regarding modifications to the agreements. The committee shall also review and determine whether the Company should enter into employment agreements with additional employees and make recommendations to the Board.
10. Review and advise the Board with regard to registration and shareholder approval requirements for equity compensation plans.
11. Develop, recommend to the Board, review and administer compensation plans for members of the Board of Directors.
12. Assist the Board and management in developing and reviewing public disclosure of matters relating to the compensation of the Company's executive officers, directors, and employees, including the Compensation Discussion and Analysis (CD&A) required by the SEC. If required or in the best interest of the Company, the Committee shall determine whether to recommend to the full Board that the CD&A be included in the annual report or proxy. If a Compensation Committee Report is required or in the best interest of the Company, the Committee shall provide, over the names of the members of the Committee, the required compensation committee report for the annual report or proxy statement.
13. On an annual basis, review the committee's own performance and review the adequacy of this Charter and recommend to the Nominating and Governance Committee any modifications or changes to the charter.

IV. AUTHORITY

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

- At the expense of the Company, if required, conduct such studies, analyses and evaluations necessary to perform the duties and fulfill the responsibilities assigned to it by the Board of Directors.
- Have full and independent access to the Company's outside counsel and to Company personnel, after first notifying the Chief Executive Officer or the Chief Financial Officer of the intention to interview Company personnel.
- Have full and independent access to Company business and financial information.

- At the expense of the Company, identify and engage such compensation and other consulting assistance, including outside legal counsel and recruiting firms, as it deems necessary to fulfill its responsibilities.
- Take all action appropriate to the performance of 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 two 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.

The Committee will maintain written minutes of its meetings. Such minutes shall 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 shall cooperate with the Committee and render to the Committee such assistance as it shall request for the purpose of 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 not have decision-making authority, shall report regularly to the Committee regarding the matters delegated, and shall review with the Committee any material matters discussed or recommendations made by such members or subcommittee.

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