

**CHARTER FOR THE NOMINATING
COMMITTEE OF THE BOARD OF DIRECTORS OF
ELECTRO-SENSORS, INC.**

PURPOSE:

The Nominating Committee shall be responsible for matters relating to the governance of Electro-Sensors, Inc. (the "Company"), including selection of candidates for the Company's Board of Directors.

MEMBERSHIP:

The Nominating Committee will be comprised only of independent (as such term is defined by applicable laws and regulations or the Company's corporate governance policies, if any) directors appointed by the Board.

The Chair of the 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 Nominating Committee shall conduct the Committee meetings as well as represent the Committee at meetings of the Company's Board.

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; nomination, election and reelection of Board members; and succession planning for the Board chairperson and other Board leaders.
- Annually reviewing the composition of the Board, focusing 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.
- Overseeing organization, membership and evaluation of Board committees and committee members.
- Reviewing and making recommends regarding shareholder proposals that related to corporate governance.

- Establishing Board member selection criteria and meeting as necessary to consider the nomination and screening of Board member candidates and to evaluate the performance of the Board and its members.
- Evaluating the performance of Board members eligible for reelection; addressing performance issues as needed; and recommending the reelection of Board members who are performing effectively and continue to provide a competency needed on the Board.
- 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.
- Review director nominees proposed by shareholders and recommend the director nominees for the annual meeting of shareholders.

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

MEETINGS:

The Nominating Committee shall establish its own schedule of meetings and provide a copy of it to the Board and will maintain written minutes of its meetings. Such minutes shall be promptly made available to the members of the Board of Directors, and filed with the minutes of the meetings of the Board of Directors.

AUTHORITY:

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

(i) at the expense of the Company and not at the expense of the members thereof, 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.