

CHARTER OF THE  
GOVERNANCE COMMITTEE  
OF  
FARGO ELECTRONICS, INC.

**Purpose**

The Governance Committee is appointed by and acts on behalf of the Board of Directors. It is responsible for identifying qualified candidates for director selecting or recommending that the Board select, director nominees for each annual meeting of the Company's shareholders and director nominees to fill any vacancies that may occur between meetings of shareholders; leading the Board in reviewing its performance; recommending to the Board director nominees for each Board Committee; overseeing the process of evaluating the performance of management; assuring management succession plans are in place; and developing and recommending to the Board corporate governance guidelines and policies applicable to the Company.

**Composition**

The Committee will be comprised of two or more directors, each of whom shall satisfy the definition of "independent director" under the listing standards of The Nasdaq Stock Market and who shall otherwise be free, in the opinion of the Board, from any relationship that would interfere with the exercise of the director's independent judgment. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided the subcommittees are composed entirely of independent directors.

The Board on the recommendation of the Governance Committee shall elect committee members, who may be removed by the Board in its discretion. The Governance Committee shall recommend to the Board one of the Committee members to serve as the Chair of the Committee.

**Meetings**

The Committee shall meet at least twice per year and at other times that it or management deem necessary to carry out its responsibilities. The Chair of the Committee, Board Chairman or CEO may call such meetings.

**Responsibility and Duties**

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

1. Evaluate the current composition, size, organization and governance of the Board of Directors and its Committees, determine future requirements and make recommendations to the Board.
2. Determine desired Board member skills and attributes and conduct searches for prospective directors whose skills and attributes reflect those desired. Evaluate and identify individuals qualified to become members of the Board of Directors.

3. Select, or recommend that the Board select, director nominees for each annual meeting of the Company's shareholders and director nominees to fill any vacancies that may occur between meetings of shareholders.
4. Develop and recommend procedures for the evaluation of the performance of Board. Administer the Board of Directors performance evaluation process.
5. Evaluate and make recommendations to the Board concerning the appointment of directors to Board committees, the selection of Board committee chairs, and the proposal of the Board slate for election.
6. Evaluate and recommend termination of membership of individual directors in accordance with the Board of Directors' governance guidelines.
7. Periodically review all standing or ad hoc committees of the Board of Directors and make recommendations to the Board of Directors concerning the types, functions, size and membership of Board committees.
8. Periodically review and reassess the adequacy of the corporate governance guidelines of the Company and recommend any proposed changes to the Board for approval.
9. Oversee the annual process of performance evaluations of the Company's management.
10. Administer the management succession process and plan.
11. Make regular reports to the Board.
12. Periodically review this Charter and make recommendations for changes to the Charter to the Board.
13. Hire consultants, as necessary, to assist the Committee. These consultants will work for and report to the Committee.
14. Fulfill such other duties and responsibilities as may be assigned to the Committee by the Board and/or the Chairman of the Board.

Revised December 7, 2004