

Delivering Value
and
Driving Growth
through
Technology Leadership





MOCON Ranked 13th Fastest Growing Public Company in Minnesota

In October 2014, the Minneapolis/St. Paul Business Journal named MOCON, Inc. to its list of the top twenty-five fastest growing public companies in Minnesota. MOCON was ranked the past two years on the list which assessed the companies by annualized three year revenue growth. MOCON's average annual growth rate over its last three fiscal years was 20.3%.

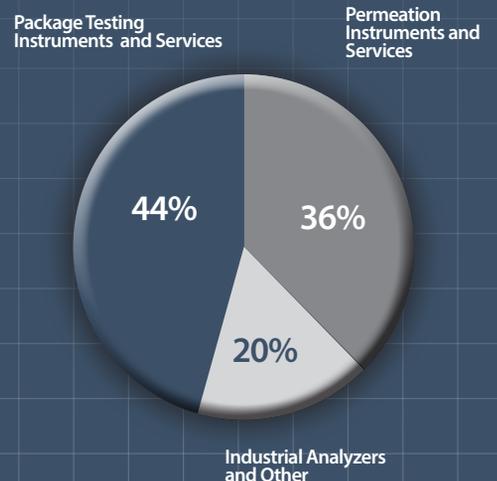
MINNEAPOLIS ST. PAUL
BUSINESS JOURNAL

About the Company

MOCON, Inc. (Nasdaq symbol: MOCO) is a leading provider of detectors, instruments, systems and consulting services to research laboratories, production facilities, and quality control and safety departments in the medical, pharmaceutical, food and beverage, packaging, environmental, oil and gas and other industries worldwide.

The Company currently has installations in 79 countries, representing six continents. In addition to its Minneapolis, Minnesota headquarters, MOCON has U.S. facilities in Colorado and Texas, as well as wholly-owned and operating locations in Denmark, Germany, France, Italy, Spain and China to better serve global needs. Its multilingual professionals are able to provide direction in many native languages. MOCON's international footprint is further supported by an extensive network of over 100 distributors.

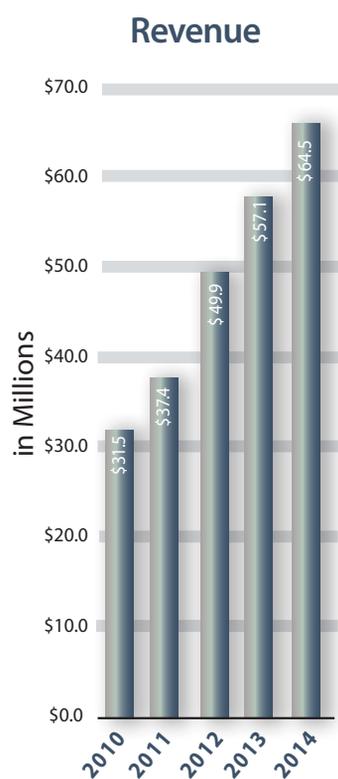
Breakdown of Revenue by Business Segments



Financial Highlights

(In thousands, except per share data)

| Year Ended December 31 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Operations Data: | | | | | |
| Revenue | \$ 64,475 | \$ 57,108 | \$ 49,941 | \$ 37,361 | \$ 31,549 |
| Net income | \$ 1,536 | \$ 3,461 | \$ 2,002 | \$ 5,451 | \$ 4,518 |
| Net income per share: | | | | | |
| Basic | \$ 0.27 | \$ 0.62 | \$ 0.37 | \$ 1.02 | \$ 0.87 |
| Diluted | \$ 0.27 | \$ 0.61 | \$ 0.35 | \$ 0.98 | \$ 0.84 |
| Cash dividends declared per share | \$ 0.44 | \$ 0.44 | \$ 0.42 | \$ 0.40 | \$ 0.38 |
| Balance Sheet Data: | | | | | |
| Current assets | \$ 27,501 | \$ 27,570 | \$ 26,913 | \$ 23,357 | \$ 19,399 |
| Total assets | \$ 52,509 | \$ 58,704 | \$ 57,220 | \$ 39,705 | \$ 34,339 |
| Current liabilities | \$ 15,449 | \$ 16,935 | \$ 16,494 | \$ 6,140 | \$ 5,632 |
| Noncurrent liabilities | \$ 2,587 | \$ 4,300 | \$ 6,845 | \$ 325 | \$ 298 |
| Shareholders' equity | \$ 34,473 | \$ 37,469 | \$ 33,881 | \$ 33,240 | \$ 28,409 |



*2012 Net Income includes the impact of acquisition costs of \$0.8 million.

**2014 Net Income includes a non-cash impairment charge of \$3.2 million for the investment in an affiliated company.

Letter to Shareholders

“We feel we are well positioned for continued revenue growth, our leading-edge technology platform is robust, and we have solid leadership in place to achieve our future goals”

Dear Shareholder,

During the past year, we created additional shareholder value by posting record revenue and cash generation from operations which enables us to continue investing for growth in our business, while continuing our long standing tradition of declaring dividends. Revenue was \$64.5 million in 2014, which is up 13% over 2013. Earnings per fully diluted share for 2014 was \$0.27 including a \$0.55 per fully diluted share non-cash charge for the impairment of an investment in an affiliated business. We generated \$9.7 million in cash from operations and reduced our debt by \$3.7 million in 2014. Delivering value and driving growth through technology leadership has served us well. Our product portfolio will help drive future growth by enhancing the quality of our customers' products while also increasing their productivity and profitability. Our continued commitment to innovation into diverse areas of high technology will ensure that we remain responsive to the needs of the markets we serve.

Strengthened Leadership

In addition to naming Don DeMorett as our Chief Operating Officer in 2013, during 2014 we made a number of additional leadership changes at both the Board and executive level thereby providing new talent to an already strong team. Upon the retirement of a long standing member, we expanded our Board of Directors from eight to nine members by naming Kathleen Iverson and Paul Zeller to the team. In October 2014, we named Elissa Lindsoe as Chief Financial Officer. The strong skillsets and fresh perspectives of these individuals are already proving to be valuable assets to MOCON as we pave the way for continued growth.

Analysis and Measurement Technologies for a Variety of Industries that require Data

Since 1968, MOCON has been a leader in markets where very specific data is required to assess a variety of critical parameters, including: applications such as shelf life analysis for food and beverage packaging, air quality/monitoring in manufacturing facilities, gas flushing on production lines, microbial detection in foods, and more efficient oil and gas exploration. Each of our businesses are technology-driven and have unique, innovative or dominant positions in the markets we serve.

Package Testing Instruments and Services

MOCON package testing systems can help companies test, adjust, and monitor process gases used in production lines of food, beverage and medical products. The use of certain gases in food production to flush the product as it is packaged requires strict monitoring to ensure the specified shelf life, and for the manufacturer to be safe, efficient and profitable. Specific data is generated to assure that the empty space (head space) in a bottle of soda, for example, is not flat and meets its required shelf life. We also sell leak detection equipment used in medical and food applications to ensure product integrity. Leaks can happen in the packaging material or around the package seal. We have research and development programs that will allow us to continue offering leading edge package testing products based on our patented technologies that meet the expanding needs of our customers.

Permeation Instruments and Services

MOCON has long been the premier source for sophisticated instrumentation for measuring very small amounts of oxygen, water vapor and/or carbon dioxide and other gases passing through materials such as food and beverage packaging, high definition TV screens, electronics, and sterile medical packaging. If customers can't measure a specific parameter, they can't control it. We offer a variety of products that address these applications, and during this past year we introduced two new instruments, the PERMATRAN-W® 3/34 and the OX-TRAN® 2/22 that are faster and more highly automated than any other product in the market. In addition, we have more leading edge systems in our permeation product development pipeline.

MOCON also offers consulting and laboratory testing services for applications that might be unusual or present a specific technical issue not solved by traditional methods. We have highly trained scientists working in laboratories around the world who offer testing services

that provide data to our customers to solve a variety of problems. In 2014, we added yet another laboratory testing service with the formation of a strategic partnership with Life Packaging Technology (LPT) of San Diego, CA. Life Packaging Labs (LPL) is scheduled to open in early 2015, and will perform regulatory-driven testing in the medical device, pharmaceutical and related packaging areas using MOCON instruments and expertise.

Industrial Analyzers and Other

Certain manufacturing processes, like circuit board production, use chemicals which produce toxic gases that can be dangerous to employees and the environment. We have experienced demand for our environmental monitoring systems that are used in production facilities to monitor these gases for indoor and outdoor air quality and safety. Similar systems are used to monitor the gas used to provide a clean environment where sterile medical products are packaged and in the food and beverage industry to monitor the food-grade quality of CO₂ in carbonated beverages. Both environmental monitoring and the food and beverage industry continue to be high growth markets for MOCON. We strive to set the standard in gas analysis as demonstrated by our 2014 introduction of the 9100 FID Series Gas Chromatograph™. This state of the art analyzer provides a multitude of features in an online fully integrated instrument.

In energy related markets, our monitoring equipment is used in oil and gas exploration to assess the best drilling depth for optimized production. Recent events affecting oil prices have put pressure on our ability to grow within our existing oil and gas customer base in 2015, as oil production schedules decrease. However, our superior technology has differentiated MOCON from the competition which in part, will reduce the impact of the softening demand on our overall revenue into the oil and gas marketplace. We have formed excellent relationships with the large players in this market and our customers express confidence about the longer-term outlook for oil and gas exploration and capital equipment outlays, as oil prices stabilize and rebound.

MOCON also sells equipment to detect microbial activity in food, water and pharmaceutical applications. Our microbial products will detect bacterial growth in a matter of hours rather than the days required by traditional testing methods. We have recently made inroads into the dairy industry through the introduction of a series of assays that are very well suited to detect microbial growth in extended self-life milk, ultra-high temperature pasteurized milk and related dairy products.

Moving Forward into 2015

The outlook for our three business segments is promising for the year ahead, but not without challenges. Our strong technology platforms, new products and excellent customer support will allow us to take advantage of opportunity and we remain confident that we are properly positioned for continued shareholder returns. Our businesses are staffed with the best people in their respective markets and should continue to generate solid operating cash flows, providing us with ample resources for supporting our various growth initiatives and in maintaining a dividend program.

Our strong, experienced management team will continue to work hard to deliver outstanding results in an uncertain world economy.

As always, we extend our sincere thanks to our many outstanding employees and Board members for their dedicated efforts on behalf of our customers. We also appreciate the continued support of our shareholders, customers, and vendor business partners.

Sincerely,



Robert L. Demorest
Chairman, President and Chief Executive Officer
April 14, 2015

Goals

- Revenue goal of \$100 million by the end of 2017
- Improve profitability to historically strong MOCON levels

How We Will Get There

- Combination of organic growth & acquisitions
- Maintain blended gross margin rate of 55% - 60%
- Continued innovation by investing 6% - 8% of our revenue in R&D
- Hold SG&A to 35% - 38% of revenue
- Explore other efficiency/consolidation opportunities across our footprint



Selected Quarterly Financial Data (Unaudited)

(In thousands, except per share data)

| | Quarter | | | |
|--|-----------|-----------|-----------|------------|
| | 1st | 2nd | 3rd | 4th |
| 2014 | | | | |
| Revenue | \$ 15,313 | \$ 15,574 | \$ 16,650 | \$ 16,938 |
| Gross profit | \$ 8,389 | \$ 8,722 | \$ 9,562 | \$ 9,441 |
| Net income (loss) | \$ 730 | \$ 1,165 | \$ 1,674 | \$ (2,033) |
| Net income (loss) per common share: | | | | |
| Basic | \$ 0.13 | \$ 0.21 | \$ 0.30 | \$ (0.36) |
| Diluted | \$ 0.13 | \$ 0.20 | \$ 0.29 | \$ (0.36) |
| 2013 | | | | |
| Revenue | \$ 14,447 | \$ 13,688 | \$ 14,190 | \$ 14,783 |
| Gross profit | \$ 7,977 | \$ 7,656 | \$ 8,059 | \$ 7,576 |
| Net income | \$ 867 | \$ 802 | \$ 1,359 | \$ 434 |
| Net income per common share: | | | | |
| Basic | \$ 0.16 | \$ 0.14 | \$ 0.24 | \$ 0.08 |
| Diluted | \$ 0.15 | \$ 0.14 | \$ 0.24 | \$ 0.08 |

Note: The sum of the quarterly amounts above may not agree with annual amounts due to rounding.

Common Stock Information:

Market for the Company's Common Stock and Related Shareholder Matters

As of March 6, 2015 there were approximately 310 shareholders of record for the Company's common stock. The Company's common stock is quoted on the Nasdaq Global Market System under the symbol MOCO. The following table sets forth, for the periods indicated, the high and low closing prices for the Company's common stock as reported by the Nasdaq Global Market System and the amount of cash dividends declared on our common stock.

| Quarter | 2014 | | | 2013 | | |
|---------|---------|---------|----------|---------|---------|----------|
| | High | Low | Dividend | High | Low | Dividend |
| 1st | \$17.43 | \$15.72 | \$0.11 | \$14.97 | \$13.86 | \$0.11 |
| 2nd | \$17.12 | \$15.07 | \$0.11 | \$14.50 | \$13.28 | \$0.11 |
| 3rd | \$16.44 | \$14.88 | \$0.11 | \$14.81 | \$13.32 | \$0.11 |
| 4th | \$18.50 | \$13.00 | \$0.11 | \$15.80 | \$13.64 | \$0.11 |

Forward-Looking Statements

This report contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, the statements about MOCO's plans, objectives, strategies and prospects regarding, among other things, the Company's financial condition, results of operations, and business. Some of these forward-looking statements are identified with words such as "believe," "may," "could," "might," "forecast," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate" or "continue" and other words and terms of similar meaning. These forward-looking statements speak only as of the date of this report. MOCO undertakes no obligation to update or revise any forward looking statement, whether as a result of new information, future events or otherwise. In addition to the risks and uncertainties of ordinary business operations and conditions in the general economy and the markets in which MOCO competes, there are important factors that could cause actual results to differ materially from those anticipated by the forward-looking statements made in this report. These factors include, but are not limited to, realizing the expected financial benefits from the acquisition of Dansensor; general economic conditions; failing to comply with the terms of our credit agreement; restrictions in our credit agreement, growth in the markets we serve, successfully competing against competitors; the decline in the value of the Euro and the price of oil; factors impacting the stock market and share price; ability of the Company's manufacturing facilities to meet customer demand; regulatory matters; timing and success of new product introductions; adequate protection of intellectual property rights; and currency and other economic risks inherent in selling products internationally and other factors as set forth in MOCO's Annual Report on Form 10-K for the year ended December 31, 2014 and other filings with the Securities and Exchange Commission.



Board of Directors

- 1 Robert L. Demorest**
Chairman, President
and Chief Executive Officer
MOCON, Inc.
- 2 Donald N. DeMorett**
Chief Operating Officer
MOCON, Inc.
- 3 Robert F. Gallagher**
Distinguished Service Faculty
University of St. Thomas
- 4 Bradley D. Goskowicz**
Chief Executive Officer
Microbiologics, Inc.
- 5 Kathleen Iverson**
Retired Chair,
CEO of CyberOptics, Corp.
- 6 Daniel W. Mayer**
Executive Vice President
and Chief Technology Officer
MOCON, Inc.
- 7 Tom C. Thomas**
Partner
Pillsbury Winthrop Shaw
Pittman LLP
- 8 David J. Ward**
General Manager
Cargill Process Optimizer
- 9 Paul R. Zeller**
CFO, Natureworks LLC

Executive Team

- 1 Robert L. Demorest**
Chairman, President and
Chief Executive Officer
- 2 Donald N. DeMorett**
Chief Operating Officer
- 3 Elissa Lindsoe**
Vice President,
Chief Financial Officer,
Treasurer and Secretary
- 4 Daniel W. Mayer**
Executive Vice President and
Chief Technology Officer
- 5 Douglas J. Lindemann**
Vice President and
General Manager
- 6 Robert E. Forsberg**
Vice President of MOCON,
Inc. and President of
Baseline-MOCON, Inc.
- 7 Jesper Bilde**
Managing Director
Dansensor
- 8 Alan Traylor**
Business Manager





Company Headquarters

MOCON, Inc.
7500 Mendelssohn Avenue North
Minneapolis, Minnesota 55428 USA
763-493-6370
Email: info@mocon.com
Website: www.mocon.com

Independent Registered Public Accounting Firm

KPMG LLP
Minneapolis, Minnesota

Legal Counsel

Oppenheimer Wolff & Donnelly LLP
Minneapolis, Minnesota

Common Stock

The common stock of MOCON is quoted on the Nasdaq Global Market System under the symbol MOCO.

Annual Meeting

The Annual Meeting of Shareholders will be held on Wednesday, May 27, 2015 at 4:00 P.M. (CDT), at the Company Headquarters: 7500 Mendelssohn Avenue North Minneapolis, Minnesota 55428

Form 10-K

A copy of the Company's annual report on Form 10-K accompanies this report and together they constitute MOCON's Annual Report to Shareholders.

Transfer Agent

Inquiries concerning transfer requirements, stock holdings, dividend checks and change of address should be directed to:
Wells Fargo Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120
Website: www.shareowneronline.com
Toll-free phone number: 855-598-5489

MOCON, Inc. is an Equal Opportunity/Affirmative Action Employer who is committed to seeking qualified candidates for all positions regardless of race, sex, age, religion, color, national origin, physical or mental disability, sexual orientation, marital status or status with regard to military service or public assistance.

MOCON is a registered trademark of MOCON, Inc.
All other trademarks are those of their respective holders.
Copyright © 2015 MOCON, Inc. All rights reserved.