

INTERLINK ELECTRONICS, INC.

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

I. PURPOSES

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Interlink Electronics, Inc. (the “Company”) to discharge the Board’s responsibilities relating to the compensation of the Company’s executives. The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s annual proxy statement, in accordance with applicable laws, rules and regulations.

II. COMPOSITION

The Committee shall be comprised of at least three members of the Board, each of whom shall be an independent director under applicable laws, rules and regulations, including the listing standards of the Nasdaq National Market.

The members of the Committee shall be appointed by the Board at the annual organizational meeting of the Board on the recommendation of the Corporate Governance and Nominating Committee. Unless a Chair is designated by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. Members may be removed by the Board at any time.

III. AUTHORITY AND RESPONSIBILITY

1. The Compensation Committee shall meet at least semi-annually and periodically as the Committee deems necessary to fulfill its responsibilities. The Committee will provide copies of the minutes of each of its meetings to the Board and make regular reports to the Board.

2. The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO’s performance in light of those goals and objectives, and recommend to the Board the CEO’s compensation levels based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee should consider the Company’s performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company’s CEO in past years.

3. The Committee shall annually review and make recommendations to the Board with respect to the compensation of all officers and other key executives, including awards under incentive-compensation plans and equity-based plans.

4. Consistent with the Corporate Governance Guidelines of the Company, the Committee will review and make recommendations to the Board on an annual basis with respect to the compensation of all directors and committee members.

5. The Committee has the authority to (a) establish, implement and administer all incentive compensation plans, equity-based plans and employee benefit plans for directors, officers and employees of the Company, (b) determine the individuals eligible for participation consistent with the eligibility provisions of the respective programs and set performance milestones under each of those programs, and (c) grant stock options and restricted stock awards under the Company's stock option and stock incentive plans to eligible individuals in accordance with the plans approved by stockholders of the Company.

6. The Compensation Committee shall have sole authority to retain and terminate compensation consultants to assist it in the evaluation of director, CEO and key executive compensation, and sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from legal, accounting or other advisers.

7. The Committee may not form and delegate authority to a subcommittee.

8. The Committee shall annually review its own performance and this Charter and recommend to the Board any proposed changes to this Charter or to the Committee.

9. The Committee shall prepare a report to the stockholders regarding the Company's executive compensation practices and policies for inclusion in the Company's annual proxy statement.

10. The Committee may designate a non-member to serve as secretary at committee meetings to keep meeting minutes.

Adopted by the Board: June 12, 2003