

INTERLINK ELECTRONICS, INC.
CORPORATE GOVERNANCE GUIDELINES

I. DIRECTOR QUALIFICATIONS

Criteria For Selecting Directors

The Board of Directors (the “Board”) of Interlink Electronics, Inc. (the “Company”) will have a majority of directors who meet the criteria for independence as and when required by the Nasdaq National Market (“Nasdaq”) discussed below. The Corporate Governance and Nominating Committee of the Board is responsible for reviewing annually with the Board the desired skills and characteristics of new Board members as well as the composition of the Board as a whole. Among other factors, this assessment will include an analysis of the independence of directors, as well as consideration, in the context of the needs of the Board, of members’:

- diversity;
- age;
- skills;
- integrity and moral responsibility;
- policy-making experience;
- ability to work constructively with the Chief Executive Officer and other directors;
- capacity to evaluate strategy and reach sound conclusions;
- availability of time to do justice to duties as a director and willingness to devote the time required; and
- awareness of the social, political and economic environment.

Nominees for director positions will be recommended to the Board by the Corporate Governance and Nominating Committee in accordance with the Company’s articles of incorporation (the “Articles”), the Company’s bylaws (the “Bylaws”), and the policies and principles of the committee’s charter. The invitation to join the Board should be extended by the Board itself, the Chair of the Corporate Governance and Nominating Committee and the Chairman of the Board.

Size Of Board Of Directors

The Board has five members, and the Board believes this to be an appropriate number of members. The Board will consider revising the size of the Board, however, to accommodate the availability of an outstanding candidate or to facilitate a change in Board membership.

Policy On Term Limits

The Board does not believe it should establish a limit on the number of times that a director may stand for election to the Board. While term limits increase the fresh ideas and viewpoints available to the Board, they cut off the contribution of directors who develop, over a

period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Corporate Governance and Nominating Committee will discuss with each director his or her continuation on the Board prior to the expiration of the director's term. This will, among other things, allow the Corporate Governance and Nominating Committee an opportunity to consider a potential nominee's qualifications and will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

Retirement Policy

Upon attaining the age of 70, a director shall resign his or her position as a director at the end of the term during which the birthday occurred.

Change In Job Responsibility

When a director experiences a material change in job responsibility, the director is encouraged to volunteer to resign from the Board. When the Chief Executive Officer ("CEO") resigns or otherwise leaves that position, he or she should tender a resignation to the Board. The Corporate Governance and Nominating Committee shall review the continued appropriateness for Board membership in light of the change in job responsibility or status as CEO and the circumstances of the Company and shall recommend to the Board the acceptance or rejection of the tendered resignation.

Additional Director Positions

A director who accepts a position as a director of another company or any equivalent position with another profit or nonprofit organization should promptly advise the Board of that circumstance. If the CEO or an active Chairman of the Board is offered a position as a director of another company or any equivalent position with another profit or nonprofit organization, he or she should discuss the offer with the Board and obtain Board approval before accepting the position.

II. DIRECTOR INDEPENDENCE REQUIREMENT

For a director to be deemed "independent" within the meaning of the Nasdaq rules, the Board must affirmatively determine that the director has no relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. A director shall provide prompt notice to the Board if his or her relationship to the Company changes in such a way that his or her independence may be adversely affected.

To the extent required, the Board will disclose its determination that a director is independent in the Company's annual proxy statement. The Board will find that a director is not independent if (i) the director has been employed by the Company or by any subsidiary of the Company within the past three years; (ii) the director was a partner or employee of the Company's outside auditor, and worked on the Company's audit, within the last three years; (iii) the director has accepted or has a non-employee family member who has accepted any payment from the Company or any of its affiliates in excess of \$60,000 during the current fiscal year or any of the past three fiscal years, other than compensation for Board services, benefits under a tax-qualified retirement plan, or non-discretionary compensation; (iv) the director is a family

member of an individual who is, or within the past three years was, employed by the Company or any subsidiary of the Company as an executive officer; (v) the director is a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments (other than those arising solely from investments in the Company's securities) that exceed 5% of the recipient's consolidated gross revenues for that year or \$200,000, whichever is more, in the current fiscal year or any of the past three fiscal years; or (vi) the director is employed as an executive officer of another entity where any of the Company's executive officers serve on the compensation committee of such other entity, or if such relationship existed within the past three years. For purposes of this paragraph, a "family member" means any person who is a relative by blood, marriage or adoption or who has the same residence.

III. DIRECTOR RESPONSIBILITIES

General Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. In discharging these obligations, directors are entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisers and auditors. The directors are also entitled to (i) have the Company purchase directors' and officers' liability insurance on their behalf in reasonable amounts, (ii) the benefits of indemnification to the fullest extent permitted by law and the Articles, the Bylaws and any indemnification agreements, and (iii) exculpation as provided by state law and the Articles.

Responsibilities Relating To Board Meetings

Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

Information and data that are important to the understanding of the business to be conducted at a meeting should generally be distributed in writing to the directors before the meeting. Directors should review these materials in advance of the meeting.

The Chairman of the Board will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda and to raise at any Board meeting subjects that are not on the agenda for that meeting.

Executive Sessions Of Independent Directors

The independent directors will meet in executive session regularly and, in any event, at least semi-annually. The independent directors may either choose one director annually to preside at all executive sessions or establish a procedure by which a director will preside at each meeting.

Service On Other Boards

A director who accepts a directorship on another company's board of directors (or any equivalent position with another profit or nonprofit organization) should promptly advise the Board that he or she has accepted such position. If the CEO or an active Chairman of the Board is offered a directorship on another company's board of directors or any equivalent position with another profit or nonprofit organization, he or she should discuss the offer with, and seek and obtain the approval of, the Board prior to agreeing to accept such position. No director may serve on more than three public company boards.

IV. BOARD COMMITTEES

The Board will have at all times an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee. The Board may, from time to time, establish or maintain additional committees as the Board deems necessary or appropriate.

Committee members will be appointed by the Board upon recommendation of the Corporate Governance and Nominating Committee with consideration of the desires of individual directors. Each member of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee shall meet the standards established by Nasdaq for independence, as and when required by those standards, and the composition of each committee, as a whole, shall meet the requirements of Nasdaq. Additionally, no member of the Audit Committee may simultaneously serve on the audit committee of more than three public company boards of directors unless the Board affirmatively determines that such simultaneous service will not impair the ability of that member to effectively serve on the Audit Committee.

The Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee shall each have its own charter. Each charter will (i) set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations, and committee reporting to the Board; (ii) provide for regular committee meetings, reports and the keeping of meeting minutes either by a member of each committee or by a non-member appointed to serve as secretary at such meeting; and (iii) provide that each committee will annually evaluate its performance.

The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop each committee meeting's agenda.

The Board and each committee has the power to hire independent legal, financial or other advisers as it deems necessary, without consulting or obtaining the approval of any officer of the Company.

V. DIRECTOR ACCESS TO OFFICERS, EMPLOYEES AND OTHERS

Access To Officers And Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged directly by the director or through the Secretary or the CEO of the Company. A director will use his or her judgment to ensure that any contact is not disruptive to the operations of the Company and will, to the extent appropriate, copy the CEO and Chairman of the Board on any written communications between a director and an officer or employee of the Company.

The Chairman of the Board, in consultation with the Board and the CEO, will determine which members of senior management should be in regular attendance at Board meetings. The CEO, in consultation with the Board, may from time to time invite other officers or managers to Board meetings.

Board Communication

The Board believes that communications by the Company should generally be made through management personnel. Nonetheless, individual Board members may, from time to time, meet or otherwise communicate with parties outside the Company, such as legal counsel, independent auditors, government officials or members of the media. Generally, Board members would do this with the knowledge of management and, absent unusual circumstances or except as otherwise contemplated by the committee charters, only at the request of management.

VI. DIRECTOR COMPENSATION

The form and amount of director compensation will be determined by the Board pursuant to general principles established upon the recommendation of the Compensation Committee in accordance with the policies and principles in its charter and consistent with rules promulgated by Nasdaq, including without limitation those relating to director independence and to compensation of Audit Committee members.

The Compensation Committee shall review director compensation and the general compensation principles biennially, as required by its charter, and recommend any changes in the form and amount of director compensation or the principles to the Board when the committee determines a change is advisable. The Board is aware that questions as to director independence may be raised if, for example, (i) directors' fees and perquisites exceed what is customary, (ii) the Company makes substantial charitable contributions to organizations with which a director is affiliated, or (iii) the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

VII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

All new directors are expected to participate in an orientation program designed by the Company, which should generally be conducted in one or more sessions within six months of the annual meeting at which new directors are elected or the date on which new Board members are appointed, as applicable. This orientation program will be designed to acquaint the new directors

with the Company's business and industries. The program will typically include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors. In addition, the orientation program may include visits to Company headquarters and, to the extent practical, certain of the Company's significant facilities. All other directors are also invited to attend the Orientation Program.

The Company recognizes that it is essential for the effective operation of the Board of Directors that Board members be informed and have continuing access to information concerning the Company, its markets and the business, economic, technical, accounting, legal and other relevant developments that affect the Company or the environment in which it operates. To that end, the Company will periodically make available to its directors continuing educational opportunities designed to assist them in performing their Board and committee functions. This continuing education may be provided by Company personnel or advisers or may at times involve participation in external classes or seminars. Attendance at external events that involve expenditure of Company funds shall be subject to prior approval by the Chairman of the Board.

VIII. CEO EVALUATION AND MANAGEMENT SUCCESSION

Annual evaluation

The Compensation and Corporate Governance and Nominating Committees will each conduct an annual review of the CEO's performance, as set forth in their respective charters. The Board will review any reports of these committees to determine if the CEO is providing the best leadership for the Company in the long- and short-term.

CEO and Senior Executive Succession

The Corporate Governance and Nominating Committee shall make periodic reports to the Board on the status of professional development and succession planning for the Company's senior executives, including, but not limited to, policies and principles regarding succession in the event of an emergency or the retirement of the CEO. The entire Board will work with the Corporate Governance and Nominating Committee to identify and evaluate potential successors to the CEO and other members of senior management. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

The Board has no policy with respect to the separation of the offices of Chairman of the Board and the CEO. The Board believes this issue is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination when it appoints a new chief executive officer.

IX. ANNUAL PERFORMANCE EVALUATION

In accordance with their respective charters, each of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee will

conduct a self-evaluation annually and discuss the results of such evaluations with the full Board following the end of each year

The Board of Directors will also conduct an annual evaluation to determine whether it and its committees are functioning effectively. The Corporate Governance and Nominating Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

X. REVIEW OF AND ACCESS TO GUIDELINES

The Corporate Governance and Nominating Committee will review these Guidelines at least annually. The committee will recommend amendments to these Guidelines to the Board as it deems appropriate.

A current version of these Guidelines will be included on the Company's website and, as will be stated in the Company's annual proxy statement, will be made available in print to any Company shareholder who requests it.

Adopted by the Board: June 12, 2003