

MULTI-FINELINE ELECTRONIX, INC. COMPENSATION COMMITTEE CHARTER

Purpose

The purpose of the Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Multi-Fineline Electronix, Inc. (the “**Company**”) is to advise the Board regarding executive officer and director compensation; to oversee incentive, equity-based and other compensatory or benefit plans of the Company; and to advise and counsel management on succession planning and other significant human resource issues of the Company. The Committee shall perform its duties by designing an executive compensation program designed to attract, retain and motivate a highly qualified senior management team, and to encourage superior Company performance by directly tying executive compensation to the Company’s financial and strategic performance, thereby maximizing long-term stockholder value.

Composition

The Committee shall be composed of three or more directors, as determined by the Board. Except in exceptional and limited circumstances and as allowed by applicable laws, rules and regulations, each member shall satisfy the independence and outside director requirements of applicable tax and securities laws and regulations and the applicable rules of The Nasdaq Stock Market.

Procedures

Appointment. The Committee members, with one of whom shall be selected as Chairman, shall be appointed from time to time by the Board.

Authority to Retain Advisors. In the course of its duties, the Committee shall have the sole authority, at the Company’s expense, to retain and terminate compensation consultants and other advisors as the Committee deems appropriate, including the sole authority to approve any such advisor’s fees and retention terms.

Evaluation. The Committee shall periodically review and reassess the adequacy of this Charter and evaluate the Committee’s performance, recommending to the Board changes deemed necessary or appropriate.

Duties and Responsibilities

The Committee shall:

1. Develop and periodically review compensation policies and practices of the Company, including the criteria upon which executive compensation is based, the specific relationship of corporate performance to executive compensation and the

composition of executive compensation in terms of base salary, deferred, incentive or equity-based compensation and other benefits.

2. Review and approve corporate goals and objectives relevant to Chief Executive Officer (“CEO”) compensation, and evaluate (with the input of the non-management directors) the CEO’s performance in light of these goals and objectives. Based upon this evaluation, recommend the CEO’s overall compensation package to the Board.
3. Review the base salaries, additional compensation and benefits for the other executive officers of the Company, and based upon this review, recommend overall compensation packages to the Board for such executive officers.
4. Assist the Board in developing and evaluating potential candidates for executive positions, including the CEO, and oversee the development of executive succession plans.
5. Review management’s plans and programs for the attraction, motivation, succession, retention and development of the human resources required for the Company to achieve its corporate objectives.
6. Subject to the Board approval required by Section 3 above, supervise, administer and evaluate incentive, equity-based and other compensatory or benefit plans of the Company, including approving guidelines and the size of awards under the plans, making and modifying awards under the plans, interpreting and promulgating rules relating to the plans, designating employees eligible to participate in the plans and imposing limitations and conditions on such awards; except that determinations made with respect to awards to members of the Board shall be considered by the entire Board.
7. Review and approve, subject to stockholder approval as required, the creation or amendment of any incentive, equity-based and other compensatory or benefit plan of the Company (excluding amendments to tax-qualified employee benefit plans and trusts and any supplemental plan) that do not substantially alter the costs of such plans to the Company or to conform such plans to applicable laws or regulations.
8. Review and approve the annual merit increase budget and the annual bonus pool for the Company to provide that they are consistent with the Company’s financial strategies and are responsive to competitive trends.
9. Evaluate and advise management on the establishment and maintenance of favorable employee relations.
10. Review and approve health and welfare benefit plans of the Company.

11. Review and approve objectives for the development of the executive officers of the Company.
12. Review and approve any employment, severance or change-in-control agreement, any other special or supplemental employee benefit, and any material amendment to any of the foregoing, applicable to executive officers.
13. Review the compensation and benefits offered to directors and recommend changes to the Board as appropriate.
14. Review and approve Company consulting arrangements that are not approved by the Board as part of the Company's business planning, and either (a) are with a related party or (b) are with an unrelated party, but equal or exceed \$100,000 a year in value, for appropriateness.
15. Produce an annual report on executive compensation for inclusion in the Company's proxy statement or Annual Report on Form 10-K to be filed with the SEC.
16. Report to the Board on any significant matter arising from the Committee's work and make recommendations to the Board as appropriate.
17. At least annually, perform a self-assessment of the Committee's performance and perform a review and reassessment of this Charter.
18. Perform such other duties and responsibilities as may be assigned to the Committee by the Board or as designated in plan documents.