Multi-Fineline Electronix, Inc.
Corporate Governance Guidelines

The following corporate governance guidelines (the "**Guidelines**") have been approved by the Board of Directors (the "**Board**") of Multi-Fineline Electronix, Inc. (the "**Company**"), and together with the charters of the Board committees, provide the framework for the governance of the Company. The Board recognizes that the public discussion of corporate governance is on-going and evolving in a changing regulatory and judicial environment; accordingly, it will review these Guidelines and other aspects of the Company's governance annually or more often if deemed necessary or appropriate.

Role of the Board and Management

The Company's business is conducted by its employees and officers under the direction of the chief executive officer (the "**CEO**") and the oversight of the Board to enhance long-term corporate profitability and to protect and enhance stockholder value. Both the Board and management recognize that the long-term interests of the stockholders are advanced by responsibly considering the concerns of the other stakeholders and interested parties of the Company including employees, customers, suppliers, creditors, local communities and the public at large. The Board expects the Company's directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's Code of Business Conduct and Code of Ethics for Senior Officers.

Functions of the Board

Among the responsibilities of the Board, which are discharged by the Board as a whole or through committees established by the Board ("**Committees**"), are:

- Providing general oversight of the Company and delegating to management the operation of the Company;
- Reviewing, approving and monitoring the Company's business and financial plans and strategies;
- Selecting, evaluating, and, when necessary, replacing the CEO, and overseeing and evaluating the selection and evaluation of other executive management;
- Aligning executive compensation with stockholder value;
- Assessing the major risks facing the Company and reviewing options to mitigate the risks;
- Reviewing and approving the Company's financing plans and capital budget;
- Reviewing and approving significant transactions, including debt and equity financings and significant reorganizations, acquisitions and dispositions;
- Approving and overseeing the succession plan for the CEO and the other executive management; and
- Ensuring that processes are in place for maintaining (a) the integrity of the Company; the integrity of the financial statements and other financial reports; and (b) compliance with laws and regulations and the integrity of the Company's relationships with customers, suppliers and other stakeholders.

Strategic Oversight

1. Board's Role in Strategy. The Board is constructively engaged with management to ensure the appropriate development, execution and modification of the Company's strategy.

2. Annual Strategic Planning Meeting. As part of the annual calendar of scheduled meetings of the Board, the Chairman of the Board will schedule a strategic planning meeting of the Board. At the strategic planning meeting, the CEO will coordinate management presentations which will review and update the Company's business strategy. These presentations may include an extensive discussion of external factors such as the markets in which the Company operates, the Company's customers and competitors and technology and regulatory changes applicable to the Company's business. As a result of this process, the CEO will propose for the Board's approval the Company's business strategy going forward.

3. Monitoring the Execution, Results and Adjustment of the Strategy. The Board may request that management periodically update the Board on the attainment of strategic and financial goals and the changes in the external environment. The Board monitors execution of the strategy, results and any adjustment of the strategy in light of the changes in the external environment.

4. Risk Oversight Responsibilities. The Board is responsible for risk oversight, but certain areas are delegated to relevant Committees. The Committees report to the entire Board, and the full Board regularly reviews reports from management and the Committees on various aspects of the Company's business as it relates to risk and strategies for addressing those risks.

The Audit Committee has oversight responsibilities regarding risk related to the Company's financial statements and auditing, accounting and related reporting processes, and systems of internal controls regarding finance, accounting, financial reporting, and business practices. The Audit Committee further has oversight over any material financial risks as designated by management or the independent auditors.

The Compensation Committee has oversight regarding the effect of compensation policies and structure on risk. The Compensation Committee further oversees and advises the Board on risks related to executive officer and director compensation as well as incentive, equity-based, and other compensatory plans.

The Nominating and Corporate Governance Committee ("**Nominating Committee**") oversees risks related to the leadership structure of the Board and corporate governance of the Company. This includes risks related to the Nominating Committee's process for nominating directors, the functioning and effectiveness of the Board, the performance of the CEO, and the Company and CEO's development plans for senior management.

Board Composition and Director Qualifications

1. Size. The number of directors that constitutes the Board is fixed from time to time by a resolution adopted by a majority of the Board.

2. Independence. The majority of the Company's directors are required to qualify as independent directors in accordance with the rules of the Nasdaq Stock Market, Inc. ("**Nasdaq**"). As appropriate, the Board will review the application of the independence criteria to each director designated as an independent director to make sure that the director continues to qualify as independent.

3. Selection of Directors. Stockholders may propose nominees to be considered by the Nominating Committee by submitting the name and the supporting information to the Secretary of the Company.

4. Qualifications and Diversification. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders. The Company endeavors to have a Board comprised of experienced and dedicated individuals with diverse backgrounds, perspectives and skills. Among the factors that the Nomination Committee and the Board will take into account in recommending and selecting Board candidates are the prospective candidate's character, judgment, diversity of business experience or professional background, knowledge of the Company's business, and availability and commitment to carrying out his or her responsibilities as a director.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time, although in accordance with the Company's policy on term limits as described below.

The Company does not limit the number of public company boards on which members of the Board are permitted to serve; however, all directors are requested to advise the Chairman of the Board in advance of accepting an invitation to serve on the Board of another public company and are expected not to accept the invitation if it would materially interfere with the director's responsibilities as a member of the Board. Each director will submit a letter of resignation to the Board upon any change in his or her employment.

The Company does not believe that directors should expect to be re-nominated when their term expires. The Board self-assessment process coordinated by the Nominating Committee, as described below, will be an important consideration for Board tenure. As a general rule, directors will not be nominated for election to the Board either (i) after serving more than four (4) terms on the Board or (ii) after their 72^{nd} birthday; however, the full Board may nominate or re-nominate candidates who have served four (4) or more terms or who are 72 years old and over for special circumstances.

5. Chairman. The Board shall select one of its members as Chairman.

Board Committees

1. Establishment of Committees. The Board has established the following three standing Committees:

- Audit Committee;
- Compensation Committee; and
- Nomination and Corporate Governance Committee.

The Board may, from time to time, establish any other standing or special committee that it determines is necessary or desirable to carry out its responsibilities, and subsequently may disband any committee so established.

2. Independence of Committee Members. The members of each Committee, and the Committee chairman, are appointed annually by the Board in consultation with the Nominating Committee. The chair and members of such Committees may be rotated from time to time as determined by the Board. Generally, each of the members of the three standing Committees is required to qualify as an independent director in accordance with the criteria established by Nasdaq, although from time to time the Board may make exceptions, and Committee members must meet any other requirements imposed by law, including SEC rules and regulations.

3. Committee Charters. Each of the standing Committees has a charter that is approved by the Board. The charter sets forth the duties and responsibilities of the Committee, including those duties and responsibilities imposed by applicable regulatory requirements and Nasdaq.

Board Meetings

1. Frequency and Attendance and Subject Matter. Board and Committee meetings are held with such frequency as the business of the Company requires. A report of all actions taken by each Committee shall be presented at the next regularly scheduled Board meeting, and the minutes of all Committee meetings shall be circulated to the entire Board.

2. Attendance. Each director is expected to attend all regularly scheduled meetings and special meetings of the Board and of each Committee on which the director serves, and to spend the time necessary to prepare for meetings. Except for meetings planned as teleconferences, directors shall strive to attend meetings in person and keep telephonic participation to a minimum and limited to special or extenuating circumstances.

3. Agenda. The Chairman is responsible for establishing and circulating the agenda for each Board meeting. Directors are urged to make suggestions for agenda items, or pre-meeting materials, to the Chairman or appropriate Committee chair at any time. Any director, or any member of a Committee, as the case may be, may add to the agenda of any Board meeting, or Committee meeting, respectively, any matter that the director reasonably believes should be on such agenda.

4. Advance Review of Meeting Materials. Background materials relating to matters to be considered at a Board or Committee meeting will be circulated to directors in advance of the meeting, with at least five days for review being given whenever possible. Directors are expected to review materials in advance of the meeting.

5. Board Presentations by Management. The Board encourages the participation of management officials, in addition to the CEO, in Board meetings for the purpose of (a) making presentations; (b) responding to director questions; (c) providing information on matters within their areas of expertise; and (d) allowing them to gain Board exposure.

6. Meetings of Independent Directors. The Company’s independent directors shall meet regularly, without the presence of any of the management directors, for the consideration of any matter concerning the Company that they deem appropriate. These meetings are presided over by the Company’s Chairman or, if the Chairman does not qualify as an independent director, by the a director chosen by the independent directors to lead the meeting. Any independent director may request a meeting of the independent directors by contacting the Chairman or the other independent directors.

Board Compensation

1. Compensation Standards. The Board as a whole is responsible for approving all compensation arrangements for directors. The Board believes that, in order to attract experienced directors of a high caliber, the compensation paid to non-employee directors should be comparable to that paid by competing companies of a similar size. To align director compensation with corporate performance, a portion of a director’s compensation should be paid in Company stock or options to acquire Company stock. A director who is an employee of the Company or one of its subsidiaries is not entitled to receive any additional compensation for services as a director.

2. Periodic Compensation Review. The Compensation Committee is responsible for periodically conducting a review of non-employee director compensation and reporting its evaluation and any recommended changes to the Board.

Board Relationship to Senior Management

1. Chief Executive Officer Evaluation. The Nominating Committee, with the assistance of the other non-management directors of the Board, shall review the performance of the CEO as appropriate, preferably at least on an annual basis. The evaluation is based on objective and subjective criteria, which may include the financial performance of the Company, the establishment and accomplishment of strategic objectives, vision and leadership, and the development of management.

2. Chairman of the Board Evaluation. The Board shall review the performance of the Chairman, as appropriate, preferably at least on an annual basis. When the CEO is also the Chairman, the CEO/Chairman will be evaluated in performance separately for each of these two roles.

3. Management Succession. The Compensation Committee, with the assistance of the Nominating Committee, shall oversee the development and implementation of management succession plans. The Board may request from the CEO an annual report on job performance and development and succession planning of the Company’s executive management. As part of this report, the Board and CEO may discuss the prospect of at least one individual who could assume the CEO position if the CEO unexpectedly should be unavailable for service.

4. Compensation of the CEO and Other Executive Officers. Based on the annual performance review of the CEO, the Compensation Committee shall recommend to the independent Board the total compensation package, including benefits and incentive pay, of the CEO, and the independent Board shall determine such compensation by a vote which shall include the affirmative vote of a majority of the independent directors of the Company. With respect to the other executive officers of the Company, based upon their annual reviews, the Compensation Committee shall determine the total compensation, including benefits and incentive pay, for the Company's other executive officers.

5. Board and Management Responsibilities for Communication with Company Constituencies and the Public. The Board believes that the Company's management speaks for the Company. Accordingly, all discussions with and communications to the press, business partners, stockholders and the general public relating to the Company made by the management and all inquiries made to individual directors should be referred to the CEO or other appropriate company officer or representative appointed by the CEO to field such inquiries. If requested by the CEO, an individual Board member may meet or communicate with any of the Company's constituencies or the public.

Board Access to Employees and Advisors

Each director shall have full access to employees of the Company. Directors are expected to exercise their best judgment to ensure that such contacts are not disruptive of the business operations of the Company and, to the extent appropriate, to either arrange for such contacts and access through the CEO, or notify the CEO in advance of such efforts.

The Board and its committees each shall have the authority at any time to hire, at the expense of the Company, outside consultants and advisors, including legal and accounting advisors, to assist it in the discharge of its duties. In such cases, the Chairman of the Board or the Chairman of the respective committee engaging such consultant(s) or advisor(s) shall notify the Chief Executive Officer of the Company of such engagement.

Stockholder Communications with the Board

The Board provides a process for stockholders to send communications to the Board or any of the directors. Stockholders may send written communications to the Board or any of the directors care of the Secretary or General Counsel of the Company. All communications will be compiled by the Secretary of the Company and submitted to the Board or the individual directors on a periodic basis. Each director shall strive to attend in person all annual and special meetings of the stockholders.

Ethics and Conflicts of Interest

The Board expects the Company's directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's Code of Business Conduct and Code of Ethics for Senior Officers. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the CEO and the Chairman of the Audit Committee. If a significant conflict exists and cannot be resolved, the director should consider whether resignation is appropriate. All directors will excuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board shall resolve any conflict of interest question involving the CEO, or an officer of the Company. The CEO shall resolve any conflict of interest issue involving any other employee of the Company.

Performance Review of the Board and the Committees of the Board

1. Review of Board Effectiveness. At such time as is appropriate, the Nominating Committee shall coordinate a process of self-assessment by all members of the Board on the performance of the Board during the preceding year and shall report to the Board the findings and recommendations to improve Board effectiveness. This evaluation may include a review of the delineation of Board and management powers and the effectiveness of the interaction between the Board and management.

2. Review of Committee Effectiveness. The Nominating Committee shall review the Committee structure and the membership of each Committee at such time as is appropriate, preferably at least on an annual basis and shall make recommendations to the Board on any change that it believes is appropriate. In addition, at such time as is appropriate, the Board shall coordinate a process of self-assessment by members of each standing Committee on the performance of such Committee during the preceding year and each Committee shall report to the Board the findings and any recommendation to improve Committee effectiveness.

Director Orientation and Continuing Education

The CEO shall be responsible for ensuring that an effective orientation for new directors occurs as soon as possible after such directors' election to the Board, preferably within six months. Such orientation may include personal briefings by senior management relating to the Company's strategic plans, its financial statements and its key policies and procedures, including the Company's Code of Business Conduct and Code of Ethics for Senior Officers. In addition, from time to time, the Company may provide materials and arrange briefing sessions for all directors that address business, legal, and other matters of importance that would assist them in discharging their duties. The Company also supports attendance of its directors at continuing education conferences for directors of public companies.