

IDENTIFICATION SOLUTIONS Inc.

CHARTER FOR THE COMPENSATION COMMITTEE

1. PURPOSE

The purpose of the Compensation Committee of the Board of Directors (the “*Board*”) of Identification Solutions, Inc. (the “*Company*”) shall be to: provide oversight of the Company’s compensation policies, plans and benefits programs; assist the Board in discharging its responsibilities relating to (a) oversight of the compensation of the Company’s Chief Executive Officer (the “*CEO*”) and other executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934), and (b) approving and evaluating the executive officer compensation plans, policies and programs of the Company; and assist the Board in administering the Company’s equity compensation plans for its executive employees.

The compensation programs for the Company shall be (a) designed to attract, motivate and retain talented employees responsible for the success of the Company, (b) determined within a competitive framework and (c) based on the achievement of the Company’s overall financial results and individual contributions.

In furtherance of these purposes, the Compensation Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

2. MEMBERSHIP AND ORGANIZATION

Composition. All Compensation Committee members shall be appointed by, and shall serve at the discretion of, the Board. The Compensation Committee shall consist of no fewer than two members of the Board each. The Board may designate one member of the Compensation Committee as its chair. The Compensation Committee may form and delegate authority to subcommittees when appropriate. Members of the Compensation Committee must meet the following criteria:

- (a) the independence requirements of the NASDAQ Stock Market, Inc.;
- (b) the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended; and
- (c) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Meetings and Reports. The Compensation Committee will meet as often as may be deemed necessary or appropriate, in its judgment, in order to fulfill its responsibilities. They may meet either in person or telephonically. They will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The CEO may not be present during voting or deliberations regarding CEO compensation in the Executive Compensation meetings.

Compensation. Members of the Compensation Committee who are not inside Directors shall receive such fees, if any, for their service as Compensation Committee members as may be determined by the Board in its sole discretion.

3. RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Compensation Committee shall include:

Compensation Committee:

- (a) annually reviewing and approving: (i) the annual base salary, (ii) the annual incentive bonus, including the specific goals and amount, and (iii) the equity compensation, including stock option grants to the Company's employee directors and executive officers, including the CEO. One of the objectives shall be to use compensation to align the interests of the executive officers with the long-term interests of the Company's stockholders, thereby incentivizing management to increase stockholder value;
- (b) reviewing and approving corporate goals and objectives relevant to the compensation of the executive officers, including the CEO, evaluating their performance in light thereof, and considering factors related to the performance of the Company, including accomplishment of the Company's long-term business and financial goals;
- (c) evaluating on a periodic basis, the competitiveness of the compensation of the CEO and the executive officers of the Company;

Related Duties and Authority

- (a) periodically reviewing this Charter and its processes and recommending any proposed changes to the Board of Directors;
- (b) consulting with the Human Resources Department and, when appropriate, with outside consultants to assist in the evaluation of executive officer compensation and approving the consultant's fees and other retention terms. The Compensation Committee may also obtain advice and assistance from internal or external legal, accounting or other advisors; and
- (c) producing a report on executive compensation for inclusion in the Company's annual proxy statement that complies with the rules and regulations of the Securities and Exchange Commission and any other applicable rules and regulations.