

ENOVA SYSTEMS, INC.

COMPENSATION COMMITTEE CHARTER

I. Purpose

The Board of Directors (the “Board”) of Enova Systems, Inc. (the “Company”) has established a compensation committee (the “Committee”) governed by this charter (the “Charter”). The primary purpose of the Committee is to review, evaluate, and approve the Company’s executive officer compensation arrangements, plans, and policies. The general purpose of the Committee is to establish, or recommend the establishment of compensation and related philosophies to the Board.

II. Composition

The Committee shall consist of at least two members. Each member of the Committee shall (1) be independent and qualified under standards established by applicable law and the listing standards of the American Stock Exchange or its successor, (2) qualify as an “outside director” under Section 162(m) of the Internal Revenue Code, as amended, and (3) meet the requirements of a “non-employee director” for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.

Committee members shall be appointed by the Board on the recommendation of the Nominating Committee. The members of the Committee may be removed and replaced by a majority vote of the Board. The Board may designate one alternate member to the Committee who may replace any absent or disqualified member at any meeting of the Committee.

The Board shall appoint one member of the Committee as chairperson. He or she shall be responsible for leadership of the Committee, including overseeing the Committee agenda, presiding over Committee meetings, and reporting to the Board on behalf of the Committee. If the chairperson of the Committee is not present at a meeting, the members of the Committee may designate a chairperson for that meeting.

III. Meetings

The Committee shall meet at least once annually to carry out its responsibilities. The chairperson shall distribute an agenda a reasonable time in advance of any meeting. In addition to attending in person, members of the Committee may participate by telephone, video conference, or any other similar means through which all members may communicate simultaneously.

A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a

quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting.

Minutes of each meeting of the Committee shall be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee, and the Secretary of the Company. The chairperson shall report to the Board from time to time, or whenever so requested by the Board.

IV. Authority, Responsibilities, and Duties

A. Compensation of Chief Executive Officer. The Committee shall (i) review and approve corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer, (ii) evaluate the Chief Executive Officer's performance at least annually in light of those goals and objectives, and (iii) determine the Chief Executive Officer's compensation level based on this evaluation, subject to the terms of existing contractual arrangements. In determining any long-term incentive component of Chief Executive Officer's compensation, the Committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company's Chief Executive Officer in past years. However, the Chief Executive Officer is not permitted to be present during voting or deliberations with respect to his or her compensation by the Committee or the Board

B. Compensation of Other Officers. The Committee shall fix the salaries to be paid and the bonuses and awards to be granted, pursuant to the Company's compensation plans or otherwise, to the officers of the Company. In so doing, the Committee may consult with the Chief Executive Officer for input and recommendations.

C. Compensation of Directors. The Committee periodically shall review director compensation at comparable companies and recommend for directors appropriate compensation for serving on the Board and on committees of the Board. However, as required by the Company's bylaws, only the Board itself may establish compensation to directors for service on the Board or any of its committees.

D. Compensation and Benefit Plans. The Committee shall establish, or recommend the establishment of, compensation and benefits plans for directors, officers, and employees of the Company as it deems appropriate. The Committee shall oversee the Company's employee benefit plans(s) if so designated by the plan or the Board as appropriate.

E. Stock-based Awards. The Committee may grant stock options and other stock and stock-based awards to the Company's officers, employees and others when permitted to do so by the terms of the Company's compensation or benefit plans.

F. SEC Disclosure. If required under applicable U.S. Securities and Exchange Commission ("SEC") rules or regulations and consistent with those rules or regulations, the

Committee shall review and discuss with the Company's management the Compensation Discussion and Analysis ("CD&A") and if appropriate provide a Compensation Committee Report for inclusion in the Company's proxy statement filed with the SEC as contemplated by applicable SEC rules.

G. Other. The Committee shall perform such other functions as may be assigned by law, the Company's certificate of incorporation or bylaws, stock exchange upon which the Company lists its shares of common stock for trading, or otherwise properly assigned by the Board.

H. Compensation Consultant. The Committee shall have the sole authority to decide whether to retain any compensation consultant to assist in the evaluation of executive officer compensation and shall have sole authority to approve any such consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting, or other advisors and the sole authority to approve the payment of the advisor's fees and other retention items. All fees and other retention items for compensation consultants and internal or external legal, accounting or other advisors shall be paid by the Company.

V. Evaluation

The Committee shall evaluate its performance periodically. The results of an evaluation shall be presented to the Board at its next meeting.

VI. Review

The Committee shall review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board. This Charter may be amended only by the Board.