



AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

ENER1, INC.
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I. PURPOSE

1. This charter governs the operations of the Audit Committee (the "Committee") of Ener1, Inc. (the "Company").
2. The purpose of the Committee is to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities with respect to the Company's accounting and financial reporting processes and audits of the financial statements of the Company, by monitoring the:
 - a. integrity of the Company's financial statements;
 - b. independence and qualifications of its external auditor;
 - c. Company's system of internal controls;
 - d. performance of the Company's internal audit process and external auditor;
and
 - e. Company's compliance with laws and regulations and its codes of conduct.

In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, external auditor and management of the Company.

3. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any registered public accounting firm engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company and to any advisors employed by the Committee.

II. COMPOSITION

1. The Board will appoint Committee members and the Committee chair on the recommendation of the Company's Nomination and Governance Committee.
2. The Committee will consist of three or any higher odd number of individuals as the Board of Directors shall determine. Each person serving on the Committee shall be a member of the Board of Directors. .
3. Committee members may be replaced by the Board.

4. Each Committee member shall meet the independence and experience requirements of the Sarbanes-Oxley Act of 2002, the rules and regulations of the Securities and Exchange Commission (the "SEC") and the rules of the principal market on which the Company's common stock is then listed or quoted.
 - a. A member of the Committee shall promptly notify the chair of the Committee and the board of directors if the member is no longer an Independent Director.
 - b. The chair of the Committee shall promptly notify the full board of directors if the chair is no longer an Independent Director.
5. All Committee members shall be financially literate and at least one member shall be a "financial expert" as defined by SEC rules and regulations; provided, however, that if no member of the Committee satisfies such definition, the Committee shall direct the Company to include appropriate disclosures in SEC filings as required by the SEC rules and regulations then in effect.
6. The Committee also shall direct the Company to include appropriate disclosures in SEC filings with regard to service by Committee members on the audit committees of other public companies as required by SEC rules and regulations then in effect.
7. No Board member shall serve as a member of the Committee if such member serves on the audit committee of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such member to serve effectively on the Committee.
8. Committee members (i) shall be barred from accepting any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof, other than in the member's capacity as a member of the Board or any other Board committee and (ii) shall not be an "affiliated person" of the Company or any subsidiary apart from his or her capacity as a member of the Board and any Board committee.

III. MEETINGS

1. The Committee shall meet at least four times per year, and each time the Company proposes to issue a press release with its quarterly or annual earnings information. These meetings may be combined with regularly scheduled meetings, or more frequently as circumstances may require.
2. The Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.
3. All Committee members are expected to attend each meeting in person or via

teleconference or videoconference.

4. A quorum shall exist so long as there is a simple majority of the members of the Committee in attendance in person, by teleconference, or by videoconference.
5. Minutes will be kept by a member of the Committee or a person designated by the Committee.

IV. AUTHORITY AND RESPONSIBILITY

The Committee's role is one of oversight. The Company's management is responsible for preparing the Company's financial statements and the Company's independent public accounting firm is responsible for auditing those financial statements. The following functions and responsibilities are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances. The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible to best react to changing conditions and circumstances, and that the Committee should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior.

The Committee has authority to conduct or authorize examinations into any matters to fulfill its purpose. In this respect it has sole authority and responsibility to:

1. Appoint replace, reassign, or dismiss:
 - a. the independent auditors to be engaged by the Company and approve the related audit fees,
 - b. pre-approve any non-audit services provided by the independent auditors, including tax services, before the services are rendered and approve the related fees,
 - c. outside advisors, including counsel, as it determines necessary or advisable to carry out its duties, and
 - d. the Chief Audit Executive (CAE).

See the PRE-APPROVAL OF AUDITOR ENGAGEMENTS section below for additional information concerning items 1a and 1b.

Private & Executive Sessions

2. Conduct executive sessions with the outside auditors, CEO (chief executive officer), CFO (chief financial officer), CAE, general counsel, outside counsel, controller, and anyone else as desired by the Committee.
3. Seek any information it requires from employees—all of whom shall be directed

to cooperate with the Committee's requests—or external parties.

Accounting Matters and Financial & Regulatory Reporting

4. Review with the independent auditor, the CFO and the CAE:
 - a. The Company's quarterly and annual financial statements and related footnotes, as well as off-balance sheet structures, if any to determine that management is satisfied with the financial statements and disclosures to be presented to the shareholders.
 - b. Earnings press releases and financial information, as well as earnings guidance to analysts and ratings agencies.
 - c. The audit scope and plan of the independent auditors. Address the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
 - d. Any significant changes required in the independent auditors' audit plan.
 - e. The independent auditors' audit of the financial statements and their report thereon including:
 - i. any serious difficulties or disputes with management encountered during the audit;
 - ii. all critical accounting policies and practices used by the Company;
 - iii. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, the ramifications of each alternative, and the treatment preferred by the Company;
 - f. Matters required to be discussed by Statement on Auditing Standards (SAS) No. 61, *Communication With Audit Committees* (AICPA, *Professional Standards*, vol. 1, AU sec. 380), as amended, related to the conduct of the audit; and
 - g. The interim annual financial report before it is filed with the SEC or other regulators.
5. Oversee the preparation of an annual report of the Committee as required by the rules of the SEC and the annual affirmation required by the appropriate listing exchange, if necessary.
6. Include, when required by SEC rules, in the annual Proxy Statement for the Company a report of the Committee in accordance with the proxy rules promulgated by the SEC.

Relationship with the Independent Accountants

7. Assure the continued independence of the audit team by ascertaining that;

- a. the lead (or concurring) audit partner from any public accounting firms performing audit services, serves in that capacity for no more than five fiscal years of the Company, and
 - b. any partner other than the lead or concurring partner serves no more than seven years at the partner level on the Company's audit.
8. Review and evaluate the performance of the independent auditors and discuss with the full Board any proposed discharge of the independent auditors.
9. Mediate a solution of any disagreements between the independent auditor and management about financial reporting.

Internal Controls, Risk Management and Compliance

10. Inquire of management, the CAE, and the independent auditors about significant risks or exposures facing the Company; assess the steps management has taken or proposes to take to minimize such risks to the Company; and periodically review compliance with such steps.
11. Review with the independent accountants and the CAE:
 - a. The adequacy of the Company's internal controls including computerized information system controls and security.
 - b. Any related significant findings and recommendations of the independent auditors together with management's responses thereto.
12. Review with management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditors.
13. Review procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters (Whistleblower Policy).
14. Review any submissions that have been received, the current status, and the resolution if one has been reached.
15. Review with the general counsel and the CAE legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements, related company compliance policies, and programs and reports received from regulators.
16. Periodically review the Company's code of conduct to ensure that it is adequate and up-to-date.

17. Review with the CAE and the Company's general counsel the results of their review of the monitoring of compliance with the Company's code of conduct.

Other Matters

18. Review and reassess this Charter annually and obtain the approval of the Board.
19. Conduct an annual self-assessment of its effectiveness.
20. Review and approve all related party transactions.
21. Create an agenda for the ensuing year or review and approve the agenda submitted by the CAE.
22. Report regularly to the Board of Directors (i) following meetings of the Committee, (ii) with respect to such matters that are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.

V. PRE-APPROVAL OF AUDITOR ENGAGEMENTS

1. The Committee shall:

Approve in advance any audit or non-audit engagement or relationship between the Company and its independent auditors, other than "prohibited non-auditing services", as determined from time to time by the SEC, the Public Company Accounting Oversight Board or any exchange or market on which the Company's securities are then listed or traded.

2. The Committee may:
 - a. pre-approve audit and non-audit services based on policies and procedures adopted by the Committee, provided that:
 - i. the policies and procedures are detailed as to the particular service,
 - ii. the Committee is informed of each service on a timely basis,
 - iii. such policies and procedures do not include delegation of the Committee's responsibilities to management, and (iv) such policies and procedures are disclosed in the Company's annual reports; and/or
 - b. delegate to one or more of its members the authority to approve in advance all audit or non-audit services to be provided by the independent auditors so long as decisions made by such member are presented to the

full Committee at the immediately subsequent scheduled meeting.

3. Notwithstanding the foregoing, pre-approval is not necessary for *de minimis* non-audit services if:
 - a. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its auditors during the fiscal year in which the non-audit services are provided;
 - b. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - c. such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.