

**CHARTER FOR THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS
OF
DIGITAL VIDEO SYSTEMS, INC.**

1. PURPOSE

The purpose of the Compensation Committee of the Board of Directors of Digital Video Systems, Inc. (the "Company") shall be to:

- provide oversight of the Company's compensation policies, plans and benefits programs;
- ensure the company adheres to a compensation philosophy of "pay for performance;"
- provide oversight of the compensation of the Company's Chief Executive Officer and other executive officers (including all officers reporting under Section 16 of the Securities Exchange Act of 1934), and approve and evaluate the executive officer compensation plans, policies and programs of the Company; and
- assist the Board of Directors in administering the Company's equity compensation plans.

The compensation programs for the Company's executive officers shall be designed to attract, motivate and retain talented executives responsible for the success of the Company and shall be determined within a competitive framework and based on the achievement of the Company's overall financial results, individual contributions and a measure of customer satisfaction.

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. The 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. The Board may designate one member of the Committee as its chair. Members of the Compensation Committee must meet the following criteria:

- the independence requirements of the Nasdaq Stock Market, Inc.;

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

Meetings. The Committee will meet as often as may be deemed necessary or appropriate in its judgment, but in no event shall the Committee convene fewer than two times per year. The Committee may meet either in person or telephonically, and at such times and places as the Committee determines. The CEO may not be present at meetings during voting or deliberations regarding the compensation of the CEO.

The Compensation Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

Compensation. Members of the Compensation Committee shall receive such fees, if any, for their service as Compensation Committee members as may be determined by the Board of Directors in its sole discretion.

3. RESPONSIBILITIES AND DUTIES

- The Compensation Committee shall annually review and approve for the CEO and the executive officers of the Company (a) the annual base salary, (b) the annual incentive bonus, including the specific goals and amount, (c) equity compensation, (d) any employment agreement, severance arrangement, a change in control agreement/provision, (e) any signing bonus or payment of relocation costs, and (f) any other benefits, compensation or arrangements. An important objective of the Committee shall be to align the financial interests of executive officers with those of the Company's stockholders by providing significant equity-based, long-term incentives.
- Specifically with respect to the CEO, the Compensation Committee shall review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate his performance in light thereof, and consider identified and other factors related to the performance of the Company, including accomplishment of the Company's long-term business and financial goals.
- The Compensation Committee shall administer the Company's equity compensation plans.
- The Compensation Committee shall review the Company's bonus plan objectives to ensure incentive payments reward the achievement of appropriate corporate performance goals.
- The Compensation Committee shall provide oversight of the Company's overall compensation plans and benefits programs. The Compensation Committee shall also

make recommendations to the Board of Directors with respect to improvements or changes to such plans or the adoption of new plans when appropriate.

- The Compensation Committee shall evaluate on a periodic basis the competitiveness of (i) the compensation of the CEO and the executive officers of the Company and (ii) the Company's overall compensation plans.
- The Compensation Committee may form and delegate authority to subcommittees when appropriate.
- The Compensation Committee shall make regular reports to the Board.
- The Compensation Committee shall review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.
- The Compensation Committee may directly hire outside consultants and consult with the Human Resources department when appropriate to assist in the evaluation of executive officer compensation and may approve 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.
- The Compensation Committee shall produce 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.
- The Compensation Committee shall perform such other duties as the Board may direct from time to time.