

**CHARTER OF THE COMPENSATION, GOVERNANCE
AND NOMINATING COMMITTEE
OF THE BOARD OF DIRECTORS OF
UNOVA, INC.**

As Amended February 2004

I. PURPOSES

The Compensation, Governance and Nominating Committee (the "Committee") shall report to and assist the Board of Directors (the "Board") with regard to the matters set forth in this Charter. The purposes of this Committee shall include the following:

- A. Discharging the Board's responsibilities relating to compensation of the Company's executives, including review and approval of corporate goals and objectives relevant to compensation of the Chief Executive Officer (the "CEO"), evaluation of the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent Directors (as directed by the Board), determination and approval of the CEO's compensation level based on this evaluation; and recommendations to the Board with respect to non-CEO compensation, incentive-compensation plans and equity-based plans;
- B. Producing an annual report on executive compensation for inclusion in the Company's proxy statement or annual report on Form 10-K in accordance with applicable rules and regulations;
- C. Identifying individuals qualified to become Board members consistent with the criteria annexed to this Charter, and selecting and recommending to the Board the Director nominees for the next annual meeting of shareholders;
- D. Developing and recommending to the Board the Corporate Governance Guidelines applicable to the Company;
- E. Overseeing the evaluation of the Board and management; and
- F. Conducting an annual performance evaluation of the Committee.

In fulfilling its purposes, the Committee shall undertake those tasks and responsibilities that, in its judgment, would most effectively contribute to and implement the purposes of the Committee, including those specifically listed in this Charter.

II. Committee Membership and Procedure

- A. The Committee shall be comprised of not less than three members of the Board.
- B. All members of the Committee shall be independent Directors as independence is defined in accordance with the rules, regulations and standards of the NYSE and as determined in the business judgment of the Board.

- C. Members of the Committee and its Chair shall be appointed by a resolution of the majority of independent Directors.

III. Committee Authority and Responsibilities

The Committee shall have and may exercise all of the powers and authority of the Board in connection with the performance of its duties and responsibilities under this Charter, including without limitation the authority to call upon the Company's officers and employees or outside consultants for such assistance and support as it deems appropriate, and to institute and carry out investigations of improprieties or such other matters as it deems necessary.

A. Compensation Matters

1. Compensation Structure and Philosophy. The Committee shall examine the compensation structure of the Company periodically to determine that the Company is rewarding its executive personnel in a manner consistent with sound business practices and, in connection with such review, determine the compensation philosophy for the Company. Among other things, the compensation structure should:
 - a. Align the interests of the Company's executives and shareholders by implementing and maintaining compensation programs that provide for the acquisition and retention of Company shares by senior executives;
 - b. Reinforce a results-oriented management culture with executive pay that varies according to overall Company and individual performance against aggressive business goals and core behavioral standards; and
 - c. Provide an executive compensation package that attracts, retains, and motivates key executives.

The Committee shall also develop and maintain a program covering long-range plans for executive compensation for further consideration by the Board. The Committee shall review and approve the list of a peer group of companies to which the Company shall compare itself for compensation purposes.

2. CEO Compensation. The Committee shall review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee shall consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years.
3. Compensation Plans. The Committee shall establish, administer, amend or terminate, and otherwise act for and on behalf of the Board with respect to the executive compensation, incentive and deferred compensation, and equity-based compensation plans and programs of the Company and affiliated companies (the "Compensation Plans"), including other similar compensation plans the Committee deems desirable to establish, terminate or amend from time to time. The

Committee shall review and make recommendations with respect to performance or operating goals for participants in the Company's Compensation Plans. The Committee has the full and final authority to fix the salaries of all the officers of the Company and, when deemed appropriate, to authorize the execution and delivery of employment contracts with any of such officers.

4. Employee Benefit Plans. The Committee shall have the right to establish, administer, amend or terminate, and to otherwise act for and on behalf of the Board with respect to the employee benefit plans of the Company and affiliated companies including both welfare and pension plans (the "Benefit Plans"), including any supplemental Benefit Plans, and any other similar plans or arrangements.
5. Other Plans and Arrangements. The Committee shall have the right to establish, administer, amend or terminate, and to otherwise act for and on behalf of the Board with respect to Change in Control and severance arrangements, employment contracts, special retirement programs and any other similar plans or arrangements that the Committee deems desirable in the best interests of the Company to establish from time to time.

By way of example and not by limitation the Committee, in accordance with the procedures regarding Compensation Plans, Employee Benefit Plans, and Other Plans and arrangements,

- a. is authorized to select and recommend, for designation by the Board of Directors, such key employees of the Company who are eligible to enter into Change of Control Employment Agreements with the Company;
- b. is hereby designated and authorized to select, from time to time, key employees of the Company to participate in the UNOVA, Inc. Supplemental Executive Retirement Plan, as well as any other supplemental or executive retirement plan or contractual arrangement established or which may be established by the Company or any of its subsidiaries, and to perform any and all duties assigned to it under the terms of any such plans;
- c. is hereby designated and authorized to administer the UNOVA, Inc. Incentive Loan Program in accordance with prior authorizing actions of the Board and current regulatory principles, until such time as all currently outstanding loans under such program have been repaid;
- d. is hereby designated and authorized to administer the UNOVA, Inc. 1997 Stock Incentive Plan, the UNOVA, Inc. 1999 Stock Incentive Plan, the UNOVA, Inc. 2001 Stock Incentive Plan and any other stock incentive plan approved by the Company's shareholders;
- e. is hereby designated and authorized to administer the UNOVA, Inc. 2002 Director Stock Option and Fee Plan;
- f. is hereby empowered to administer the UNOVA, Inc. Management Incentive Compensation Plan, as amended; and

8. Search Firms and Advisors. The Committee shall have the sole authority to retain and terminate any search firm to be used to identify Director candidates and shall have sole authority to approve the search firm's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal and external legal, accounting or other advisors.

ANNEX A
CRITERIA FOR NOMINATION TO THE BOARD

1. Directors must be of the highest ethical character and share the values of UNOVA, Inc. as represented in its Standards of Conduct and in its Corporate Governance Guidelines.
2. Directors should hold or have held a generally recognized position of leadership that demonstrates the ability to exercise sound judgment in a wide variety of matters.
3. It is the Company's policy that a majority of the members of its Board of Directors shall be independent within the meaning of applicable regulatory and listing regulations. This means that
 - Directors must be of an independent cast of mind and be willing to share their views with their colleagues,
 - Directors should be independent of any particular constituency and be able to represent all the shareholders of the Company,
 - Directors are expected to provide independent and candid advice to the Company.
4. All Directors must evidence a willingness to
 - devote a substantial amount of time to Company business,
 - understand the company's business and keep informed on its operations,
 - understand the company's reporting system and its system of internal controls,
 - exercise care, balance, fairness, and due deliberation in the decision-making process.
5. Directors are expected to attend all board and committee meetings and annual meetings of shareholders.
6. Directors are expected to engage in collegial debate and colloquy with other board members at which time a free and open exchange of ideas and opinions is to occur.
7. Directors are expected to be able to serve for at least five (5) years before reaching the retirement age of 72.
8. Directors are expected to understand the Board's policy that each Director should have a substantial investment in the Company. In this regard, each nominee should understand that it is the Board's policy that the annual retainer fee is provided in company stock.
9. Directors are expected to be available to offer advice and guidance to the Chief Executive Officer at times other than regularly scheduled Board meetings.