



SUNPOWER CORPORATION CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

This Charter of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of SunPower Corporation, a California corporation (the "Company"), was adopted by the Board on October 26, 2005, to be effective upon the completion of the Company's initial public offering after the Company's re-incorporation in Delaware.

I. PURPOSE

The Committee shall assist the Board in discharging its duties with respect to:

- A. The formulation, implementation, review, and modification of the compensation of the corporation's directors and executive officers; and
- B. The preparation of an annual report on executive compensation for inclusion in the corporation's annual proxy statement, in accordance with applicable rules and regulations of The Nasdaq Stock Market, Inc. ("Nasdaq"), the Securities and Exchange Commission (the "SEC"), and other regulatory bodies.

In addition, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

II. STRUCTURE AND OPERATIONS

A. Composition and Qualifications

The Committee shall be comprised of two or more members of the Board of Directors, each of whom is determined by the Board of Directors to be "independent" under the rules of the Nasdaq. Additionally, no director may serve on the Committee unless the director (i) is a "Non-employee Director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (ii) satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code.

B. Appointment and Removal

The members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee serve at the discretion of the Board and may be removed, with or without cause, by a majority vote of the Board.

C. Chairman

Unless a Chairman is elected by the full Board, the members of the Committee shall designate a Chairman by majority vote of the full Committee membership. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

D. Delegation to Subcommittees

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee which may be comprised of one or more Committee members.

E. Use of Consultants

The Committee may, at the corporation's expense, retain and terminate any independent counsel, experts, consultants and other advisors as the Committee may deem appropriate, and the Committee shall have the sole authority to approve any such advisor's fees and other retention terms. The Committee shall also have the sole authority to retain and terminate any search firm to be used to identify candidates for the position of Chief Executive Officer, including sole authority to approve the search firm's fees and other retention terms.

F. Compensation

Members and the Chairman of the Committee shall receive such fees, if any, for their service as Committee members and Chairman as may be determined by the Board. Members of the Audit Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.

III. MEETINGS

The Committee shall meet at least two times annually, or more frequently as circumstances require. The Committee may establish its own meeting schedule. The Chairman of the Board or any member of the Committee may call meetings of the Committee. Meetings of the Committee may be held telephonically.

As part of its review and establishment of the performance criteria and compensation of directors and executive officers of the Company, the Committee should meet separately at least on an annual basis with the CEO, the Company's principal human resources executive, and any other corporate officers, as it deems appropriate. However, the Committee should meet regularly without such officers present, and in all cases such officers shall not be present during that portion of a meeting at which their performance and compensation are being discussed and determined.

All directors that are not members of the Committee may attend meetings of the Committee but may not vote. The Committee may request any Board member, officer, or employee of or consultant to the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee, and shall have full access to all books, records, facilities and personnel of the Company in connection with the discharge of its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate to carry out its responsibilities.

The Committee will report its activities and actions to the Board on a regular basis and maintain minutes or other records of meetings and activity of the Committee, which minutes will be filed with the minutes of the meetings of the Board.

IV. RESPONSIBILITIES AND DUTIES

Outlined below are certain continuing responsibilities that the Committee is expected to fulfill in effecting its purpose as stated in Section I of this Charter. This list of responsibilities is presented for illustrative purposes and is not intended to be exhaustive. The Committee may conduct additional activities as appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also fulfill other responsibilities delegated to it from time to time by the Board.

A. Setting Compensation for Directors and Executive Officers

1. Review and approve corporate and individual goals and objectives relevant to the compensation of the CEO and, with the CEO's input, of other executive officers and of other officers of its choosing.
2. Review the performance of the chief executive officer in light of such goals and objectives and recommend to the independent directors of the corporation for their approval the compensation of the chief executive officer taking into account such factors as this performance review, the prior experience and breadth of knowledge of the chief executive officer, and competitive pay practices. Although the chief executive officer shall not be present during these deliberations or during the voting on making or acting upon the recommendation for his or her compensation by the Committee or by the independent directors, any director who is not an employee of the Company may attend the Committee meeting(s) at which the performance review is conducted and compensation recommendation is made but may not attend the meeting of the independent directors at which such recommendation is acted upon.
3. Taking into account the input of the chief executive officer, review the performance of executive officers and other officers of its choosing other than the chief executive officer in light of such goals and objectives, compare their compensation against a peer group, and approve their compensation.

4. Review and recommend to the full Board the compensation of directors.
5. For the foregoing purposes, (a) compensation means total compensation including base salary, bonus plan, long-term incentive and equity compensation, and all other compensation and (b) executive officer means both (i) any person reporting directly to the CEO other than his or her administrative assistant and (ii) any person considered an executive officer for purposes of the Company's SEC reporting.
6. Review and approve the principal terms of any employment, change of control, severance, or other like agreement between the Company and an executive officer, or any other officer of its choosing, taking into account input of the chief executive officer as to proposed agreements not involving himself or herself.

B. Monitoring and Administering Incentive and Equity-Based Compensation Plans

1. Review and make recommendations to the Board with respect to the corporation's incentive-compensation plans and equity-based plans.
2. Review and approve the adoption and amendment of all equity compensation plans of the Company that are not otherwise subject to the approval of the Company's shareholders.
3. Administer those of the Company's equity-based, long-term compensation, and cash bonus plans which provide for the Board to appoint an administering committee, including the 2005 Stock Unit Plan, 2005 Stock Incentive Plan, and Key Employee Bonus Plan. The Committee may delegate such authority as provided in such plans.

C. Reports

Prepare an annual report on executive compensation for inclusion in the corporation's proxy statement, in accordance with applicable rules and regulations of the SEC, Nasdaq, and other applicable regulatory bodies.

V. ANNUAL PERFORMANCE EVALUATION

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner, as it deems appropriate.