

October 24, 2008

**BALQON CORPORATION**  
**COMPENSATION COMMITTEE CHARTER**

**Purpose**

The Compensation Committee (the “*Committee*”) of Balqon Corporation (“*Balqon*”) has the purpose and authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board of Directors (the “*Board*”) from time to time prescribes.

**Membership**

The Committee must consist of at least two members of the Board.

If Balqon is a listed company, the composition of the Committee must meet the independence requirements of the national securities exchange or national securities association on which Balqon’s common stock then trades.

Additionally, the Board will make efforts to place at least two members on the Committee that qualify as “non-employee directors” as such term is defined in Rule 16b-3(b)(3)(i) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) <sup>1</sup> and an “outside director” as such term is used within Section 162(m) of the Internal Revenue Code of 1986, as amended (the “*Internal Revenue Code*”). <sup>2</sup>

Until Balqon is listed on a national securities exchange or national securities association, the Board will make efforts to place directors on the Committee that meet the independence requirements of the National Association of Securities Dealers Automated Quotations (“*NASDAQ*”). <sup>3</sup>

The members of the Committee are appointed by and serve at the discretion of the Board.

**Responsibilities**

The responsibilities of the Committee are set forth below:

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<sup>1</sup> The grant of securities to executive officers and directors of Balqon will not be exempt from Section 16(b) under Rule 16b-3(b)(3)(i) of the Exchange Act unless the transaction is approved by a committee comprised solely of two or more “non employee” directors.

<sup>2</sup> The grant of securities to executive officers and directors of Balqon will not be exempt from Section 162(m) of the Internal Revenue Code unless the transaction is approved by a committee comprised solely of two or more “outside directors.”

<sup>3</sup> NASDAQ requires that compensation of officers be determined, or recommended to the Board for determination, either by a majority of, or a compensation committee comprised solely of “independent directors,” as such term is defined in Section 4200(a)(15) of the NASDAQ Stock Market Rules.

- The Committee shall review and make recommendations to the Board regarding the compensation policies and plans and the types and amounts of, and criteria for payment of, compensation for all officers and directors of Balqon, and such other employees and consultants of Balqon as directed by the Board.
- The Committee shall act as administrator (as described in each of Balqon’s stock and option plans (“*Plans*”)) of the Plans within the authority delegated by the Board. In its administration of the Plans, the Committee (or, as appropriate, a subcommittee of at least two members, all of whom are non-employee directors and outside directors as described under “Membership” above) may, among other things, (i) grant stock options or stock purchase rights to individuals eligible for such grants (including grants to individuals subject to Section 16 of the Exchange Act in compliance with Rule 16b-3 thereunder), (ii) amend such stock options or stock purchase rights in accordance with the terms of the Plans, and (iii) review and make recommendations to the Board with respect to amendments to the Plans and changes in the number of shares reserved for issuance thereunder.
- The Committee shall review and discuss with Balqon’s management the disclosures required by Item 402(b) of Regulation S-K.
- The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

## **Meetings**

It is anticipated that the Committee will meet at least twice each year. However, the Committee may establish its own schedule, which it will provide to the Board in advance. At a minimum of one of such meetings annually, the Committee will consider stock plans, performance goals and incentive awards, and the overall coverage and composition of the compensation package.

## **Minutes**

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

## **Reports**

The Committee will provide written reports to the Board regarding recommendations of the Committee submitted to the Board for action, and copies of the written minutes of its meetings.