

CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF SAVE THE WORLD AIR, INC

PURPOSE:

The purpose of the Compensation Committee of the Board of Directors (the "Board") of Save the World Air, Inc. (the "Company") shall be to discharge the Board's responsibilities relating to compensation of the Company's executive officers. The Compensation Committee has overall responsibility for (i) overseeing the Company's compensation and benefits policies generally; (ii) overseeing, evaluating and approving executive officer compensation plans, policies and programs; and (iii) preparing the report on executive compensation that is required by Securities and Exchange Commission rules to be included in the Company's annual proxy statement.

MEMBERSHIP:

The Compensation Committee shall be appointed by and shall serve at the discretion of the Board. The Compensation Committee shall consist of at least two members. The members of the Compensation Committee shall meet the (i) non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended; and (ii) outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

The members of the Compensation Committee will be appointed by the Board on the recommendation of the Nominating Committee. Compensation Committee members will serve at the discretion of the Board and may be removed by the Board at any time. The Board shall designate the Chairperson of the Compensation Committee.

AUTHORITY AND RESPONSIBILITIES:

In addition to any other responsibilities which may be assigned from time to time by the Board, the Compensation Committee is authorized to undertake, and has responsibility for, the following matters.

Compensation Policies

The Compensation Committee shall review and approve the Company's compensation and benefits policies generally (subject, if applicable, to stockholder ratification), including reviewing and approving any incentive compensation plans and equity-based plans of the Company. The Compensation Committee shall report the results of such review and any action it takes with respect to the Company's compensation and benefits policies to the Board.

Executive Compensation

The Compensation Committee shall, for each of the Company's executive officers, review and approve such executive officer's (i) annual base salary level; (ii) annual incentive compensation; (iii) long-term incentive compensation; (iv) employment, severance and change-in-control agreements, if any; and (v) any other compensation, ongoing perquisites or special benefit items. In so reviewing and approving executive compensation, the Compensation Committee shall:

- Identify corporate goals and objectives relevant to executive compensation (including efforts by the Company to retain such executives and the cost to the Company of each executive's compensation or of all executive compensation as a whole);
- Evaluate each executive's performance in light of such goals and objectives and set each executive's compensation based on such evaluation and such other factors as the Compensation Committee deems appropriate and in the best interests of the Company; and
- Determine any long-term incentive component of each executive's compensation based on awards given to such executive in past years, the Company's performance, stockholder return and the value of similar incentive awards relative to such targets at comparable companies and such other factors as the Compensation Committee deems appropriate and in the best interests of the Company.

The Compensation Committee shall report the results of such review and any action it takes with respect to the compensation of the Company's executive officers to the Board.

Except for grants and awards to executive officers of the Company, the Compensation Committee may delegate to one or more officers of the Company its authority to make grants and awards under the Company's incentive compensation or other equity-based plans as the Compensation Committee deems appropriate and in accordance with the terms of such plans.

Disclosure

The Compensation Committee shall prepare the report on executive compensation that that is required by Securities and Exchange Commission rules to be included in the Company's annual proxy statement.

Reporting to the Board

The Compensation Committee shall make regular reports to the Board. These reports shall include a review of any recommendations or issues that arise with respect to

Company compensation and benefits policies, executive compensation and any other matters that the Compensation Committee deems appropriate or is requested to be included by the Board.

At least annually, the Compensation Committee shall (i) review and assess the adequacy of this charter and recommend any proposed changes to the Board for approval; and (ii) evaluate its own performance and report to the Board on such evaluation.

PROCEDURES:

Meetings

The Compensation Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter. The Chair of the Compensation Committee, in consultation with the other committee members, shall determine the frequency and length of the committee meetings and shall set meeting agendas consistent with this charter.

Advisors and Consultants

The Compensation Committee is authorized (without further Board approval) to retain legal, accounting or other advisors and may request any officer or employee of the Company or the Company's outside counselor independent auditor to meet with any members of, or advisors to, the Compensation Committee. The Compensation Committee has the sole authority to retain and terminate any compensation consultant to assist in the evaluation of Chief Executive Officer or executive compensation, including sole authority to approve all such compensation consultant's fees and other retention terms.

Delegation of Authority

The Compensation Committee may, to the full extent permitted by applicable law or regulation, form and delegate its authority to subcommittees of the Compensation Committee when it deems appropriate and in the best interests of the Company.