

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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Date of Report (Date of earliest event reported): March 1, 2011

**Save The World Air, Inc.**

(Exact Name of Registrant as Specified in Charter)

Nevada

(State or other jurisdiction of  
incorporation)

0-29185

(Commission File Number)

52-2088326

(IRS Employer Identification No.)

735 State Street, Suite 500

Santa Barbara, CA

(Address of principal executive offices)

93101

(Zip Code)

Registrant's telephone number, including area code: (805) 845-3581

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 5.02(e) Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

On March 1, 2011, the Board of Directors (the "Board") of Save The World Air, Inc. (the "Company") approved an amendment (the "Amendment") to the employment agreement between the Company and the Company's Chief Executive Officer, Cecil Bond Kyte ("Kyte"), dated January 30, 2009 (the "Employment Agreement"). A copy of the Employment Agreement was included as Exhibit 10.77 to the Company's Form 10-K Annual Report, filed on March 31, 2009, and is incorporated herein by reference thereto.

The Board determined the following:

1. The initial term of the Kyte Employment Agreement was for one (1) year, renewable for successive one (1) year periods, unless Kyte or the Company provided written notice to the other, no later than October 31<sup>st</sup> of the then current year of the term, that the Employment Agreement would not be renewed;
2. As early as April 2010, Kyte requested the Board to re-negotiate certain of the non-cash compensation provisions under the Employment Agreement; notwithstanding Kyte's request in the foregoing regard, the Compensation Committee of the Board did not take any action to re-negotiate or change the Employment Agreement; nonetheless, Kyte elected not to terminate the Employment Agreement on October 31, 2010; thus, under provisions of the Employment Agreement, the Employment Agreement is in full force and effect and the term thereof has been extended to January 29, 2012;
3. Kyte, pursuant to provisions of the Employment Agreement, has indicated his intention not to renew the Employment Agreement, by giving notice of such non-renewal on a date no later than October 31, 2011;
4. The Board recognized Kyte's skills, judgment, abilities, contributions and outstanding performance as the Company's Chief Executive Officer ("CEO"), and determined that it is in the Company's best interest for Kyte to remain and continue to serve as the Company's CEO and for Kyte not to terminate the Employment Agreement;
5. Kyte has determined to waive his right, under Section 1 of the Employment Agreement, to terminate the Employment Agreement from March 1, 2011, through October 31, 2015, meaning that the Employment Agreement would remain in full force and effect through at least January 29, 2016, unless the Company determines to terminate the Employment Agreement earlier in accordance with provisions thereunder;
6. Kyte has also determined to waive his right to claim or receive any vested or unvested stock option grants or other benefits under Section 3.7 (Stock Option Grant) of the Employment Agreement, and has agreed to the cancellation of 181,818 stock option grants previously issued to Kyte under Section 3.7 of the Employment Agreement;
7. Kyte and the Board have determined that all terms and conditions set forth in the Employment Agreement shall remain in full force and effect, except for the changes identified in paragraphs 5. and 6., above, and the changes set forth in paragraph 10., below;
8. Kyte has agreed to continue to serve in the role of CEO of the Company through at least January 29, 2016;

9. Kyte has determined more fully to align his interests with the interests of the shareholders of the Company, and, in furtherance thereof, the Company and Kyte have agreed to an amendment of the Employment Agreement, providing for non-cash performance compensation in the form of nonqualified stock options as set forth below in paragraph 10.

10. In furtherance and consideration of the foregoing, the Board determined to amend the Employment Agreement and grant Kyte nonqualified stock options to acquire shares of common stock of the Company (the "Shares"), under the following terms and conditions:

- (i) Stock Option Grant (the "Option"): 17,600,000 Shares;
- (ii) Exercise Price: \$0.25 per share;
- (iii) Term: The Option shall expire ten (10) years from the Effective Date, defined in (iv) below;
- (iv) Effective Date: January 30, 2011;
- (v) Vesting: Twenty percent (20%) of the Option shall vest on the first anniversary of the Effective Date; twenty percent (20%) on the second anniversary of the Effective Date; twenty percent (20%) on the third anniversary of the Effective Date; twenty percent (20%) on the fourth anniversary of the Effective Date; and, twenty percent (20%) on the fifth anniversary of the Effective Date;
- (vi) Accelerated Vesting: In the event of a Change of Control, as defined in the Employment Agreement, all unvested options shall automatically vest on the effective date of such Change of Control. In the event the Company achieves net profit of no less than \$20,000,000, computed in accordance with generally accepted accounting principles, on a cumulative basis during the five (5) year vesting period, all unvested options shall automatically vest;
- (vii) If Kyte's employment with the Company is terminated with or without cause, voluntarily or involuntarily, as such terms are defined in the Employment Agreement, except for a Change of Control, all unvested Options shall terminate and be of no force or effect;
- (viii) The Options and Shares underlying the Options shall not be registered with the Securities and Exchange Commission, and shall be deemed "restricted" securities;
- (ix) The Options shall be nonqualified.

Based on the foregoing, the Board approved the Amendment to the Employment Agreement to provide for Kyte's agreements, waivers and cancellations as set forth in paragraphs 5. and 6., above, and for the grant of nonqualified stock options in accordance with the terms and conditions set forth in paragraph 10., above.

The foregoing description is qualified in its entirety by reference to the Amendment to Employment Agreement, Notice of Stock Option Grant, Stock Option Grant and Exercise Notice, copies of which are attached hereto as Exhibits 10.1, 10.2, 10.3 and 10.4, respectively, and incorporated by referenced in this Item 5.02(e).

#### **Item 8.01 Other Events**

On March 1, 2011, the Board determined that the Company's annual meeting of shareholders shall be held on May 13, 2011, in Santa Barbara, California, and set March 14, 2011, as the record date for the meeting.

**Item 9.01 Financial Statements and Exhibits**

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits:

**No.    Description**

- 10.1 Amendment to Employment Agreement;
- 10.2 Notice of Stock Option Grant;
- 10.3 Stock Option Grant;
- 10.4 Exercise Notice.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### SAVE THE WORLD AIR INC.

Date: March 9, 2011

By: /s/ Eugene Eichler

Name: Eugene Eichler

Title: Chief Financial Officer



**AMENDMENT TO EMPLOYMENT AGREEMENT**

This Amendment to Employment Agreement (the "Amendment") is made and entered into by and between Save The World Air, Inc. (the "Company") and Cecil Bond Kyte ("Executive"), effective as of January 30, 2011 (the "Amendment Effective Date"), with reference to the following:

**RECITALS**

- A. Effective as of January 30, 2009, the Company and Executive entered into that certain Employment Agreement (the "Employment Agreement");
- B. It is the desire of the Company and Kyte to amend the Employment Agreement, pursuant to the terms and conditions of this Amendment.

NOW, THEREFORE, the parties hereto agree to amend the Employment Agreement, as follows:

1. Section 1 (Effective Date and Term) of the Employment Agreement is hereby deleted and amended and restated, as follows:

"1. Effective Date and Term. Unless sooner terminated as provided in this Agreement, including as a result of the Company's early termination of this Agreement as provided in Section 4 below, the Company shall employ Executive for an initial term commencing on a date to be agreed between the parties but not later than January 30, 2009 (the "Effective Date") and continuing thereafter until the close of business on the day immediately preceding the first anniversary of the Effective Date. Thereafter, this Agreement shall be renewed for successive one year periods unless either party shall give written notice to the other, not later than October 31<sup>st</sup> of the then-current year of the Term that this Agreement shall not be renewed, except that Executive may not give such written notice of non-renewal of this Agreement prior to October 31, 2015 (the "Expiration Date"). This Agreement shall in all respects terminate on the Expiration Date, except for those obligations of either party that are expressly stated to continue after such time or by nature will continue after such time. The period beginning on the Effective Date and ending on the earlier of the Expiration Date or the date Executive's employment under this Agreement actually terminates is referred to as the "Term."

2. Section 3.7 (Stock Option Grant) of the Employment Agreement is hereby deleted and amended and restated, as follows:

"3.7. Stock Option Grant. Executive hereby agrees to waive all rights and benefits he has accrued and/or to which he is entitled under Section 3.7 of the Employment Agreement from the Effective Date of the Employment Agreement through the Amendment Effective Date, and further agrees to the cancellation of 181,818 stock option grants previously issued to him under Section 3.7 of the Employment Agreement. The Company, pursuant to this Amendment, hereby grants Executive a nonqualified option to purchase shares of common stock of the Company, pursuant to the terms and conditions set forth in the Notice of Stock Option Grant, Stock Option Grant and Exercise Notice, copies of which are attached hereto as Exhibit A and made a part hereof."

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3. Except for the changes set forth in this Amendment, all terms and conditions in the Employment Agreement shall remain unchanged and in full force and effect.

Executed effective as of the Amendment Effective Date.

**SAVE THE WORLD AIR, INC.**

By: /s/ Eugene E. Eichler  
Eugene E. Eichler, Chief Financial Officer

/s/ Cecil Bond Kyte  
Cecil Bond Kyte





**SAVE THE WORLD AIR, INC. (the "Company")  
NOTICE ("Notice") OF STOCK OPTION GRANT**

Grantee's Name and Address: Cecil Bond Kyte  
735 State Street, Suite 500  
Santa Barbara, CA 93101

Grantee herewith is granted an option (the "Option") to purchase Shares of Common Stock of the Company, subject to the terms and conditions of this Notice, the Employment Agreement between you and the Company, dated January 30, 2009, as amended by Amendment dated and effective January 30, 2011 (collectively, the "Employment Agreement") and the Stock Option Grant (the "Grant") and Exercise Notice attached hereto, as follows:

Effective Date of Grant: January 30, 2011.

Vesting Commencement Date: January 30, 2011.

Exercise Price per Share: \$0.25.

Total Number of Shares Subject to the Option (the "Shares"): 17,600,000.

Total Exercise Price: \$4,400,000.00.

Type of Option: Non-Qualified. Neither the Option nor the underlying Shares shall be registered with the Securities and Exchange Commission, and the Option and Shares shall constitute "restricted" securities.

Expiration Date: January 29, 2021.

Exercise Term: Ten (10) years from the Effective Date of Grant.

Vesting Schedule: Subject to Grantee's continued employment with the Company pursuant to the terms and conditions of the Employment Agreement and other limitations set forth in the attached Grant, the Option may be exercised within the Exercise Term, in whole or in part, in accordance with the following five (5) year vesting schedule:

Twenty percent (20%) of the Shares subject to the Option shall vest twelve (12) months after the Vesting Commencement Date, and thereafter twenty percent (20%) of the Shares subject to the Option shall vest on each yearly anniversary of the Vesting Commencement Date. Notwithstanding the foregoing, all unvested Options shall automatically vest on the effective date of a Change of Control, as defined in the Employment Agreement, or in the event the Company achieves net profit of no less than \$20,000,000, computed in accordance with generally accepted accounting principles, on a cumulative basis during the five (5) year vesting period. Additionally, notwithstanding any provisions to the contrary in the Employment Agreement, if Grantee's employment relationship with the Company is terminated for any reason, except for a Change of Control, all unvested Options shall terminate and be of no force or effect.

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IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice, effective as of the Effective Date of Grant, and agree that the Option is to be governed by the terms and conditions of this Notice, the Employment Agreement, the Stock Option Grant and Exercise Notice, attached hereto.

**SAVE THE WORLD AIR, INC.,  
a Nevada corporation**

By: /s/ Eugene E. Eichler

Eugene E. Eichler, Chief Financial Officer  
735 State Street, Suite 500  
Santa Barbara, CA 93101

/s/ Cecil Bond Kyte

Cecil Bond Kyte  
735 State Street, Suite 500  
Santa Barbara, CA 93101



**SAVE THE WORLD AIR, INC.  
STOCK OPTION GRANT**

1. Grant of Option. Save The World Air, Inc., a Nevada corporation (the “Company”), hereby grants to the Grantee (the “Grantee”) named in the Notice of Stock Option Grant (the “Notice”), to which this Option Agreement is attached, an option (the “Option”) to purchase the Total Number of Shares (the “Shares”) of Common Stock of the Company subject to the Option set forth in the Notice, at the Exercise Price (the “Exercise Price”) per Share set forth in the Notice subject to the terms and provisions of the Notice, this Stock Option Grant (the “Option Agreement”), the Exercise Notice attached hereto as Exhibit A, and the Employment Agreement, as defined in the Notice, all of which are incorporated herein by reference.

2. Exercise of Option.

(a) Right to Exercise. The Option shall be exercisable during its Exercise Term in accordance with the Vesting Schedule set forth in the Notice and in accordance with the provisions set forth in the Notice, this Option Agreement and the Exercise Notice.

(b) Method of Exercise. The Option shall be exercisable by delivery of the Exercise Notice (the form of which is attached as Exhibit A). The Exercise Notice shall be delivered in person, by certified mail, or other method (including electronic transmission) to the Company accompanied by payment of the Exercise Price. The Option shall be deemed to be exercised upon receipt by the Company of such notice accompanied by the Exercise Price.

(c) Taxes. No Shares will be delivered to the Grantee or other person pursuant to the exercise of the Option until the Grantee or other person has made arrangements acceptable to the Company for the satisfaction of applicable income tax and employment tax withholding obligations, including, without limitation, such other tax obligations of the Grantee incident to the receipt of the Shares. Upon exercise of the Option, the Company may offset or withhold (from any amount owed by the Company) or collect from Grantee or other person an amount sufficient to satisfy such tax obligations and/or the Company’s withholding obligations.

3. Method of Payment. Payment of the Exercise Price shall be made by certified check or wire transfer in favor of the Company.

4. Transferability of Option. The Option may not be transferred in any manner, except any vested Option may be transferred by will or by the laws of descent and distribution. During the lifetime of the Grantee, any vested Option may be exercised only by the Grantee. The terms of any vested Option shall be binding upon the executors, administrators, heirs and successors of the Grantee.

5. Tax Consequences. Grantee agrees and acknowledges that neither the Company nor its counsel or advisors has provided or will provide Grantee with any tax advice or consequences related to the Option or the exercise thereof or the sale or other disposition of the Shares underlying the Option.

6. Restrictive Legends. The Grantee understands and agrees that the Option and Shares underlying the Option have not and will not be registered under federal securities or state securities laws and the Option and Shares constitute “restricted securities” under federal securities laws. Upon any exercise, the Shares must be held indefinitely unless they are registered with the Securities and Exchange Commission or an exemption from registration is available. The Company is under no obligation to register the Option or the Shares.

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7. Entire Agreement; Governing Law. The Notice, this Option Agreement, the Employment Agreement and the Exercise Notice, attached hereto as Exhibit A, constitute the entire agreements of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. The Notice, this Option Agreement and Exercise Notice are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice, this Option Agreement or Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

8. Headings. The captions used in the Notice, this Option Agreement and Exercise Notice are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation.

9. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail or upon deposit for delivery by a recognized express mail courier service, with postage and fees prepaid, addressed to the other party at its address as shown beneath its signature in the Notice, or to such other address as such party may designate in writing from time to time to the other party.

**EXHIBIT A**

**SAVE THE WORLD AIR, INC.  
EXERCISE NOTICE**

To: Save The World Air, Inc.  
735 State Street, Suite 500  
Santa Barbara, CA 93101  
Attn: Secretary

1. **Exercise of Option.** Effective as of today, \_\_\_\_\_, \_\_\_\_\_, the undersigned (the "Grantee") hereby elects to exercise the Grantee's option to purchase \_\_\_\_\_ shares of the Common Stock (the "Shares") of Save The World Air, Inc. (the "Company") under and pursuant to the Stock Option Grant (the "Option Agreement") and Notice of Stock Option Grant (the "Notice") dated \_\_\_\_\_, \_\_\_\_\_. Unless otherwise defined herein, the terms defined in the Notice shall have the same defined meanings in this Exercise Notice.

2. **Representations of the Grantee.** The Grantee acknowledges that the Grantee has received, read and understood the Notice and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. **Rights as Stockholder.** Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued.

4. **Delivery of Payment.** The Grantee herewith delivers to the Company the full Exercise Price for the Shares via certified check or wire transfer of immediately available funds.

5. **Tax Consultation.** The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Option or Grantee's purchase or disposition of the Shares underlying the Option. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the Option and purchase or disposition of the Shares underlying the Option and that the Grantee is not relying on the Company or its counsel for any tax advice.

6. **Taxes.** The Grantee agrees to satisfy all applicable foreign, federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations.

7. **Successors and Assigns.** The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. This Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

8. **Headings.** The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation.

9. **Governing Law; Severability.** This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

10. **Notices.** Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail or upon deposit for delivery by a recognized express mail courier service, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

11. **Further Instruments.** The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

12. **Entire Agreement.** The Notice and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee.

**Submitted by:**

GRANTEE:

\_\_\_\_\_  
Cecil Bond Kyte

**Address:**

735 State Street, Suite 500  
Santa Barbara, CA 93101

**Accepted by:**

SAVE THE WORLD AIR, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**Address:**

735 State Street, Suite 500  
Santa Barbara, CA 93101





**SAVE THE WORLD AIR, INC.  
EXERCISE NOTICE**

To: Save The World Air, Inc.  
735 State Street, Suite 500  
Santa Barbara, CA 93101  
Attn: Secretary

1. Exercise of Option. Effective as of today, \_\_\_\_\_, \_\_\_\_, the undersigned (the "Grantee") hereby elects to exercise the Grantee's option to purchase \_\_\_\_\_ shares of the Common Stock (the "Shares") of Save The World Air, Inc. (the "Company") under and pursuant to the Stock Option Grant (the "Option Agreement") and Notice of Stock Option Grant (the "Notice") dated \_\_\_\_\_, \_\_\_\_\_. Unless otherwise defined herein, the terms defined in the Notice shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares via certified check or wire transfer of immediately available funds.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Option or Grantee's purchase or disposition of the Shares underlying the Option. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the Option and purchase or disposition of the Shares underlying the Option and that the Grantee is not relying on the Company or its counsel for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable foreign, federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations.

7. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall insure to the benefit of the successors and assigns of the Company. This Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

8. Headings. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation.

9. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

10. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail or upon deposit for delivery by a recognized express mail courier service, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

11. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

12. Entire Agreement. The Notice and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee.

**Submitted by:**

GRANTEE:

\_\_\_\_\_  
Cecil Bond Kyte

**Address:**

735 State Street, Suite 500  
Santa Barbara, CA 93101

**Accepted by:**

SAVE THE WORLD AIR, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**Address:**

735 State Street, Suite 500  
Santa Barbara, CA 93101

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