

COMPENSATION COMMITTEE CHARTER

Purpose and Authority

The purpose of the Compensation Committee (the "**Committee**") of Amerityre Corporation (the "Company") is to discharge the responsibilities of the Board relating to compensation of the Company's executive officers. The Committee shall have overall responsibility for approving and evaluating compensation plans, policies and programs for executive officers of the Company. The Committee shall also have all authority necessary to fulfill the duties and responsibilities assigned to the Committee in this Charter or otherwise assigned to it by the Board.

As the Committee deems appropriate, it may retain independent counsel, accounting and other professionals to assist the Committee without seeking Board approval with respect to the selection, fees or retention terms for any such advisers.

As the Committee or the Chief Executive Officer deems appropriate, the Committee may consult with the Chief Executive Officer concerning any compensation matters.

The Committee, when appropriate, may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Board or Company officers.

Composition

Independence

The Committee shall be composed of three or more directors, as determined by the Board, each of whom shall (a) meet the independence requirements established by the Board, the Nasdaq Stock Market, Inc. or other applicable trading exchange or quotation system and any other regulations applicable to the Committee from time to time, (b) be a "non-employee director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, and (c) be an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code.

Appointment and Removal of Members

The members of the Committee shall be appointed by the Board on the recommendation of the Nominating Committee. The Board may remove any member from the Committee at any time with or without cause.

Duties and Responsibilities

The Committee shall have the following duties and responsibilities, in addition to any duties and responsibilities assigned to the Committee from time to time by the Board.

Compensation Philosophy and Goals

- Develop executive compensation philosophy and establish and annually review and approve policies regarding executive compensation programs and practices.

CEO and Executive Compensation

- Review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives and determine the Chief Executive Officer's compensation based on this evaluation. In determining the long-term incentive component of Chief Executive Officer compensation, the Committee shall consider the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Chief Executive Officer in past years.
- Review and approve annual compensation for the executive officers of the Company who report to the Chief Executive Officer.
- Establish and administer annual and long-term incentive compensation plans for executive officer employees of the Company.
- Recommend to the Board for its approval and, where appropriate, submission to the Company's shareholders, incentive compensation plans for executive officers and equity-based plans.

- Approve changes to executive compensation policies and programs.
- Review and approve all special executive employment, compensation and retirement arrangements.

Tax-Qualified Plans

- Recommend to the Board for Board action, all Internal Revenue Service tax-qualified retirement plans and all plan amendments that are non-administrative in nature; fulfill ERISA fiduciary and non-fiduciary functions by approving and recommending to the Board for Board action:
 - the designation of the trustee and the execution of trust agreements for any such plan or plans;
 - the termination, merger or consolidation of any such plan or plans; and
 - the extension of plan participation to employees of affiliates or subsidiaries.

Nonqualified Benefit Plans

- Recommend to the Board for Board action all nonqualified benefit plans and all plan amendments that are non-administrative in nature; approve and recommend to the Board for its action:
 - the designation of the trustee and the execution of trust agreements for any such plan or plans;
 - the termination, merger or consolidation of any such plan or plans; and
 - the extension of plan participation to employees of affiliates or subsidiaries.
- Periodically review plan administration, participation and regulatory compliance of nonqualified plans.

Other Plans

- Carry out such duties under stock option, stock incentive compensation or other plans approved by the Company as may be assigned to the Compensation Committee by the Board from time to time.

Reports

- Report to the Board on any significant matters arising from the Committee's work, including awards for executive officers and special executive employment, compensation and retirement arrangements.
- Prepare the report on executive compensation required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

Meetings

The Committee may hold such meetings as are necessary or appropriate in order for the Committee to fulfill its responsibilities. In the absence of a member designated by the Board to serve as chair, the members of the Committee may appoint from among their number a person to preside at their meetings. When appropriate, the Committee may meet in separate executive session with management, employees, internal audit and the independent auditor to discuss matters that the Committee or the other groups believe warrant Committee attention.

Evaluation

The Committee shall review and reassess this Charter as needed and, if appropriate, propose changes to the Board.