

ELECTRIC AQUAGENICS UNLIMITED, INC.

Charter of the Compensation Committee of the Board of Directors

April 6, 2004

I. Compensation Committee Purpose and Principal Functions

The Compensation Committee (the "Committee") is appointed by the Board of Directors (the "Board") for the purpose and to provide the principal functions set forth below on behalf of the Company.

The Committee's basic responsibility is to assure that the senior executives of the Company are compensated effectively in a manner consistent with the stated compensation strategy of the Company, internal equity considerations, competitive practice, and the requirements of the appropriate regulatory bodies. The Committee shall also communicate to shareholders the Company's compensation policies and the reasoning behind such policies as required by the Securities and Exchange Commission. More specifically, the Committee shall be responsible for the following:

- The Committee shall review and approve the Company's compensation philosophy.
- The Committee shall approve and report to the Board the executive compensation plans and the compensation (including incentive awards) of certain executives.
- The Committee shall assure that total compensation paid to the Company's principal officers is reasonable.
- The Committee shall review and approve the Company's variable pay plans.
- The Committee shall periodically review and approve stock ownership guidelines, including granting or making recommendations to the Board concerning employee stock options.
- The Committee shall make recommendations to the Board of Directors for new or material changes to existing employee benefit plans.
- The Committee shall review and reassess the adequacy of this Charter at least annually, and shall submit the Charter to the Board of Directors for approval at least once every three years in accordance with any applicable regulations of the Securities and Exchange Commission (as may be modified or supplemented).
- The Committee shall review and report to the Board of Directors the status of the Company's Director Compensation practices in relation to other companies of comparable size and within the industry. Any changes in Director compensation should come upon the recommendation of the Compensation Committee but with full discussion and concurrence by the Board of Directors.
- The Chair of the Compensation Committee is responsible for conducting an assessment of the performance of the Chief Executive Officer at least on an annual basis. The CEO's compensation shall also be reviewed on an annual basis. The results of the evaluation should be communicated to the Chief Executive Officer by

the Chair of the Compensation Committee. The evaluation should be based on objective criteria which should include the accomplishment of the Company's financial and strategic objectives.

- The Committee shall issue an annual report on executive compensation in accordance with applicable rules and regulations of the Securities and Exchange Commission for inclusion in the Company's proxy statement.
- The Committee shall perform such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board of Directors of the Company and/or the Chairman of the Board of Directors, or as designated in plan documents.

II. Composition of Compensation Committee

The Committee shall consist of two or more directors who are independent of management and free from any relationship that, in the opinion of the Board of Directors, as evidenced by its election of such Committee members, would interfere with the exercise of independent judgment as a Committee Member. The Vice President of Administration will be the management liaison to the Committee.

Compensation Committee members shall be appointed by the Board. The Board of Directors shall appoint one member of the Compensation Committee as chairperson. He or she shall be responsible for leadership of the Committee, including overseeing the agenda, presiding over the meetings and reporting to the Board of Directors. If a Compensation Committee Chair is not present at a meeting, the members of the Committee may designate a Chair

III. Meetings of Compensation Committee

The Committee shall have at least two (2) regularly scheduled meetings, but will meet as often as necessary to carry out its responsibilities. Meetings may be called by the Chairman of the Committee and/or the Chief Executive Officer of the Company. All meetings of the Committee shall be held pursuant to the By-laws of the Company with regard to notice and waiver thereof, and written minutes of each meeting shall be duly filed in the Company records. Reports of meetings of the Committee shall be made to the Board of Directors at its next regularly scheduled meeting following the Committee meeting accompanied by any recommendations to the Board of Directors approved by the Committee. In addition, all Directors are to be furnished copies of each Committee's minutes.