**APPLIED ENERGETICS, INC.**

**CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

## 1. Policy Statement

The purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Applied Energetics, Inc. (the "Company") is to discharge the Board's responsibilities relating to compensation of the Company's executive officers and directors, to assist the Board in, among other matters, the establishment of, and to administer, the Company's equity compensation plans and to perform any other responsibilities delegated to the Committee by the Board. (For the purposes of this Charter, an "executive officer" means such individual then currently designated by the Board expressly as an "executive officer" of the Company.

The Compensation committee shall:

**Establish a Philosophy**: develop and maintain a clear executive compensation philosophy that aligns with the company strategy, culture and performance goals.

**Approve Total Compensation**: shall approve total compensation which includes determining appropriate levels of base salary, bonus, stock options, benefits and other compensation components for the CEO and other executive officers,

**Evaluate Performance:** Shall evaluate executive performance against established corporate goals and objectives short and long term.

## 2. Organization and Meetings

(a) Appointment and Qualifications. The members of the Committee shall be appointed by the Board and shall serve until their successors are duly appointed and qualified. Members of the Committee may be replaced by the Board at its discretion. Each member of the Committee shall, in each case, subject to applicable exceptions, (1) satisfy the independence and other applicable requirements of the Nasdaq Stock Market or such other market on which the Company's securities may be listed, as may be in effect from time to time, as determined by the Board and (2) be a "non-employee director" as that term is defined under Rule 16b-3 promulgated under the Exchange Act. The Committee shall consist of at least two, the exact number to be determined by the Board from time to time. The Board shall select the Committee chairperson. The Committee shall have the authority to form, and delegate authority to, such standing and ad-hoc subcommittees as it determines necessary or desirable.

(b) Meetings and Actions of the Committee. The Committee shall meet at least twice annually, and the chairperson shall have the authority to call a special meeting of the Committee, or seek a unanimous written consent of the Committee, whenever he or she deems such a meeting or consent necessary or desirable. The Committee chairperson, in consultation with appropriate members of the Committee and with management, shall set the frequency and length of each meeting and the meeting agenda. A majority of the Committee members shall constitute a quorum and the vote of a majority of the Committee members at any meeting at which a quorum is present shall be the act of the Committee. The Committee may also act by unanimous written consent.

(c) Investigations. The Committee shall have the authority to investigate any matter within its scope of responsibilities with full access to all Company books, records, facilities and personnel.

(d) Reports to the Board. The Committee chairperson shall report matters considered and acted upon by the Committee to the full Board at the next regularly scheduled Board meeting.

(e) Review of Charter; Self-Evaluation. The Committee shall annually (a) review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval, and (b) through the Nominating and Governance Committee, or, in the absence of such committee, the entire board, conduct and present to the Board a self-evaluation of the Committee.

**3. Retention of Advisors**

(a) Authority. The Committee may, in its sole discretion and subject to compliance with Section 3(c) hereof, retain or obtain the advice of compensation consultants, legal counsel or other advisers. The Committee is directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other adviser that it retains.

(b) Funding. The Company will provide appropriate funding, as determined by the Committee, for payment of compensation to any compensation consultant, legal counsel, and any other adviser retained by the Committee and for payment of the Committee's ordinary administrative expenses.

(c) Consideration of Independence and Conflicts of Interest. Except with respect to in-house legal counsel and any compensation consultant, legal counsel or other adviser whose role is limited to activities for which no disclosure would be required under Item 407(e)(3)(iii) of the Exchange Act (or any successor provision(s)), the Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser only after taking into consideration the factors specified in the applicable New York Stock Exchange listing standards, as well as all other factors relevant to that person's independence from Company management.

**4. Authority and Responsibilities**

The Committee shall:

1. Setting Executive Compensation and Philosopy

    a. Establish a Philosophy based on strategic goals and culture

    b. Approve total compensation

    c. Evaluate performance

2. Building and overseeing incentive plan

3. Governance and communication

- review and approve goals and objectives with respect to the compensation of, and

any employment agreement, severance agreement, change in control agreement, and other compensatory agreements or plans for, the CEO and the other executive officers; annually evaluate the performance of the CEO and the other executive officers in light of these goals and objectives and such other factors as the Committee may deem appropriate and communicate such evaluation to the CEO; and based on this evaluation, market data (peer groups/companies), and other such factors as the Committee may deem appropriate, determine and approve the compensation for the CEO and the other executive officers, including without limitation, salary, bonus, cash incentive, equity compensation, perquisites, and other compensation;

- advise on the setting of compensation for other management personnel whose compensation is not otherwise set by the Committee, as the Committee deems appropriate or as requested by the Board;
- monitor compliance by directors and executive officers with the Company's stock ownership requirements;
- review, administer, adopt, amend and/or terminate, any recoupment policy of the Company, including any such recoupment policy that may be required by, or in addition to Nasdaq Stock Market listing standards, or those of any other market on which the Company's securities are listed, from time to time;
- review, administer, adopt, amend and/or terminate any Company policy on granting equity or equity-based awards (including options) in relation to the disclosure of material nonpublic information;
- review and discuss with Company management the Compensation Discussion & Analysis ("CD&A") to be included in the Company's annual proxy statement and determine whether to recommend to the Board that the CD&A be included in the annual proxy statement;
- be responsible for the oversight of risks associated with the company's compensation policies and practices, and in accordance with Item 402(s) of Regulation S-K, annually review whether such policies and practices are reasonably likely to have a material adverse effect on the Company;
- review the results of any advisory shareholder votes on executive compensation ("say-on-pay votes") and consider whether to recommend adjustments to the Company's executive compensation policies and practices as a result of such votes, and make recommendation to the Board relating to the recommended frequency of such say-on-pay votes;
- oversee the Company's engagement with shareholders and proxy advisory firms on executive compensation matters and determine whether to recommend adjustments to the Company's executive compensation policies and practices as a result of such engagement;
- provide for inclusion in the Company's annual proxy statement a Compensation Committee Report that complies with the rules and regulations of the Securities and Exchange Commission;
- to assist the Board in its oversight of the Company's human capital management practices and review and discuss with Company management the Company's key human capital management strategies and metrics, including those relating to overall employee retention and inclusive and diverse company culture;
- oversee the Company's reporting on the Company's human capital management in the Company's annual proxy statement and annual report on Form 10-K, and make recommendations to the Board regarding, or take action with respect to, such reporting;

- review and make recommendations to the Board with respect to the adoption, amendment and termination of all executive officer incentive compensation plans and all equity compensation plans, and exercise all authority of the Board (and all Committee responsibilities) with respect to the administration of such plans, including, without limitation, interpretations of any provisions thereof, exercise of all discretion granted to the Committee thereunder, establishment of any discretionary terms and conditions with respect to any grants and awards thereunder, and adoption of any subplan thereunder permitted thereby to be adopted by the Committee; provided, however, that, to the extent permitted by applicable law and the provisions of a given equity-based plan, and consistent with the requirements of applicable law and such equity-based plan, the Committee may delegate to one or more executive officers of the Company, or a sub-committee of the Committee formed for such purpose, the power to make grants and awards pursuant to such equity-based plan to employees of the Company or any subsidiary of the Company;
- periodically review the form and amounts of director compensation, including any deferred compensation plan, and make recommendations to the Board with respect thereto; and
- perform any other activities consistent with this charter, the Company's Certificate of Incorporation and Bylaws, and applicable law, as the Committee deems appropriate or as requested by the Board.

Nothing in this charter should be construed as precluding discussion of CEO, other executive officer or director compensation with the Board generally.