

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

FORM 8-K

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

Date of Report (Date of earliest event reported): January 9, 2009

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.)

235 Tennant Avenue, #5
Morgan Hill, California 95037
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (408) 778-0101

Not Applicable
(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 (see General Instruction A.2. below):

- 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))
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Item 1.01 Entry into a Material Definitive Agreement

As previously reported in Save the World Air, Inc.'s (the "Company") Form 10-Q for the quarter ended September 30, 2008, filed on November 14, 2008, the Company received notices from Temple University ("Temple") on November 10, 2008, of material breaches relating to required payments due Temple under its licensing agreements with the Company. The Temple notices provided the Company with sixty (60) days to cure the material breaches, failure of which could result in a termination of the licensing agreements.

By letter agreement (the "Letter Agreement") between Temple and the Company, dated January 9, 2009, Temple granted the Company an extension of time to cure the above-referenced breaches to March 31, 2009 (the "Cure Period"). The Letter Agreement provides that the Cure Period extension to March 31, 2009, is contingent upon the Company making the following payments to Temple by the following dates (the "Payment Schedule"):

- (a) \$100,000 on or before January 31, 2009;
- (b) \$100,000 on or before February 28, 2009;
- (c) \$100,000 on or before March 31, 2009; and
- (d) All additional amounts, past due as of November 10, 2008 (estimated to be approximately \$340,000), will be re-negotiated on or before March 31, 2009. It is anticipated that other payments due Temple, which have accrued since November 10, 2008, will be re-negotiated, as well. A penalty equal to one percent (1%) of the amount due and unpaid on the first day of each calendar month will be added to the outstanding amount due Temple.

The Letter Agreement further provides that if the Company fails to make the payments during the Cure Period in accordance with the Payment Schedule, the Temple license agreements will immediately terminate, unless otherwise agreed upon in writing by Temple and the Company.

Item 9.01 Financial Statements and Exhibits

Exhibit No.	Description
10.3	Temple Extension to Cure Period Letter Agreement, dated January 9, 2009.

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 hereunto duly authorized.

Date: January 13, 2009

SAVE THE WORLD AIR, INC.

By: /s/ Charles R. Blum
Charles R. Blum
President and Chief Executive Officer

Temple University

Office of Technology Transfer
1601 North Broad Street
406 University Services Building (083-45)

Philadelphia, PA 19122-6099

phone 215-204-5732
fax 215-204-7486
web
www.patents.temple.edu

Sent Via E-mail
Confirmation via UPS

January 9, 2009

Mr. Cecil Bond Kyte
Chairman
Save the World Air, Inc.
235 Tennant Avenue, Suite 5
Morgan Hill, California 95037

Dear Mr. Kyte:

Temple University (Temple) hereby grants to Save the World Air, Inc. (STWA) an extension to the cure period ("Cure Period") resulting from the Notices of Breach issued to STWA on November 10, 2008 for the agreements between Temple and STWA ("Agreements") as defined below:

- a) License Agreement between Temple and STWA effective July 1, 2004 for 'Method and Apparatus for Treatment of a Fluid' (Temple Agreement Ref.: 443).
- b) License Agreement between Temple and STWA effective February 2, 2007 for 'Method for Reduction of Crude Oil Viscosity' (Temple Agreement Ref.: 510).
- c) License Agreement between Temple University and Save the World Air, Inc. effective February 2, 2007 for 'Electric Field Assisted Fuel Injection System' (Temple Agreement Ref.: 509).
- d) Research Agreement between Temple University and Save the World Air, Inc. effective February 2, 2007 pertaining to the effect of electric fields on fuel droplet size and to the effect of electric fields on crude oil viscosity (Temple Agreement Ref.: 507).

The Cure Period extension expires on March 31, 2009 and shall be contingent upon the following payment schedule ("Payment Schedule"):

- a) \$100,000 received by Temple from STWA on or before January 31, 2009.
 - b) \$100,000 received by Temple from STWA on or before February 28, 2009.
 - c) \$100,000 received by Temple from STWA on or before March 31, 2009.
 - d) All payments regarding past due amounts, with the exception of the prescribed payments, will, be renegotiated on or before March 31, 2009. A penalty equal to one percent (1%) of the amount due and unpaid on the first day of each calendar month shall be added to the outstanding amount due.
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Temple University
Mr. Cecil Bond Kyte
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STWA's failure to cure the breach during the Cure Period and according to Payment Schedule shall result in immediate termination of Agreements unless otherwise agreed upon in writing by both parties.

We look forward to resolving these matters and continuing our partnership to bring these important technologies to market. Please contact me at your earliest convenience with any questions.

Sincerely,

/s/ Stephen G. Nappi

Stephen G. Nappi
Director of Technology Transfer Operations TEMPLE UNIVERSITY

Acknowledged and agreed by:

SAVE THE WORLD AIR, INC.

/s/ Cecil Bond Kyte

Cecil Bond Kyte
Chairman of the Board

