

AMERICAN CANCER SOCIETY, INC. (“SOCIETY”)

COMPENSATION COMMITTEE CHARTER

I. Purpose of Committee

The Compensation Committee (the "Committee") acts on behalf of the National Board of Directors (the “Board”) in fulfilling the Board’s oversight responsibilities for determining the adequacy and reasonableness, consistent with the Society’s Executive Compensation Philosophy set forth as EXHIBIT A, of the total compensation paid to the Chief Executive Officer (“CEO”) and other employees who are Disqualified Persons within the meaning of section 4958 of the Internal Revenue Code (“Disqualified Executives”). Total compensation includes, but is not limited to, salary, fees, incentives, bonuses, severance payments and all forms of deferred compensation, whether vested or unvested, and all benefits whether or not included as income for tax purposes (e.g. medical, dental, life insurance, disability benefits). In this context, the term “Disqualified Executive” includes:

1. any individual who is, or within the prior five years has been, in a position to exercise substantial influence over the affairs of the Society:
2. any individual who is the spouse, brother or sister (whether whole or half blood), ancestor, child (whether natural or adopted), grandchild, great-grandchild, or the spouse of a brother or sister, child, grandchild, or great-grandchild, of an individual referenced in subparagraph 1; and
3. any organization in which an individual described in subparagraph 1 or 2 has a 35% ownership or control interest.

II. Committee Membership

The Committee is composed of the Chair of the Board, the Chair-elect of the Board, the President, the President-elect, the Treasurer, and between two and five independent members from the Board, nominated by the Chair of the Board and the President and approved by the Board. In addition, the Chair of the Board and the President may appoint up to two (2) non voting advisors to the Committee, provided such advisors are also approved by the Board. All members are appointed for one (1) year terms, commencing on the January 1 following the Annual Meeting of the National Assembly provided, however, that the Chair of the Committee shall serve a two (2) year term. Commencing with calendar year 2006, in even-numbered years, the Chair of the Committee will be the Chair-Elect and in odd-numbered years the Chair of the Committee will be

the Chair of the Board. Members of the Committee will be independent. For purposes of this Charter, a member will be considered independent if he or she satisfies the criteria outlined in the attached EXHIBIT B. Any question regarding a conflict of interest or the appearance of one shall be reviewed by the Audit Committee of the Board for final resolution.

III. Committee Authority and Responsibility

The Committee will:

1. (a) Conduct an annual review of the CEO's performance and assure the reasonableness of his or her total compensation in relation to the marketplace; the Committee will solicit Board input regarding the CEO's performance;(b) decide on any changes in the CEO's total compensation or in his or her employment agreement; severance and/or retention agreement, if any; (c) review and comment on the CEO's annual performance goals; (d) establish the CEO's annual Incentive Plan goals, determine the measures and levels of performance for each goal and determine what Incentive Plan Award, if any, is payable each year;
2. Identify the Society's other Disqualified Executives;
3. Review and assure the reasonableness of total compensation ranges, and the terms of any employment agreements, severance/and or retention arrangements of all Disqualified Executives (in addition to the CEO). The CEO is empowered to set the total compensation for all other Disqualified Executives within the ranges determined by the Committee. The CEO shall either certify to the Committee that the total compensation of each Disqualified Executive is within the range approved by the Committee, or obtain the prior approval of the Committee to provide compensation to a Disqualified Executive that is outside of the approved range. The Committee shall approve the severance and/or retention arrangements for any Disqualified Executive;
4. With respect to Disqualified Executives (including the CEO), assemble and review appropriate market data on the amount and form of compensation paid for comparable executive positions by other comparable employers with which the Society is competing for executive talent;

5. Before its next meeting or within sixty (60) days of making its determination of reasonableness with respect to the total compensation of all Disqualified Executives (including the CEO), whichever is later, document in a written report: (a) the terms that were approved and the date approved; (b) the members of the Committee present during the discussion and those who voted in favor and those who dissented or abstained; (c) the comparability data obtained and relied upon by the Committee and how the data was obtained; and (d) any actions taken with respect to the determination by anyone who is otherwise a member of the Committee but who had a conflict of interest. The report must be approved by the Committee as reasonably accurate and complete within a reasonable time thereafter and reported to the Board for its information;
6. Review and act on reports of conflicts of interest from the Audit Committee of the Board as such reports relate to the compensation of Disqualified Executives;
7. Conduct a direct inspection to determine that there are designated CEO successors prepared to undertake the CEO's responsibilities should that become necessary and annually report to the Board with respect to the foregoing and oversee management succession;
8. Determine whether all of the Society's compensation and benefit plans, including but not limited to ACS's Retirement Annuity, Medical and Dental, Retiree Medical and Retiree Life Insurance, and other such plans are appropriate to market for the skills employed and, if not, make appropriate recommendations to the Board;
9. Review all Monitoring Reports assigned to the Committee. Clarifications and/or additions to Executive Limitations and monitoring reports will be suggested to the Board Development Committee for review and presentation to the Board for approval;
10. At least annually provide a report with respect to the foregoing to the Board for its acceptance. If the Board declines to accept any part of the Committee's report, the Committee shall undertake further review of the compensation arrangements on the basis of the comments from the Board and submit a report to the Board for its acceptance; and
11. Accomplish additional tasks as charged by the Chair of the Board.

IV. Committee Meetings

The Committee will meet as often as it deems necessary or appropriate, either in person or telephonically or electronically, and at such times, places and manner as its Chair or a majority of Committee members may determine. The Chair shall prepare or approve an agenda in advance of each meeting. The Committee will at least annually meet separately with the CEO and/or any attorney, accountants or compensation consultants it employs concerning the compensation of Disqualified Executives and, as a committee, discuss any matters that the Committee or any of those persons believes should be discussed.

V. Committee Reports

The Committee will produce written reports at the conclusion of each meeting, which will include an attendance record, a copy of the agenda and a full report of the committee discussions, with documented recommendations and decisions. These reports will be completed no more than three (3) weeks following the applicable Committee meeting and forwarded to the committee membership and the Office of Strategic Governance for proper filing. Additionally, the Committee will produce an annual written report at the end of each term that describes the number of meetings, major decisions and outcomes, and any other pertinent information. All committee reports, if not confidential, will be posted on the Society's intranet "The Link" under the National Committees Community so that all Board members will have access to the reports.

VI. Committee Evaluation

The Committee will conduct an annual performance evaluation, which evaluates the performance of the Committee in relation to the requirements of this Charter and such other matters as the Committee may deem appropriate. The performance evaluation should recommend to the Board any changes to this Charter deemed necessary or advisable by the Committee. The performance evaluation by the Committee will be conducted in such manner as the Committee deems appropriate.

VII. Resources and Authority of the Committee

The Committee will have the resources and authority it deems appropriate to discharge its duties and responsibilities, including the sole authority to select, retain, terminate, and approve the fees and other retention terms of special or independent counsel, or other experts or consultants relating to compensation, benefits or other matters, without seeking approval of the Board or management. In carrying out its responsibilities, the Committee may rely upon advice of legal counsel and of qualified accounting, compensation, and valuation experts. Legal counsel may be in-house or outside counsel.

EXHIBIT A

Executive Compensation Philosophy

This document is a declaration of the American Cancer Society's intent, as a nationwide organization, with respect to the principles, goals, and structure of executive compensation programs for Disqualified Executives. It serves as the foundation for the specific components of such programs for Disqualified Executives.

Program Management

The National Board of Directors (the "Board") is responsible for the administration of the Society's compensation program. The Board assigns this responsibility to its Compensation Committee, which is governed by the Compensation Committee Charter.

The Compensation Committee is primarily responsible 1) to assure the reasonableness of executive compensation levels of disqualified executives, 2) to enact policies that balance the need for appropriate safeguards with the need to assure an effective program that enables the Society to retain, attract, and reward executives, and 3) to set the Chief Executive Officer's ("CEO") compensation.

In order to assure a functioning and effective program, the Board delegates the authority to the CEO to determine total compensation for other disqualified executives so long as the compensation conforms to the policies established by the Compensation Committee.

Overview and Guiding Principles

The American Cancer Society (the "Society") is a nationwide, community-based, voluntary health organization. It requires top executive talent with a wide range of skills, education, experience, and leadership qualities. The Society recognizes the need to pay competitively in all forms to assure the retention and attraction of executive talent. The Society fundamentally believes that executive compensation should be market-based and performance-based. It also believes in the principle of a fair value exchange, that is, the organization's interest must be considered and must be proportional to the monetary value conveyed to executives.

The Society views the market (for the purpose of setting executive compensation policy) as other nonprofit, healthcare, and general industry sectors which are the primary industries that provide executive talent to NHO. The nonprofit and healthcare industry sectors include a combination of national data (representing all organizations) and data controlled for size (i.e. number of employees, revenue

size), and the general industry sector includes data controlled for size (i.e. number of employees, revenue size). .

The Society believes that a competitive compensation philosophy and approach will best serve the Society. Therefore, the Society recognizes that it must continue to provide a competitive compensation package to retain existing talent and to attract executives as needed. The Society believes this approach supports its charitable mission and protects its brand and its tax-exempt status. As such, the Society has adopted a set of key principles that guide its executive compensation decision-making process, as follows:

- The Society will uphold a competitive, yet reasonable and defensible compensation position relative to the market.
- The Society will recognize that while providing competitive compensation to executives is a business imperative, as a tax-exempt, non-profit and highly visible organization it must assure that compensation is not excessive.
- The Society intends to establish the highest standards of governance over executive compensation and specifically intends to meet the rebuttable presumption of reasonableness under Internal Revenue Code §4958.
- The Society will expect vigorous goal-setting tied to its strategic, mission-related, and financial objectives and will objectively evaluate executive performance against these objectives.
- The Society will pay for expected performance and reward the achievement of high performance.
- The Society will require timely and accurate documentation of executive compensation decisions.
- The Society will require complete disclosure and transparency of executive compensation levels, expect the Compensation Committee to regularly inform the Board of its actions, and make available compensation information related to disqualified executives.
- The Society will demand and monitor management's compliance with policies established by the Compensation Committee.

Primary Program Components

The total compensation package includes, but is not limited to, salary, fees, incentives, bonuses, severance payments and all forms of deferred compensation, whether vested or unvested, and all benefits whether or not included as income for tax purposes (e.g. medical, dental, life insurance, disability benefits).

- Base salary ranges will be based on the median value in the market for comparable positions, as established through generally accepted compensation methods, and through the use of available surveys, and/or other appropriate forms of data as prepared by an independent compensation consultant. The base salary of each executive will be managed through a salary structure using an approach which guides the salary of a fully seasoned and high performing executive to the midpoint of the salary range. The approach takes into account specific attributes and factors related to the individual executive. Recognizing that individual factors will vary, the approach provides guidance for targeting salaries either below or above the midpoint within the salary range. The objective is to position salaries at the proper rate for the individual and to achieve the right alignment with the market. High performance should earn a market pay adjustment to achieve the salary target, but not additional merit pay.

- Incentive compensation is the primary tool to reward outstanding executive performance. Incentive compensation levels are conservative compared to market levels and should be generally consistent for comparable positions. Incentive compensation is used to focus performance and reward executives for the achievement of outstanding results. The actual levels of annual incentive compensation, and thereby total cash compensation, for each executive will vary and will be based on organizational and individual performance. Performance objectives should reflect the key performance dimensions of the organization - mission delivery, financial strength, advocacy results, and people effectiveness. Individual weightings of these goals are appropriate in order to reflect their relative emphasis.

- The Society provides market competitive total benefits and minimal perquisites. In addition to all the benefits made available to all employees, executives whose compensation exceeds the Internal Revenue Code limits are eligible to be considered for supplemental retirement benefits (“SERP”) subject to the approval of the Compensation Committee. The SERP is a standard agreement that is coordinated with the Society’s qualified defined benefit plan and is designed to provide pension benefits that would otherwise not be payable due to the compensation limit in the Internal Revenue Code. Executive only perquisites, e.g. car allowance, leased vehicles, reimbursement of professional advisory services, etc., are discouraged.

- The Compensation Committee may also authorize unique program components which support the achievement of the Society’s mission. These unique components could be selectively applied, for example, individual retention agreements, special severance arrangements, etc.

EXHIBIT B

Criteria for Establishing Independence

A Committee member:

1. Will not be employed by the Society, or a related organization,¹ or paid as an employee or independent contractor by the Society, or a related organization, at any time during the previous three (3) year period.
2. Will not have any family member² who is employed by the Society, or a related organization, or who is paid as an employee or independent contractor by the Society, or a related organization, at any time during the previous three (3) year period.
3. Will not own, directly or indirectly, and will not have any family member who owns, directly or indirectly, a 5% or greater interest as a shareholder, partner, member, or a similar financial interest in any entity, which during the previous three (3) year period has received payments from the Society, or a related organization, totaling more than \$10,000 in the aggregate.
4. Will not be a principal investigator or department head of an institution that has received non peer-reviewed grant awards from the Society, or a related organization, during the previous three (3) year period totaling more than \$50,000 in the aggregate. Directors who are associated with institutions that receive research grants pursuant to the Society's various independent Peer Review Committees and the Council for Extramural Grants are not disqualified for Committee membership.
5. Will not have participated, and will not have any family member who has participated, in any transaction with the Society, or a related organization, that would constitute an "excess benefit transaction" within the meaning of Internal Revenue Code Section 4958.

¹ For purposes of these criteria, a "related organization" is an organization (1) that controls or is controlled by the Society; (2) is controlled by the same persons that control the Society (i.e., shared directors and officers); or (3) that qualifies (or claims to qualify) as a "supporting organization" for the Society within meaning of Internal Revenue Code Section 509(a)(3).

² Family members include spouses, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren and great-grandchildren.