



## **Compensation Committee Charter**

### **I. Purpose.**

The primary purpose of the Compensation Committee (the "Committee") is to assist the Board of Directors (the "Board") of Cougar Biotechnology, Inc. (the "Company") in fulfilling its responsibility to (a) make decisions on compensation of the Company's executives to ensure they support corporate objectives and the long-term interests of stockholders; (b) review the Chief Executive Officer's plan for executive development and management succession; (c) approve employee qualified benefit plans and employee programs; and (d) other matters relating to the compensation of officers, directors, employees and consultants of the Company at the request of the Board. The Committee shall establish, and present to the full Board for approval, the compensation package for the Chief Executive Officer and other executives. The Committee shall review the Chief Executive Officer's recommendations on compensation of other executives, including annual incentive plans and stock option grants, and make its recommendations to the Board for approval.

### **II. Membership and Procedures.**

The Committee shall be comprised of not less than three members, each of whom shall be an independent director and free of any relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment. Standards of independence and committee composition will meet the requirements of all applicable rules and regulations of the Securities and Exchange Commission (the "SEC") and any other appropriate body, including any applicable stock market or exchange.

- Members of the Committee and its chairman shall be nominated by the Nominating and Corporate Governance Committee of the Board, and elected from time to time in the discretion of the Nominating and Corporate Governance Committee and the Board.
- The Committee shall meet at least one time per year. At the request of the Committee, meetings may be held with members of management and with independent consultants; provided that, the Chief Executive Officer of the Company will not be present during voting or any deliberations of the Committee.
- The Committee shall report to the full Board on its findings and recommendations.
- On request, the Chief Executive Officer will present management's recommendations to the Committee.

### **III. Key Responsibilities.**

The Committee is responsible for ensuring that executive compensation is designed to provide competitive levels of compensation that link pay, directly and objectively, with the Company's annual goals and the long-term interests of stockholders; reward outstanding corporate performance; recognize individual initiative and achievements and assist the Company in attracting and retaining qualified executives.

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions are set forth as a guide with the understanding that the Committee may diverge as circumstances require.

- Review periodically executive compensation, such as salary, bonus, stock options and miscellaneous benefits and modify as necessary to optimize performance and remain competitive.
- Recommend to the Board the salary, bonus, stock incentive awards and other benefits of the Chief Executive Officer, taking into consideration:
  - The interests of stockholders.
  - Compensation paid at comparable companies.
  - Current market conditions and economic outlook.
  - The size and financial condition of the Company.
- Annually review the Chief Executive Officer's performance and communicate to the Board such evaluation. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, etc. The evaluation will be used when considering the compensation of the Chief Executive Officer.
- Prepare and issue an annual report on executive compensation for inclusion in the Company's annual meeting proxy statement in accordance with applicable rules and regulations of the SEC and any other appropriate body, including any applicable stock market or exchange.
- Review and approve the annual stock options granted, and all compensation and stock incentive plans for each covered executive.
- Ensure that all pay plans and programs comply with all legislation as well as rules and regulations of the FASB, SEC, IRC and any other appropriate body, including any applicable stock market or exchange.
- Review the adequacy of this Charter on an annual basis.

#### **IV. Compensation Philosophy.**

Currently, there are four elements in the Company's executive compensation program, all determined by individual and corporate performance.

- Base salary compensation
- Annual incentive compensation
- Equity compensation awards
- Other benefits

Base salary compensation, while largely subjective, is determined by the potential impact the individual has on the Company, the skills and experience required by the job, and the performance and potential of the incumbent in the job.

The Company's executive officers are eligible for discretionary annual bonuses based upon a number of performance factors relating to each such officer, including (i) professional ability, (ii) human relation skills, (iii) job strengths and (iv) areas of development. Determinations as to the granting of bonuses are made by the Board in its discretion, and may be based on the recommendations of the Chief Executive Officer with respect to all executive officers other than the Chief Executive Officer.

Equity incentives, including stock options, are designed to promote long-term interests between the Company's executives and its shareholders and assist in the retention of executives. The

Company's stock incentive plan also permits the Committee to grant stock options to key personnel. Awards of options are generally granted on the same criteria as base salaries are determined.