

American Shared Hospital Services
A California corporation
(the "Company")

Compensation Committee Charter
Adopted April 27, 2005

Purpose

The Compensation Committee is created by the Board of Directors of the Company to:

- oversee the Company's compensation and benefits policies generally;
- evaluate senior executive performance;
- oversee and set compensation for the Company's senior executives; and
- prepare the report on executive compensation that the Securities and Exchange Commission rules require to be included in the Company's annual proxy statement.

Membership

The Compensation Committee shall consist of at least three members, comprised solely of independent directors meeting the independence requirements of the American Stock Exchange. The Board of Directors shall recommend nominees for appointment to the Compensation Committee annually and as vacancies or newly created positions occur. Compensation Committee members shall be appointed by the Board and may be removed by the Board at any time. The Board shall designate the Chairman of the Compensation Committee.

Responsibilities

In addition to any other responsibilities which may be assigned from time to time by the Board, the Compensation Committee is responsible for the following matters.

Compensation Policies

- The Compensation Committee shall review and approve the Company's compensation and benefits policies generally (subject, if applicable, to shareholder ratification), including reviewing and approving any incentive-compensation plans and equity-based plans of the Company. In reviewing such compensation and benefits policies, the Compensation Committee may consider the recruitment, development, promotion, retention and compensation of senior executives and other employees of the Company and any other factors that it deems appropriate. The Compensation Committee shall report the results of such review and any

action it takes with respect to the Company's compensation and benefits policies to the Board.

Executive Compensation

- The Compensation Committee shall review and approve for each of the Company's senior executives his or her (i) annual base salary level, (ii) annual incentive compensation, (iii) long-term incentive compensation, (iv) employment, severance and change-in-control agreements, if any, and (v) any other compensation, ongoing perquisites or special benefit items. In so reviewing and approving executive compensation, the Compensation Committee shall, among other things:
 - identify corporate goals and objectives relevant to executive compensation;
 - evaluate each executive's performance in light of such goals and objectives and set each executive's compensation based on such evaluation and such other factors as the Compensation Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation); and
 - determine any long-term incentive component of each executive's compensation based on awards given to such executive in past years, the Company's performance, shareholder return and the value of similar incentive awards relative to such targets at comparable companies and such other factors as the Compensation Committee deems appropriate and in the best interests of the Company (including the cost to the Company of such compensation).
- The Compensation Committee may delegate to one or more officers of the Company the authority to make grants and awards of stock rights or options to employees who are not executive officers of the Company under such of the Company's incentive-compensation or other equity-based plans as the Compensation Committee deems appropriate and in accordance with the terms of such plans.

Disclosure

- The Compensation Committee shall prepare the report on executive compensation that the Securities and Exchange Commission rules require to be included in the Company's annual proxy statement.

Reporting to the Board

- The Compensation Committee shall report to the Board periodically. This report shall include a review of any recommendations or issues that arise with respect to Company compensation and benefits policies, executive compensation and any other matters that the Compensation Committee deems appropriate or is requested to be included by the Board.
- The Compensation Committee shall periodically review and assess the adequacy of this charter and recommend any proposed changes to the Nominating and Corporate Governance Committee.

Authority

The Compensation Committee may delegate its authority to subcommittees or the Chairman of the Compensation Committee when it deems appropriate and in the best interests of the Company.

Procedures

The Compensation Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter. The Chairman of the Compensation Committee, in consultation with the other committee members, shall determine the frequency and length of the Committee meetings and shall set meeting agendas consistent with this charter. No senior executive should attend that portion of any meeting where such executive's performance or compensation is discussed, unless specifically invited by the Compensation Committee.