

# **FIRST CHARTER CORPORATION**

## **Compensation Committee Charter**

As approved by the First Charter Corporation Board of Directors on February 25, 2004.

### **I. Purpose**

The purpose of the Compensation Committee (the "Committee") of First Charter Corporation (the "Corporation") is to assist the Board of Directors (the "Board") with its oversight responsibilities relating to executive compensation and overall corporation compensation policies, and to consider, recommend, administer, implement and maintain the Corporation's major benefit plans, including incentive-based compensation and equity-based plans.

### **II. Composition**

Membership of the Committee shall consist of not less than three directors as determined by the Board. The Committee shall only include directors who satisfy the independence requirements of The NASDAQ Stock Market, Inc., and any other applicable laws, rules or regulations, which are in effect from time to time, as determined by the Board.

The members of the Committee shall be appointed by the Board after due consideration and recommendation by the Governance and Nominating Committee. The Board shall designate one member of the Committee as its Chair. Members of the Committee shall serve at the pleasure of the Board or until successors are appointed.

### **III. Duties and Responsibilities**

To carry out its purpose, the Committee shall have the following duties and responsibilities:

1. The Committee shall prepare the annual report on executive compensation to be included in the Corporation's annual Proxy Statement in accordance with the applicable rules of the Securities and Exchange Commission.
2. The Committee shall annually review and approve corporate goals and objectives relevant to the compensation of the Corporation's Chief Executive Officer (the "CEO"), evaluate the CEO's performance in light of those goals and objectives, and recommend to the Board the CEO's compensation level based on this evaluation. In recommending the long-term incentive component of the CEO's compensation, the Committee shall consider existing employment agreements, the level of performance of the CEO compared to the goals and objectives described above, the Corporation's performance and relative shareholder return, the value of similar incentive awards given to chief executive officers of comparable companies and the awards given to the CEO in past years, and may consider such other factors as it deems necessary or advisable.
3. The Committee shall (i) annually, and at the time of any new hire, determine and recommend to the Board, for the CEO and executive officers of the Corporation, (a) the

annual base salary amount, (b) annual incentive compensation arrangements, if any, (c) long-term incentive compensation, if any, (d) any employment agreements, severance arrangements, and change in control and similar agreements/provisions, and any amendments, supplements or waivers to the foregoing agreements, in each case as, when and if deemed necessary or advisable and (e) any perquisites or special or supplemental benefits, (ii) annually review and recommend to the Board salary grade ranges and merit increase guidelines for employees of the Corporation and its subsidiaries and (iii) annually review and recommend to the Board annual budget requests for salaries.

4. The Committee shall annually evaluate and recommend director compensation and benefits to the Board. In conducting its evaluation and making its recommendation, the Committee shall consider recommendations from the Governance and Nominating Committee with respect to the competitiveness of director compensation and benefits.
5. The Committee shall consider, recommend, administer, implement and maintain the Corporation's major benefit plans, including incentive compensation plans, and equity-based plans in which directors, the CEO, other executive officers, other employees of the Corporation and its subsidiaries or consultants may be participants, including, but not limited to, (a) approving option grants and restricted stock or other awards, (b) interpreting the plans, (c) determining rules and regulations relating to the plans, (d) modifying or canceling existing grants or awards, and (e) imposing limitations, restrictions and conditions upon any grant or award as the Committee deems necessary or advisable. The Committee shall recommend to the Board the formula for matching contributions and discretionary contributions made by the Corporation to the First Charter Retirement Savings Plan and the formula for funding and payments under the Executive Incentive Bonus Plan.
6. The Committee shall meet at least two times annually and at such other times as it deems advisable and shall report its actions and recommendations to the Board at the next regularly scheduled Board meeting following each such meeting of the Committee.
7. The Committee shall review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Governance and Nominating Committee for approval.
8. The Committee shall annually assess its own performance in fulfilling its duties and responsibilities under this Charter.
9. The Committee shall perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time.

#### **IV. Resources and Authority**

The Committee shall have the resources and the authority 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, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management. More specifically, the Committee shall have the authority to retain and terminate

any compensation consultant to be used to assist the Committee in the evaluation of the compensation of the CEO or the executive officers.