

UNION BANKSHARES CORPORATION

Compensation Committee Charter

Purpose

The Compensation Committee (the "Committee") shall discharge the Board's responsibilities relating to the compensation and benefits awarded to directors and "officers" (as defined in Section 16 of the Securities Exchange Act and the Act's implementing regulations) of the Company and its principal business units (such officers collectively hereinafter referred to as "senior executives"). The Corporate Secretary shall make copies of this Charter available to any shareholder on written request of the Company.

The Committee is also responsible for producing an annual report on senior executive compensation for inclusion in the Company's proxy statement.

Committee Membership

The Committee shall be comprised of at least three directors who are independent of management and the Company. Members of the Committee shall meet the independence and qualification requirements of the federal securities laws and the applicable regulations of the Securities and Exchange Commission ("SEC") and the NASDAQ Stock Market, Inc.

The qualification of persons to serve on the Committee shall be determined by the Board of Directors, and all members shall be elected annually. Committee members may be replaced by the Board.

Committee Authority and Responsibilities

1. The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and recommend to the Board the CEO's compensation levels based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.

2. The Committee shall annually review and approve the compensation of all directors and "officers" (as defined in Section 16 of the Securities Exchange Act and the Act's implementing regulations) of the Company and its principal business units, including incentive and equity-based compensation plans.

3. The Compensation Committee shall annually review and approve, for the CEO and the senior executives, (a) the annual base salary level, (b) the annual incentive opportunity levels, (c) the long-term incentive opportunity levels, (d) employment agreements, severance arrangements,

and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits.

4. The Committee shall meet at least once annually, or more frequently as circumstances dictate. The Committee may form and delegate authority to subcommittees when appropriate. The Committee (or any subcommittee thereof) shall submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each Committee meeting with, the Board of Directors.

5. The Committee shall obtain the board's approval of this Charter and review and reassess this Charter, the performance of the Committee and the Committee's role and responsibility as conditions dictate.

6. The Committee shall have the authority to retain a compensation consultant to be used to assist in the evaluation of director or senior executive compensation and shall have authority to approve the consultant's fees and other retention terms, including but not limited to the scope, timing and delivery of the report of the consultant's work. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

Draft 1/04