

Astoria Financial Corporation
Compensation Committee
Charter

I. Purpose

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Astoria Financial Corporation (the “Corporation”) is as follows:

- To discharge the responsibilities of the Board relating to the Corporation’s compensation and benefit plans and practices, including its executive compensation plans, its incentive compensation and equity-based plans,
- To produce an annual report on executive compensation for inclusion in the Corporation’s proxy statement, and
- To otherwise assist the Board in its oversight responsibilities with respect to the Human Resources, Compensation and Benefit activities of the Corporation and its subsidiaries.

II. Membership, Appointment and Removal

The Committee shall consist of no fewer than three directors, each of whom shall be independent as determined by the Board in accordance with the criteria for independence contained in the New York Stock Exchange Listing Manual and in any other applicable laws, rules and regulations (the “Independent Directors”). One of the Committee members shall be designated by the Board to serve as Chairman of the Committee. The Chairman of the Committee shall preside at all meetings of the Committee. In the absence of the Chairman, and provided a quorum is present, the remaining members of the Committee present may designate from among the Committee’s membership a Chairman *pro tem* to preside at such meeting.

Members of the Committee shall be appointed annually by the Board, or more frequently in the case of vacancies, and shall serve at the pleasure of the Board. The members shall serve until their resignation, retirement, or removal by the Board or until their successors shall be appointed and qualified. No member of the Committee shall be removed except by majority vote of the Independent Directors of the Board then in office.

III. Committee Goals and Responsibilities

The Goals and Responsibilities of the Committee are set forth below. The Committee shall carry out these functions and such other responsibilities as may be assigned to it from time to time by the Board. The Committee is authorized to take all actions necessary or appropriate to carry out its Goals and Responsibilities. To fulfill its purposes, the Committee shall:

- Develop, recommend to the Board and annually review and recommend to the Board changes to a Compensation Committee Charter;
- Carry out those duties and responsibilities of the Compensation Committee set forth in the Corporation's Certificate of Incorporation, Bylaws, and Corporate Governance Guidelines;
- Annually review and approve, or recommend for approval by the members of the Board who are Independent Directors, corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives and determine the Chief Executive Officer's compensation level based on such evaluation (This shall include salary, annual incentive awards (see below), long term incentives including stock option grants or other equity based compensation (see below) and determinations relating to the deductibility of compensation under Internal Revenue Code of 1986 Section 162(m), as amended from time to time. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee shall consider, among other relevant factors, the Corporation's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and awards to the Chief Executive Officer in past years.);
- Review and approve other significant terms of employment for the Chief Executive Officer, including but not limited to any employment contracts;
- Review the performance of and approve the compensation, including base salary, incentive awards and other significant terms of employment for individuals holding the title of Executive Vice President or Chief Administrative Officer or higher;
- Administer the 1993 Incentive Stock Option Plan, the 1996 Stock Option Plan for Officers and Employees of Astoria Financial Corporation, the 1999 Stock Option Plan for Officers and Employees of Astoria Financial Corporation, the 2003 Stock Option Plan for Officers and Employees of Astoria Financial Corporation, 1996 Stock Option Plan for Outside Directors of Astoria Financial Corporation, the 1999 Stock Option Plan for Outside Directors of Astoria Financial Corporation, and the Astoria Financial Corporation Executive Officer Incentive Plan;
- Make recommendations to the Board concerning the adoption and amendment of incentive compensation plans and equity-based plans;
- Review, approve and recommend for approval by the Board director compensation including annual retainers, per meeting fees, equity compensation and other compensation related matters regarding the Board;

- Prepare the report on executive compensation for inclusion in the Corporation's proxy statement in accordance with applicable laws, rules and regulations;
- Assist the Board in its oversight responsibilities with respect to the Human Resources, Compensation and Benefit activities of the Corporation and its subsidiaries; and
- Perform such other or additional duties and responsibilities as may be assigned to the Committee by the Board.

IV. Committee Operations

The Committee shall establish its own rules of procedure, which shall be consistent with the Bylaws of the Corporation and this Charter. Meetings of the Committee shall occur from time to time as called by the Chairman of the Committee or as requested by the Board or the Board's Chairman. Except as otherwise provided in the Bylaws of the Corporation, one-third of the Committee members shall constitute a quorum, and all matters shall be determined by a majority vote of the members present.

The agenda for meetings of the Committee shall be established by the Chairman of the Committee giving due consideration to the suggestions and comments of members of the Board and executive management of the Corporation. The Committee may request that any directors, officers or employees of the Corporation, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Committee shall have the sole authority to determine whether or not it is advisable, and if so, to retain or terminate any firm to be utilized to provide compensation or benefit consulting services to the Committee, including the sole authority to approve such firm's fees and other terms of retention. The Committee shall also have the authority to retain such other or additional experts as it deems necessary and appropriate to carry out the purposes of the Committee. The Committee, in its sole discretion, may delegate as it deems appropriate, one or more of its functions to one or more subcommittees of its membership.

The Committee shall conduct all deliberations, take all actions and approve any recommendations to the Board relevant to the Chief Executive Officer in executive session. Any other deliberations, actions or recommendations may be made in the presence of, or take into consideration the recommendation of, the Chief Executive Officer or other senior management officials, at the discretion of the Committee.

V. Reports to the Board

The Committee shall keep written minutes of each meeting, which shall be subject to approval by the members of the Committee and, once approved, shall be provided to the

Board for its review and/or ratification and maintained with the books and records of the Corporation. Following each of its meetings, the Chairman of the Committee shall report to the Board regarding the activities of the Committee.

VI. Annual Performance Evaluation

The Committee shall annually undertake a self evaluation of the Committee, including its effectiveness and compliance with its Charter and the Corporation's Corporate Governance Guidelines. The Committee shall deliver to the Board a report setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Corporation's or the Board's policies and procedures.