

CITIZENS BANKING CORPORATION
COMPENSATION AND HUMAN RESOURCES COMMITTEE
2003 - 2004

General

The bylaws of Citizens Banking Corporation (the "Corporation") authorize the establishment of a Compensation and Human Resources Committee. Each year at its annual organization meeting, the board of directors of the Corporation has, pursuant to such authority, designated a Compensation and Human Resources Committee. Membership is established pursuant to the recommendation of the Corporate Governance and Nominating Committee of the Corporation and is subject to the approval of the board of directors. The purpose, responsibilities and authority, membership guidelines, meeting dates and other formalities and requirements are set forth in this statement which is reviewed, amended as necessary and reaffirmed annually by the board of directors. This statement may also be amended from time to time between annual organization meetings to accommodate the human resource needs of the Corporation and its subsidiaries.

Purpose

The Compensation and Human Resources Committee shall provide assistance to the board of directors of the Corporation and of its subsidiaries in overseeing the establishment and the monitoring of various compensation policies of the Corporation and its subsidiaries and in providing guidance relative to other human resource programs and practices of the Corporation and its subsidiaries.

Membership Guidelines

The Compensation and Human Resources Committee shall consist of at least four members of the board of directors who are outside directors (i.e., not members of Corporation or subsidiary management) as selected by the board of directors. Staff support shall be provided by the Director of Human Resources and the Chief Executive Officer of the Corporation as well as other officers of the Corporation or its subsidiaries as appropriate.

Responsibilities and Authority

The Compensation and Human Resources Committee shall have the responsibilities and authority to carry out the responsibilities set forth below:

1. Approving all aspects of compensation for the Chief Executive Officer of the Corporation.
2. Annually review and appraise the performance of the CEO.
3. Approving on behalf of the Corporation and its subsidiaries all aspects of executive level compensation such as compensation guidelines and policies, merit increases, special

increases, promotional increases, equity grants, salary ranges and special employment or post employment arrangements. Executive level compensation shall include compensation for positions at or above the level of senior vice president or its equivalent and including all positions with a base salary of over \$120,000. The following provisions shall apply with respect to the authority of the Chief Executive Officer relative to employee compensation.

- A) The Chief Executive Officer of the Corporation has the authority to approve compensation arrangements for officers and employees whose base salary is \$120,000 or below without the approval of the Compensation and Human Resources Committee.
 - B) However, in emergency situations, the Chief Executive Officer may approve adjustments to the compensation for the individuals occupying any of positions described in paragraph 3 above, provided that all adjustments are promptly reported to the Chairman of the Compensation and Human Resources Committee and reported at the next scheduled meeting of the Compensation and Human Resources Committee.
 - C) Further, the Chief Executive Officer of the Corporation may make employment offers to officers with a base salary of up to \$200,000 without the prior approval of the Compensation and Human Resources Committee, provided that such offers with a base over \$120,000 are reported at the next scheduled meeting of the Compensation and Human Resources Committee.
- 4. Reviewing and approving an annual evaluation process and compensation structure for the officers of the Corporation.
 - 5. Determining and granting awards of stock options and restricted shares of the Corporation under the Corporation's Stock Compensation Plan and amending or changing the Plan within the parameters of the Plan and as permitted by law. The Chief Executive Officer of the Corporation shall have the authority to grant stock options not to exceed 50,000 options and restricted shares of the Corporation's stock not to exceed 10,000 shares in connection with offers of employment for positions with base salaries up to \$200,000, provided that such grants are promptly reported at the next scheduled meeting of the Compensation and Human Resources Committee.
 - 6. Reviewing and approving the Corporation's annual Management Incentive Plan as well as amendments or changes thereto and awards thereunder. The awards thereunder shall cover all individuals with the title of senior vice president or above and all individuals with a base salary of \$120,000 or above, as well as any discretionary awards.
 - 7. Approving stock ownership guidelines for the Chief Executive Officer of the Corporation, as well as officers who directly report to the Chief Executive Officer.

8. Approving amendments or changes to the Pension Plan and 401(k) Plan and reviewing the actions of the Pension Plan and 401(k) Plan administrative committee.
9. Approving amendments or changes to the Corporation's Directors Deferred Compensation Plan.
10. Approving amendments and changes to other employee benefit plans of the Corporation including welfare, defined benefit, defined contribution and deferred income plans.
11. Reviewing other Corporate-wide benefit plans and determining their appropriateness and dimensions.
12. Approving any salary reduction plan or any other employee stock purchase, savings, pension, profit sharing or similar benefit plan or amendments to such plans which authority and power shall extend to the issuance of stock in connection with such plans.
13. Reviewing and approving annually, a compensation structure for the members of the board of directors of the Corporation.
14. Handling such other matters as may be properly delegated to this committee by the board of directors.
15. Reassess the adequacy of this Charter annually and recommend any proposed changes to the board for approval.
16. The Committee shall have the sole authority and discretion to retain outside compensation consultants, legal counsel or other independent third-party experts to advise the Committee in discharging its duties and responsibilities.

Requirements for the Transaction of Business

1. **Regular Meetings** - Regular meetings of the Compensation and Human Resources Committee may be held without notice at such time and at such place as shall from time to time be determined by the board of directors or by the Compensation and Human Resources Committee.
2. **Special Meetings; Notice and Waiver of Notice** - Special meetings of the Compensation and Human Resources Committee may be called by the Chairman of or secretary to the Committee on one day's notice to each Committee member. Neither the business to be transacted nor the purpose of such special meeting of the Committee need be specified in the notice of the meeting. Notice given shall be deemed sufficient if given in any fashion authorized in Article IV Section 1 of the bylaws of the Corporation and notice may be waived as set forth in Article IV Section 2 of the bylaws of the Corporation.

3. **Quorum Requirements** - At all meetings of the Compensation and Human Resources Committee a majority of the total number of members shall constitute a quorum for the transaction of business and the act of a majority of the Committee members present at any meeting at which there is a quorum shall be the act of the Committee except as may be otherwise specifically provided for by statute or by the Corporation's articles of incorporation or bylaws.
4. At all meetings of the Compensation and Human Resources Committee an executive session shall be held whereby the members of the Compensation and Human Resources Committee will meet without management of the Corporation present.
5. **Consent of Committee Members in Lieu of Meeting** - Unless otherwise restricted by the articles of incorporation or by the bylaws of the Corporation, any action required or permitted to be taken at any meeting of the Compensation and Human Resources Committee may be taken without a meeting if before or after the action all members of the Compensation and Human Resources Committee consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the Compensation and Human Resources Committee.
6. **Attendance by Conference Telephone** - A member of the Compensation and Human Resources Committee may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participating in a meeting in this manner constitutes presence in person at the meeting.

Meeting Dates

The Compensation and Human Resources Committee shall meet at such times as are deemed necessary. A meeting agenda shall be prepared by the Director of Human Resources or the Chief Executive Officer of the Corporation in conjunction with the Chairman of the Compensation and Human Resources Committee and distributed prior to each meeting. The Human Resource Director or Chief Executive Officer shall act as Secretary of the Compensation and Human Resources Committee and shall be responsible for transcribing the minutes of each meeting.

Reports to the Board of Directors

The Compensation and Human Resources Committee shall keep the board of directors informed of matters that come before it and shall advise the board of directors of any actions taken by the Committee and developments which the Committee believes should have board of director consideration.

The Compensation and Human Resources Committee shall keep regular minutes of its meetings and shall promptly report the same to the board of directors of the Corporation which would normally be at the next regularly scheduled meeting thereof.