

## **MERCANTILE BANKSHARES CORPORATION**

### **COMPENSATION COMMITTEE CHARTER**

The primary purpose of the Compensation Committee of the board of directors of Mercantile Bankshares Corporation shall be to: (i) advise the Board with respect to the Company's compensation policies; (ii) assist the Board in discharging its responsibilities in respect of compensation of the Company's executive officers; and (iii) produce an annual report for inclusion in the Company's proxy statement on executive compensation.

The Compensation Committee shall consist of three or more directors, each of whom shall satisfy the applicable independence requirements of the Nasdaq Stock Market, Inc. and any other requirements pertaining to members of the Committee, or Directors generally, under applicable law or regulation.

Committee members shall be appointed by the Board and shall serve until their successors shall be duly elected and qualified. The Board shall designate the Committee's chairman. If the chairman is not present at a meeting, the member with the longest service on the Committee will serve as chair for that meeting.

The committee has four regularly scheduled meetings each year, and shall have such additional meetings as it deems appropriate in order to carry out its responsibilities. The chair of the committee will preside at each meeting of the Committee and will approve the agenda of items to be addressed at each regularly scheduled meeting. Management will circulate a proposed agenda for each regular meeting to each committee member in advance of the meeting.

In furtherance of its purpose, the Compensation Committee shall have the following authority and responsibilities:

1. To develop guidelines for and review the compensation policies of the Company in general and review and approve compensation of senior officers of the Company (other than the Chief Executive Officer), review and approve (or make recommendations to the Board regarding) corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance annually in light of these goals and objectives and such other factors as the Committee deems appropriate, recommend for approval by the Board the Chief Executive Officer's compensation based on this evaluation, and produce an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.
2. To make recommendations to the Board with respect to incentive-compensation plans, administer such plans, establish criteria for the granting of options and stock grants to the Company's officers and other employees and review and approve the granting of options and stock grants in accordance with such criteria.

3. To review major organizational and staffing matters, including senior management employment, promotion, retention, severance and diversity matters.
4. To perform any other activities consistent with this Charter, the company's By-laws and governing law as the committee or the Board deems appropriate.

The committee shall have the authority to delegate any of its responsibilities to subcommittees as the committee may deem appropriate in its sole discretion.

The committee shall have the sole authority to retain and terminate any consultants, legal counsel or other advisors as the committee may deem appropriate in its sole discretion. The committee shall have the sole authority to approve related fees and retention terms.

The committee shall report its actions and recommendations to the Board after each committee meeting and shall conduct and present to the Board an annual performance evaluation of the committee. The committee shall review at least annually the adequacy of this charter and recommend any proposed changes to the board for approval.

Adopted: March 9, 2004