

Charter of the Compensation Committee of Susquehanna Bancshares, Inc.

Name

There shall be a committee of the Board of Directors (the "Board") of Susquehanna Bancshares, Inc. (the "Company") which shall be called the Compensation Committee (the "Committee").

Purpose

The Committee shall (1) discharge the Board's responsibilities relating to compensation of the executives of the Company, and (2) produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.

Committee Membership and Procedure

The Committee shall consist of no fewer than three (3) members. Each member of the Committee shall satisfy the independence requirements of Nasdaq listing standards and meet the definition of "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934. The Board shall appoint the members of the Committee annually. The members of the Committee shall serve until their successors are appointed and qualify, and shall designate the Chairperson of the Committee. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to such new member(s) satisfying the above requirements. Except as expressly provided in this Charter or in the Bylaws of the Company, the Committee shall fix its own rules of procedure.

Meetings

The Committee shall meet as often as it determines is necessary, but not less frequently than four (4) times per year. The Committee may periodically meet with management, and may request any officer or employee of the Company or the Company's outside counsel or any outside consultant to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

Committee Authority and Responsibilities With Respect to Compensation

- The Committee shall review and approve corporate goals and objectives relative to Chief Executive Officer ("CEO") compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation.
- In determining the long-term incentive component of CEO compensation, the Committee should consider the Company's performance and relative shareholder return, the value or similar incentive awards to CEO's at comparable companies, and the awards given to the Company's CEO in the past years.
- The Committee shall review and approve the Company's incentive compensation plans and equity-based plans.
- The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or senior executive compensation and shall have the sole authority to approve the consultant's fees and other retention terms. The Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- The Committee shall adopt, administer, approve and ratify awards under the Company's incentive and stock plans, including amendments to the awards made under any such plans, and review and monitor awards under such plans.

- The Committee shall annually review and approve, for the CEO and senior executives of the Company, (1) employment agreements, severance arrangements, and change in control agreements or provisions, in each case, when and if appropriate, and (2) any special or supplemental benefits.
- The Committee shall oversee the evaluation of the executive and corporate management group of the Company and make recommendations to the Board as appropriate.
- The Committee shall present and recommend to the Board changes in Board compensation.

Additional Committee Authority and Responsibilities

- The Committee shall make regular reports to the Board.
- The Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- The Committee may form and delegate authority to subcommittees when appropriate.
- The Committee may enlist the staff of the Company to provide assistance to the Committee when deemed appropriate.
- The Committee may review and make recommendations to the Board on the overriding compensation philosophy for the Company.
- The Committee may review and make recommendations with respect to performance or operating goals for participants in the Company's incentive plans.
- The Committee may review and approve other large compensation expense categories such as employee benefit plans.
- The Committee may review and approve the list of a peer group of companies to which the Company shall compare itself for compensation purposes.
- The Committee may review periodically with the Chairman of the Board and the Chief Executive Officer of the Company the succession plans relating to positions held by elected corporate officers, and make recommendations to the Board with respect to the selection and development of individuals to occupy those positions.

Adopted by the Board 12/10/03