

CHITTENDEN CORPORATION

CORPORATE GOVERNANCE GUIDELINES

The Board of Directors of Chittenden Corporation has adopted the corporate governance guidelines set forth below to assist and guide the Board in the exercise of its responsibilities. These guidelines should be interpreted in accordance with any requirements imposed by applicable federal or state law or regulation, the New York Stock Exchange, and the Company's Charter and By-Laws. The Board may review and amend these guidelines from time to time.

I. BOARD ISSUES:

Membership

1. *Size of Board*

The Board believes that the optimum size of the Board is 7-13 members.

2. *Independence Requirement*

A majority of the Directors shall satisfy the independence requirements of Subsections 1 and 2 of Section 303A of the New York Stock Exchange Listed Company Manual, and any other applicable regulatory authority.

In addition, the Board's historic practice is to not have more than one management Director although it may vary from this practice if it believes to do so is in the best interests of the Company.

A Director who is also affiliated with a company that has a business relationship with Chittenden Corporation that is not material to the Company or the Director will be deemed immaterial for the purpose of determining independence.

3. *Board Membership Criteria*

The Board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity and who will be able to serve at least three (3) years as a Director prior to reaching the age of 65. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are or were affiliated, and be selected based upon contributions they can make. Directors should plan to make a significant time commitment to the Company.

Recognizing that the contribution of the Board will depend not only on the character and capacities of the Directors taken individually but also on their collective strengths, the Board should be composed of:

- (A) Directors who will form a central core of business and financial expertise;
- (B) Directors who have substantial experience outside the business community-in the public, academic or scientific communities, for example;
- (C) Directors who will represent the balanced, best interests of the shareholders as a whole rather than special interest groups or constituencies;

(D) Directors who will enhance the diversity of perspective, experience or background of the Board; and

(E) A majority of directors who are not employees or former employees of the Company.

Selection Criteria

In considering possible candidates for election as a Director, the Executive Committee and the other Directors should be guided in general by the composition guidelines established above and in particular by the following:

- (1) each Director should be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others;
- (2) each Director should be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a Director;
- (3) each Director should possess substantial and significant experience which would be of particular importance to the Company in the performance of the duties of a Director;
- (4) each Director should have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a Director; and
- (5) each Director should have the capacity and desire to represent the balanced, best interests of the shareholders as a whole and not primarily a special interest group or constituency.

Orientation and Continuing Education

The Company will conduct an orientation program for each new Director within three months following the meeting at which the Director is elected. The orientation will be designed to familiarize the new Director with the Company's business and strategic plans, key policies and practices, principal officers and management structure, auditing and compliance processes and Code of Business Conduct and Ethics. The general counsel will be responsible for periodically providing materials for continuing Directors on topics that will assist them in discharging their duties.

Retirement; Resignation

Term Limits

The Board does not favor term limits for Directors.

Retirement Policy

According to the By-Laws of the Company "no person shall be eligible for election or re-election as a Director after his/her sixty-fifth (65th) birthday" and shall retire from the Board in the April prior to his/her sixty-sixth (66th) birthday.

Directors Changing Their Present Job Responsibilities

The Board believes that an individual Director who retires from his or her employment, or whose position of employment materially changes, must volunteer to resign from the Board. It is not the intention of the Board to mandate the resignation of a Director whose responsibility has changed, but rather to provide an opportunity for the Board to review the continued appropriateness of Board membership under the changed circumstance.

Conduct

Selection of Agenda Items and Executive Sessions

The Chair and Chief Executive Officer should establish the agenda for Board meetings. All Board members have the right to suggest items for inclusion in the agenda. The non-management Directors will meet at regularly scheduled executive sessions without management participation. Unless the non-management Directors take action to the contrary, the Chair of the Executive Committee will serve as the "lead" Director and conduct any non-management executive sessions.

Distribution of Materials

The Company shall distribute, sufficiently in advance of meetings to permit meaningful review, written materials for use at Board meetings by posting on the Board of Director's Web Site, facsimile transmission, mail, or electronic transmission.

Number of Meetings; Attendance and Preparation

The Board of Directors shall hold a minimum of five (5) meetings per year. Directors are expected to make reasonable efforts to attend all meetings in person or by phone, and to have, prior to the meetings, reviewed all written meeting materials distributed to them in advance.

Conflicts of Interest

Directors are expected to avoid any action, position or interest that conflict with an interest of the Company, or gives the appearance of a conflict. The Company annually solicits information from Directors in order to monitor potential conflicts of interest and Directors are expected to be mindful of their fiduciary obligations to the Company.

Consulting Agreements with Directors

The Board believes that the Company should not enter into paid consulting arrangements with outside Directors or their employers, without obtaining the Board's approval.

Share Ownership by Directors

Directors are required to own at least 1000 shares of the Company's Common Stock within two (2) years of election.

Compensation Review

The Executive Committee will annually review, and (when it deems appropriate) recommend to the full Board changes in director compensation and benefits, with equity ownership in the Company encouraged.

Assessing Board and Committee Performance

The Board shall conduct an annual self-evaluation with the assistance of the Executive Committee to determine whether it and its committees are functioning effectively. Each of the Audit Committee Charter and the Executive Committee Charter provide for self-assessment and the Board shall review the annual self-assessments of its committees.

The evaluation process is designed to facilitate ongoing, systematic examination of the Board's effectiveness and accountability, and to identify opportunities for improving its operations and procedures.

Annually, each director shall complete a self-evaluation form and a Board evaluation, developed by the Executive Committee, examining his or her and the Board's effectiveness against criteria designed to meet performance in seven critical areas:

1. Independence and integrity
2. Knowledge and expertise
3. Accountability and decisiveness
4. Participation and input
5. Preparation
6. Availability
7. Teamwork

CEO Assessment and Succession

The Executive Committee shall annually assess the performance of the CEO. This evaluation shall be used by the Executive Committee when it develops its compensation recommendations for the CEO. The Executive Committee shall be responsible for developing a CEO succession plan for consideration by the Board and reporting on such plan to the Board.

Access to Senior Management and Independent Advisors

Board members shall have complete access to Company management. In carrying out its responsibilities, the Board, and each committee thereof, shall be entitled to rely on the advice and information that it receives from management and such experts, advisors and professionals with whom the Board, or any such committee, may consult. The Board, and each committee thereof, shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company, attend a meeting of the Board, or such committee, or meet with any members of or advisors to the Board. The Board or any committee thereof shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its or their responsibilities.

Confidentiality

The Board believes maintaining confidentiality of information and deliberations is imperative.

Selection of Chair

The Board shall select the Chair of the Board and may select the Chair of the Committees. If the Board does not appoint a Committee Chair, the Committee members shall elect a Chair by a vote of a majority of the full Committee.

II. COMMITTEE ISSUES:

Board Committees; Committee Charters

The Board currently has the following two Committees: the Audit Committee and the Executive Committee. The Audit Committee and the Executive Committee shall each consist of three or more Directors, each of whom shall satisfy the independence (and in the case of the Audit Committee, the financial literacy and experience) requirements of, the New York Stock Exchange and any other applicable regulatory requirements.

The Audit Committee and the Executive Committee shall each have appropriate written charters. These Committee charters will be made available on the Company's web site at www.chittendencorp.com/profile/.

Assignment of Committee Members and Chairs

The Executive Committee is responsible, after consulting with the Chair, for recommending Committee members and their Chairs. Committee assignments and the designation of Committee Chairs should be based on the Director's knowledge, interest and areas of expertise. The Board believes experience and continuity are important.

Frequency of Committee Meetings

Committees meet as frequently as is necessary. Currently, the Audit Committee has four regularly scheduled meetings each year. The Executive Committee meets as needed, but at least twice a year.

III. DUTIES AND RESPONSIBILITIES OF THE COMMITTEES:

Audit and Executive Committees

These Committees shall have the powers and responsibilities set forth in their respective Charters, which are available on the Company's web site at www.chittendencorp.com/profile/.

IV. OTHER PRINCIPLES:

Board Requirements of Management

- Develop strategies and build shareholder wealth over the long term.
- Recommend appropriate strategic and operating plans.
- Maintain effective control of operations.
- Provide strong, principled, and ethical leadership.
- Assure sound succession planning and management development.
- Inform the Board regularly regarding the status of key initiatives.
- Organize Board meetings that are well planned, allow meaningful participation, and provide for timely resolution of issues.
- Provide Board materials that contain useful information and are received sufficiently in advance of meetings.

Requirements of Directors

- Act in the best interests of all shareholders. <http://www.leg.state.vt.us/statutes>
- Critique and approve strategic and operating plans.
- Select, motivate, evaluate, and compensate the Chief Executive Officer.

- Develop and maintain a sound understanding of the Company's strategies and businesses.
- Review succession planning and management development.
- Approve the appointment of officers upon the recommendation of the CEO.
- Carefully study Board materials and issues.
- Provide active, objective, and constructive participation at meetings of the Board and its committees.
- Counsel on corporate issues.

Confidential Voting

The Board has adopted a policy whereby shareholders' proxies are received by the Company's independent tabulators and the vote is certified by independent inspectors of election. Proxies and ballots that identify the vote of individual shareholders will be kept confidential from the Company's management and Directors, except as necessary or desirable to meet legal requirements, in cases where shareholders request disclosure, or in a contested election.

Disclosure of Corporate Governance Guidelines

These Corporate Governance Guidelines will be made available on the Company's web site at www.chittendencorp.com/profile/ and a copy of these Corporate Governance Guidelines will be made available to any shareholder who requests such a copy.