

# **EAGLE FINANCIAL SERVICES, INC.**

## **COMPENSATION COMMITTEE CHARTER**

Approved: March 21, 2007

### Purpose

The Compensation Committee (the "Committee") shall discharge the Board's responsibilities relating to the compensation of the Directors and Executive Officers of the Company. The Committee is also responsible for preparing a report on executive compensation for inclusion in the Corporation's annual proxy Statement in accordance with applicable rules and regulations.

### Committee Membership

The Committee shall be comprised of at least three directors, each of whom shall satisfy the applicable independence requirements of the Securities and Exchange Commission ("SEC") and the NASDAQ Stock Market.

Members of the Committee shall be appointed annually by the Chairman of the Board and shall serve until their successors are duly appointed.

### Committee Duties and Responsibilities

1. The Committee shall review and approve corporate goals and objectives relevant to the CEO's compensation, evaluate the CEO's performance in light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by the Board), determine and approve the CEO's compensation based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEO's at comparable companies, the awards given to the CEO in past years, and other factors the Committee deems appropriate.
2. The Committee shall review and approve the compensation of all directors and executive officers of the Company including incentive and equity-based compensation. The Committee shall attempt to ensure that the Company's compensation program is effective in attracting and retaining key employees, reinforces business strategies and objectives for enhanced shareholder value and is administered in a fair and equitable manner consistent with established policies and guidelines.
3. The Committee shall make recommendations to the Board with respect to all equity compensation, employment agreements, severance arrangements, and change in control agreements/provisions and other special supplement benefits for the CEO and the executive officers.
4. The Committee shall review director compensation levels and practices, and recommend, from time to time, changes in such compensation levels and practices to Board based upon relevant peer comparison data.
5. The Committee shall meet at least once annually, or more frequently as circumstances dictate. The Committee may form and delegate authority to subcommittees when appropriate. The Committee (or any subcommittee thereof) shall submit the minutes of all meetings of the Committee to the Board of Directors.
6. The Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval. The Committee will annually review its own performance.
7. The Committee will perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deem appropriate.

### Committee Resources

The Committee shall have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or executive officer compensation. The Committee shall also have the authority to obtain advice and seek assistance from legal, accounting and other advisors.