

**FIRSTBANK CORPORATION
BOARD OF DIRECTOR'S
COMPENSATION COMMITTEE CHARTER**

The Compensation Committee Charter was adopted by the Board of Directors (the "Board") of Firstbank Corporation (the "Bank") on September 25, 2006.

This Charter is intended as a component of the flexible framework within which the Board, assisted by its committees, directs the compensation issues of the Bank. While it should be interpreted in the context of all applicable laws, regulations, and listing requirements, it is not intended to establish by its own force any legally binding obligations.

I. Statement of Purpose

The Compensation Committee (the "Committee") shall assist the Board in (a) determining appropriate compensation levels for the Bank's executive officers, (b) evaluating officer and director compensation plans, policies and programs, (c) reviewing benefit plans for officers and employees, and (d) producing an annual report on executive compensation for the inclusion in the proxy statement.

II. Organization

Charter. At least annually, this charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board for approval.

Members. The committee shall consist of three to five members of the Board, each of whom has been determined by the Board to be independent in accordance with applicable rules of the NASDAQ National Market. Members of the Committee shall be appointed by the Board and continue to be members until their successors are elected and qualified or until their earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by the Board at any time. The committee shall recommend, and the Board shall designate, one member of the Compensation Committee as Chairperson.

Meetings. In order to discharge its responsibilities, the Committee shall each year establish a schedule of meetings. The Committee typically meets in person three times a year, but may meet by telephonic means as deemed appropriate. Additional meetings may be scheduled as circumstances dictate.

Agenda, Minutes and Reports. The Chairperson of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, shall be provided to members of the Committee. Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to Committee members to ensure an accurate final record, approved at a subsequent meeting of the Committee and distributed to the full Board. The Committee shall make regular reports to the Board.

III. Key Responsibilities

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall:

- A. Establish and review the executive compensation philosophy
- B. Review and approve corporate goals and objectives relevant to the CEO and other executive officers' compensation, including annual performance objectives
- C. Evaluate the performance of the CEO and other executive officers against those corporate goals and objectives, and determine the compensation level for each such person based on this evaluation.
- D. Review on a periodic basis the Bank's executive compensation programs to determine whether they are properly coordinated and achieve their intended purpose(s) and recommend any appropriate modifications or new programs
- E. Review and recommend to the Board for approval any changes in incentive compensation plans and equity-based compensation plans
- F. Review and recommend all equity-based compensation plans of the Bank and grant awards of shares or share options pursuant to such equity-based plans
- G. Administer and monitor compliance by executives with the rules and guidelines of the Bank's equity-based plans, including recovery (claw-back) of any compensation paid if the payments were based on materially inaccurate financial statements or other materially inaccurate performance metric criteria
- H. Review and recommend to the Board for approval any changes in employee retirement programs, including but not limited to severance and change of control agreements, and broadly reviews employee salary levels and ranges and employee fringe benefits
- I. Prepare a report to be included in the Bank's annual proxy statement, in accordance with applicable rules and regulations of the SEC and other applicable regulatory bodies
- J. Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter
- K. Conduct an annual risk assessment of the compensation plans to identify features that could lead to unnecessary and excessive risk that would threaten the value of the Corporation