

Compensation Committee Charter

Texas AgFinance, FCS

I. Purpose

The Compensation Committee established by this charter is a committee of the Board of Directors of Texas AgFinance ("Association") which shall report only to the Board of Directors. The primary function of the Compensation Committee is to assist the Board in fulfilling its responsibilities with respect to matters involving the compensation of the Board and the Chief Executive Officer, to review the compensation policies and plans for senior officers and employees, and to approve the overall compensation program for senior officers.

While the Compensation Committee has the powers set forth in this charter, it is not the duty of the Compensation Committee to approve the compensation of individual senior officers or employees. This is the responsibility of management.

The Compensation Committee will fulfill these responsibilities by carrying out the activities and processes enumerated in the following sections of this charter. In doing so, the committee has full access to all books, records, facilities, and personnel of the association, and the power to retain and terminate outside counsel or other experts considered necessary in discharging its oversight role, including sole authority to approve the fees and retention terms for such outside advisors.

II. Composition

The Compensation Committee shall be comprised of at least three members, each of whom shall be a member of the Board of Directors who is free from any relationship that would interfere with the exercise of his or her independent judgment as a committee member as determined by the Board of Directors. The Compensation Committee may consist of each member of the Board, provided that each member of the Committee satisfies the independence requirement.

The term of office for each position on the Committee shall be for one year. The chairman and members of the committee shall be appointed by the Chairman of the Board at the annual organizational meeting of the Board and shall serve until their successors shall be duly selected and qualified. The Board, upon recommendation of the Committee or otherwise, may remove any Committee member at any time.

III. Meetings

The Committee shall meet at least one time annually, or more frequently as circumstances dictate. Meetings may be called by the chairman of the Committee or by the chairman of the Board. A majority of the members of the Committee shall constitute a quorum. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee deems appropriate. The Committee may meet with, and receive reports from management. The Committee may also hold executive sessions without management to discuss any matters that the Committee believes should be discussed privately.

Meeting agendas will be prepared and provided in advance to Committee members, along with appropriate briefing materials. Minutes of all Committee meetings will be prepared, approved by the Committee, and provided to the Board.

IV. Responsibilities and Duties

As a committee of the Board, the Compensation Committee shall report only to the Board. To fulfill its responsibilities and duties, the Compensation Committee shall, with such assistance from management as the Committee deems appropriate, perform the following:

1. Review the adequacy of this charter on an annual basis, and recommend any proposed changes to the Board for approval.
2. Establish the overall compensation structure and executive compensation philosophy and principles of the Association.
3. Annually, review and approve the corporate goals and objectives of the CEO, evaluate performance and the base salary and incentive and other compensation of the CEO and make recommendations to the Board.
4. Annually, review the compensation policies and plans, including incentive plans (and benefit plans), for senior officers and employees.
5. Annually, approve the overall compensation program for senior officers.
6. Review any annual communication from the Farm Credit Administration regarding compensation for Farm Credit System directors and make recommendations to the Board on regular director compensation.
7. Consider, on a case-by-case basis, exceptional circumstances for which additional compensation would be paid for the contribution of Board member's extraordinary time and effort in the service of the Association and its stockholders. Such circumstances could include the following: (1) merger or consolidation; (2) joint management, (3) financial difficulties that threaten the Association's viability, (4) Committee or other assignments; and (5) other extraordinary circumstances specifically approved by the Board. If the Committee determines that additional compensation is warranted, it will recommend the Board adopt a resolution that describes the exceptional circumstances involved, authorizes the additional compensation, and establishes the approximate time frame for the additional compensation.
8. Annually, perform a self-evaluation of the Committee's effectiveness in performing its responsibilities, the results of which shall be reported to the Board of Directors.
9. Make this charter available to the public on the Association's website.
10. Maintain records of Committee meetings, including attendances, for at least 3 fiscal years.
11. Make regular reports to the Board of Directors regarding its activities.
12. Perform any other activities consistent with this charter, the Association's by-laws and governing law, as the Committee or the Board deems necessary or appropriate