

# CFC ORGANIZATION POLICY

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SECTION: Executive Committee  
SUBJECT: Compensation Committee Charter

NUMBER: 2.11  
DATE: 05/24/07

## I. PURPOSE

To set forth delegations of responsibility and functions of the Executive Committee of the Board of Directors with regard to compensation. This policy also serves as the Compensation Committee Charter.

## II. POLICY

- A. The Executive Committee of the CFC Board of Directors shall serve as the Compensation Committee (the "Committee"), overseeing all aspects of compensation, including appropriate disclosure information to be included in annual financial reports.
- B. The Committee will be composed of all members of the Executive Committee as outlined in Organization Policy No. 2.01. The elected Vice President of the CFC Board of Directors shall act as the Chairperson of the Committee for all compensation related matters.
- C. The Committee will meet with regard to compensation at such times as it deems appropriate or necessary, but in any case no less frequently than two times per year. The Vice President and the President of the Board of Directors have the authority to convene additional meetings, as circumstances require.
- D. Four members of the Committee shall constitute a quorum. The presence of a majority of the members in person or by teleconference shall be required for the transaction of Committee business.
- E. Any meeting of this Committee may be conducted by teleconference.
- F. Any action required or permitted to be taken at a meeting of the Committee may be taken without a meeting, if a writing setting forth and approving the action is signed by all members of the Committee. Such written consent shall have the same force and effect as if a meeting had been held.
- G. The Committee shall keep a record of its actions. The Chairperson shall cause copies of the same to be distributed to all members of the Board of Directors.

- H. The Committee shall review this Policy annually or more frequently as conditions dictate.

### III. FUNCTIONS AND RESPONSIBILITIES

The Committee shall have and perform the following functions:

- A. The Committee will review and make appropriate recommendations to the full Board of Directors on the corporation's total compensation philosophy and pay components, including base and incentive pay programs, with the assistance and advice of legal counsel in order to ensure compliance with applicable law.
- B. With respect to the CEO, the Committee shall annually review and approve corporate goals and objectives relevant to compensation, evaluate performance in light of those goals and objectives, and determine and approve the CEO's compensation based on this evaluation, including, but not limited to, base pay, short and long-term incentive compensation and perquisites. In determining the CEO's compensation, in addition to the performance factors mentioned above, the Committee also may consider peer group market data compiled by third party consultants (as referred to in paragraph F below) to assess the competitiveness of the total compensation package.
- C. The Committee will provide the full Board with a formal report of the assessment of the CEO's performance.
- D. The Committee will also review the terms of all employment agreements with the CEO, including, but not limited to, all benefit and severance arrangements.
- E. The Committee hereby delegates its responsibility for the annual evaluation of the performance of the other executive officers to the CEO. The CEO shall evaluate performance and determine appropriate base compensation for the other executive officers on the basis of CFC's goals and objectives.
- F. The Committee shall have the sole authority to retain and terminate any outside compensation consultants, legal counsel, and other experts and advisors as it determines appropriate to assist it in the full performance of its functions, including sole authority to retain and terminate any compensation consultant used to assist in the evaluation of the CEO's

compensation, and to approve the consultant's fees and other retention terms. The Committee shall also have the authority to obtain advice and assistance from internal legal, accounting, human resource or other advisors. CFC shall make funds available to the Committee in the amount the Committee deems sufficient to carry out its responsibilities within this policy.

- G. The Committee shall review and discuss with management the Compensation Discussion and Analysis ("CD&A") disclosure prepared by staff for inclusion in the CFC's Annual Report on Form 10-K, and based on such review and discussion, make a recommendation to the Board as to whether the CD&A should be included in CFC's Annual Report on Form 10-K. With the assistance of legal counsel and staff, the Committee shall prepare the Compensation Committee Report on executive compensation required to be included in CFC's Annual Report on Form 10-K.
- H. The Committee shall perform a formal self-assessment annually to ensure that objectives of this policy and charter are being achieved and to evaluate the Committee's performance.

IV. DELEGATION

The Committee may delegate any of the foregoing duties and responsibilities to a subcommittee of the Committee consisting of not less than two members of the Committee, provided that the subcommittee shall report back to the Committee and the Committee accepts and ratifies the actions of the subcommittee.

V. BOARD ESTABLISHMENT OF POLICY

This policy was established by the Board at its meeting on May 23–24, 2007.

Amendments

APPROVED: \_\_\_\_\_  
President