



Compensation Committee Charter

I. PURPOSE

The Compensation Committee (Committee), established by this charter is a Committee of the Board of Directors (Board) of Legacy Ag Credit, ACA (Association), which is accountable to and shall report only to the Board of the Association. The primary function of the Committee is to carry out the Board's responsibilities in regard to matters involving the compensation of the Board and the Chief Executive Officer (CEO), to review the compensation policies and plans for senior officers and employees and to approve the overall compensation program of senior officers.

Although the Committee has the powers set forth in this charter to review the compensation policies and plans for senior officers and employees and to approve the overall compensation program of senior officers, it is not the duty of the Committee to approve the compensation of individual senior officers or employees, which is the responsibility of management.

The Committee shall accomplish its responsibilities by following the activities and processes set forth in the following sections of this charter, and in the written procedures attached hereto. In order to fully carry out the duties of this Committee, the Committee shall have full access to all books, records, facilities, all personnel of the Association, outside professionals and advisors engaged by management, and is authorized to retain and terminate outside counsel or other experts considered necessary in discharging its duties, including sole authority to approve the fees and retention terms for such outside advisors. Any such outside advisors shall be independent of management.

II. MEMBERSHIP

The Committee shall be composed of no less than three (3) members, each of whom shall be a member of the Board who is free from any relationship, conflict of interest or appearance of such conflicts that could interfere with the exercise of his or her independent judgment as a Committee member as determined by the Board. The Committee may include all Board members, provided each member satisfies the independence requirement.

The terms of office for each position on the Committee shall be one (1) year or until the next organizational meeting of the Board. The Board shall elect or designate one of the directors to chair the Committee at the annual organizational meeting of the Board. The appointed Chairperson shall serve until a successor can be duly selected and qualified. The Chairperson shall be the principal contact person between the Committee and the Board and senior management. The Chairperson of the Board may not serve as Chairperson of the Committee. The Board, on recommendation from the Committee or otherwise, may remove any Committee member at any time.

III. MEETINGS

The Committee shall meet no less than two (2) times annually, but as frequently as the Committee deems necessary. The Chairperson or the Chairman of the Board may call meetings. A majority of members present shall constitute a quorum. The Committee shall have the authority to delegate certain or all of its responsibilities to subcommittees, as the Committee deems appropriate. The Committee may meet with and receive reports from management. The Committee may meet in executive session without management present to discuss matters the Committee believes should be discussed or voted on privately or with independent advisors. Periodic executive session meetings are encouraged.

Committee meetings shall be separate from Board meetings, and agendas for meetings of the Committee will be prepared and provided in advance of the meetings by the Chairperson. Minutes of all Committee meetings will be prepared and approved by the Committee and provided to the Board. Minutes of the meetings shall be made available to Committee members during their term of service. Minutes of all Compensation Committee meetings shall be retained for a period of three (3) years.

IV. RESPONSIBILITIES AND DUTIES

The Committee shall report its activities only to the Board. To discharge its responsibilities and duties, the Committee shall maintain an awareness of current compensation practices and the impact of such on the Association and shall, with assistance from management and/or its outside advisors 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 in order to ensure competitive compensation programs (including employee benefits) and retention of key management and staff talent as well as an appropriate level of pay for performance.
3. Annually review and approve the corporate goals and objectives of the CEO, evaluate the performance of the CEO, establish the base salary, incentives, and other compensation of the CEO.
4. Annually review the compensation policies and plans, including incentive plans, for senior officers and employees, including a review of relevant and comparable compensation programs, studies and peer analyses that are provided annually by the Farm Credit Bank of Texas Human Resources Department.
5. Analyze the long-term financial impact of the compensation programs on the Association's overall financial performance and specifically understand the effects of these programs as they pertain to the CEO and individual senior officers.
6. Challenge Association management and outside advisors to ensure that compensation programs are fair and appropriate with respect to the Association and are competitive and appropriate with respect to the CEO, senior offices, and employees.
7. Review and approve the senior officer compensation disclosure contained in the annual report.
8. Ensure that employee incentive plans are tied to business plan results (both quantitative and qualitative) and appropriately advance and reward achievement of key business plan goals while reinforcing the operating culture of the Association.
9. Ensure that incentive payments (a) relate to long-term financial performance of the Association, (b) encourage sound operations and prudent risk-taking, and (c) discourage unreasonable risk-taking.
10. Annually review and recommend to the Board the corporate business plan goals and related personal performance standards and objectives for the CEO.
11. Annually review the Association's Human Capital Plan, including the commitment by the Board to improve overall Association diversity.
12. Annually review the compensation for directors for service on the Board and its committees and make recommendations for changes in director compensation.
13. Conduct an annual self-assessment of the Committee and its performance and recommend changes to the charter based on the evaluation results of the self-assessment.
14. Understand key assumptions imbedded in pension and compensation plans and the impact of such assumptions on the Association.
15. Ensure that retirement benefits are appropriately based on market trends and such plans are appropriately funded.
16. Make regular reports to the Board concerning the Committee's activities and actions.
17. Communicate regularly and directly with the CEO, senior officers and Human Resources managers.
18. Provide notice to Farm Credit Administration (FCA) of any material changes in compensation programs and disclose such changes to shareholders in a timely manner.
19. Perform any other duties consistent with this charter, the Association's bylaws and governing state and federal law as the Committee and the Board deem necessary or appropriate.
20. Make this charter available to the public on the Association's website.