

**TEXAS GUARANTEED STUDENT LOAN CORPORATION**  
**COMPENSATION AND BENEFITS COMMITTEE CHARTER**

**I. PURPOSE**

The Compensation and Benefits Committee (the "Committee") shall assist the Board of Directors (the "Board") of Texas Guaranteed Student Loan Corporation (the "Corporation") in overseeing the Corporation's management compensation policies and practices, including: (1) making recommendations to the independent directors with respect to the compensation of the Corporation's Chief Executive Officer ("CEO"); (2) reviewing and approving the compensation of the Corporation's other managers and employees servicing as senior management who have substantial influence over the affairs of the Corporation ("key executives") and the chief audit executive ("CAE"); (3) reviewing and approving performance compensation policies and programs; (4) reviewing and approving bonus compensation programs for employees review of which are reserved to the Board and not delegated to management (such as the Collections Performance Award Program), and exercising discretion in the administration of such programs; and (5) assuring a sound base of corporate employee benefits to help attract and retain employees at all levels.

**II. MEMBERSHIP**

The Committee shall consist of three or more members of the Board. The Chair of the Committee shall be designated by the Board and shall preside at meetings of the Committee.

**III. MEETINGS AND QUORUM**

The Committee shall meet as circumstances dictated but not less than two times on a regularly scheduled basis. The Committee shall meet at least annually with the CEO and any other officers the Board and Committee deem appropriate to discuss and review the performance criteria and compensation levels of key executives.

Notice of meetings shall be given to all Committee members in the same manner as required for meetings of the Board, or may be waived. Meetings of the Committee may be held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak to each other. A majority of the members of the Committee shall constitute a quorum. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee.

**IV. AUTHORITY**

In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities, and personnel of the Corporation. The Committee shall have the power to retain outside counsel, compensation consultants, or other advisors to assist it in carrying out its activities. The Corporation shall provide adequate resources to support the Committee's activities, including compensation of the Corporation's counsel, consultants, and other advisors retained by the Committee. The Committee shall have the sole authority to retain, compensate, direct, oversee, and terminate counsel, compensation consultants, and other advisors hired to assist the Committee, who shall be accountable ultimately to the Committee.

## **V. KEY RESPONSIBILITIES**

The Committee shall undertake the following responsibilities, which are set forth as a guide. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time. The Committee shall base its decisions on objective, documented, and comparable data where such data is available and shall engage a reputable compensation consultant to assist them in that endeavor where appropriate. To fulfill its purposes, the Committee shall:

1. Establish and review the Corporation's overall management compensation philosophy and policy for adoption by the Board;
2. Review and approve the Corporation's goals and objectives relevant to the compensation of the Corporation's key executives, including annual performance goals and objectives;
3. Oversee compliance with the compensation policies and procedures and the terms of employment contracts;
4. Review and authorize any employment, compensation, benefit or severance agreement with key executives;
5. Evaluate at least annually the performance of the key executives against the Corporation's goals and objectives, including the annual performance objectives; and, based on this evaluation, determine and approve (or recommend to the Board for approval in the case of the CEO) the compensation level (including any performance awards and any material perquisites) for the key executives, reviewing, as appropriate, any agreement or understanding relating to their employment, incentive or performance compensation, or other benefits based on this evaluation;
6. Determine and approve the compensation level (including any performance awards and any material perquisites) for other members of management of the Corporation as the Committee or the Board may from time to time determine to be appropriate;
7. Review on a periodic basis the Corporation's management compensation programs, including any management incentive or performance compensation plans, as well as plans and policies pertaining to perquisites, to determine whether they are appropriate, properly coordinated, and achieve their intended purpose(s), and recommend to the Board any appropriate modifications or new plans or programs;
8. Review and recommend to the Board performance compensation plans of the Corporation and any modifications of such plans, and review at least annually the awards made pursuant to such plans;
9. Review and recommend to the Board any changes in employee benefits, including employee retirement plans or programs, and other employee benefit plans and programs; and
10. Maintain minutes of meetings and regularly report to the Board on Committee findings, recommendations and actions, and any other matters the Committee deems appropriate or the Board requests.

## **VI. REASONABLE COMPENSATION**

The Committee should ensure that no more than reasonable compensation is paid to the Corporation's employees. "Reasonable compensation" is the value that would ordinarily be paid for like services by similar corporations under similar circumstances. Compensation will be presumed reasonable under the relevant tax rules if the following three conditions are met:

1. The compensation arrangement is approved by disinterested members of the Board or the Committee.
2. When determining executive compensation, the Board or Committee shall have obtained and relied upon appropriate data as to comparability of compensation, such as the compensation paid by similarly situated corporations, both taxable and exempt, for functionally comparable positions. This may include reviewing compensation surveys, actual written offers from similar corporations competing for the executive's services, or other objective external data to establish comparable values for executive compensation, including as provided by and based on advice given by an expert retained by the Committee or on its behalf.
3. The Board or Committee adequately documents the basis for its determination that the compensation is reasonable concurrently with making that determination.