

FEDERAL AGRICULTURAL MORTGAGE CORP
Form DEF 14A
April 26, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN
PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant S
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Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
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FEDERAL AGRICULTURAL MORTGAGE CORPORATION
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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FEDERAL AGRICULTURAL MORTGAGE CORPORATION

1999 K Street, N.W.
Fourth Floor
Washington, D.C. 20006

TO HOLDERS OF FARMER MAC
VOTING COMMON STOCK

April 26, 2013

Dear Farmer Mac Stockholder:

The Board of Directors of the Federal Agricultural Mortgage Corporation ("Farmer Mac") is pleased to invite you to attend Farmer Mac's 2013 Annual Meeting of Stockholders to be held on Thursday, June 6, 2013, at 8:00 a.m. local time at The Town Hall, 1999 K Street, N.W., First Floor, Washington, D.C. 20006. The Notice of Annual Meeting and Proxy Statement accompanying this letter describe the business to be transacted at the meeting.

We hope you will be able to attend the meeting and suggest you read the enclosed Notice of Annual Meeting and Proxy Statement for information about Farmer Mac and the Annual Meeting of Stockholders. We have also enclosed Farmer Mac's 2012 Annual Report. Although the Annual Report does not constitute proxy soliciting material, we suggest you read it for additional information about Farmer Mac. Please complete, sign, date, and return a proxy card at your earliest convenience to help us establish a quorum and avoid the cost of further solicitation. The giving of your proxy will not affect your right to vote your shares personally if you attend the meeting. If you plan to attend the meeting, please so indicate on the enclosed proxy card.

Sincerely,

Lowell L. Junkins
Chairman of the Board

FEDERAL AGRICULTURAL MORTGAGE CORPORATION

NOTICE OF ANNUAL MEETING

April 26, 2013

Notice is hereby given that the 2013 Annual Meeting of Stockholders of the Federal Agricultural Mortgage Corporation ("Farmer Mac") will be held on Thursday, June 6, 2013, at 8:00 a.m. local time at The Town Hall, 1999 K Street, N.W., First Floor, Washington, D.C. 20006.

As described in the attached Proxy Statement, the meeting will be held for the following purposes:

- to elect ten directors, five of whom will be elected by holders of Class A Voting Common Stock and five of whom will be elected by holders of Class B Voting Common Stock, to serve until the next annual meeting of stockholders and until their respective successors are elected and qualified;
- to ratify the Audit Committee's selection of PricewaterhouseCoopers LLP as Farmer Mac's independent auditors for fiscal year 2013;
- to approve the material terms of performance goals under Farmer Mac's 2008 Omnibus Incentive Plan;
- to approve, on an advisory basis, the compensation of Farmer Mac's named executive officers disclosed in the attached Proxy Statement; and
- to consider and act upon any other business that may properly be brought before the meeting or any adjournment or postponement of the meeting.

Please read the attached Proxy Statement for complete information on the matters to be considered and acted upon at the meeting.

Eligible holders of record of Farmer Mac's Class A Voting Common Stock and Class B Voting Common Stock at the close of business on April 17, 2013 are entitled to notice of and to vote at the meeting and any adjournment or postponement of the meeting.

For at least ten days prior to the meeting, a list of Farmer Mac stockholders will be available for examination by any stockholder for any purpose germane to the meeting at the offices of Farmer Mac between the hours of 9:00 a.m. and 5:00 p.m. local time.

Whether you intend to be present at the meeting or not, please complete the enclosed proxy card, date and sign it exactly as your name appears on the card, and return it in the postage prepaid envelope. This will ensure the voting of your shares if you do not attend the meeting. The giving of your proxy will not affect your right to vote your shares personally if you attend the meeting. **THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF FARMER MAC.**

By order of the Board of Directors,

Stephen P. Mullery
Secretary

Table of Contents

	Page
<u>Introduction</u>	1
<u>GENERAL INFORMATION</u>	1
<u>Voting Rights</u>	1
<u>Record Date</u>	1
<u>Voting</u>	2
<u>Proposal 1</u>	2
<u>Proposals 2, 3, and 4</u>	2
<u>Proxy Procedure</u>	3
<u>CORPORATE GOVERNANCE MATTERS</u>	3
<u>Director Independence</u>	3
<u>Board of Directors Meetings and Committees</u>	4
<u>Enterprise Risk Management</u>	6
<u>Code of Business Conduct and Ethics</u>	7
<u>Stockholder Proposals</u>	7
<u>Communications with the Board</u>	8
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	8
<u>Board Structure</u>	8
<u>Selection of Director Nominees by Board</u>	8
<u>Stockholder Director Nominations</u>	9
<u>Information about Nominees for Director</u>	10
<u>Class A Nominees</u>	10
<u>Class B Nominees</u>	11
<u>Directors Appointed by the President of the United States</u>	12
<u>Qualifications, Attributes, Skills, and Experience To Be Represented on the Board as a Whole</u>	13
<u>Compensation of Directors</u>	14
<u>STOCK OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS, AND CERTAIN BENEFICIAL OWNERS</u>	16
<u>Directors and Executive Officers</u>	16
<u>Principal Holders of Voting Common Stock</u>	17
<u>EXECUTIVE OFFICERS</u>	18
<u>EXECUTIVE COMPENSATION GOVERNANCE</u>	18
<u>Introduction</u>	18
<u>Overview of Farmer Mac's Executive Compensation Practices</u>	19
<u>Compensation Discussion and Analysis</u>	20
<u>General Compensation Goals and Pay Elements</u>	20
<u>Peer Groups, Market Posture, and Compensation Philosophy</u>	20
<u>Total Compensation Elements</u>	24
<u>Payments in Connection with a Change-in-Control</u>	29
<u>Post-Employment Compensation</u>	29
<u>Impact of Accounting and Tax Treatment on Compensation Awards</u>	29
<u>Farmer Mac's Policies on Stock Ownership and Trading</u>	30
<u>Policies in the Event of a Restatement</u>	30
<u>Risk</u>	30
<u>Compensation Consultant Fees</u>	30
<u>Compensation Committee Interlocks and Insider Participation</u>	30
<u>Compensation Committee Report</u>	31

Executive Compensation

32

Summary Compensation Table

32

i

<u>Grants of Plan-Based Awards Table</u>	<u>34</u>
<u>Outstanding Equity Awards at Fiscal Year End</u>	<u>35</u>
<u>Option and SAR Exercises and Stock Vested</u>	<u>38</u>
<u>Employment Agreements with Executive Officers</u>	<u>38</u>
<u>Potential Payments upon Termination and Change-in-Control</u>	<u>40</u>
<u>Equity Compensation Plans</u>	<u>43</u>
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	<u>45</u>
<u>Review of Related Person Transactions</u>	<u>45</u>
<u>Transactions with Related Persons in 2012</u>	<u>45</u>
<u>REPORT OF THE AUDIT COMMITTEE</u>	<u>45</u>
<u>AUDIT MATTERS</u>	<u>47</u>
<u>Audit Fees</u>	<u>47</u>
<u>Audit-Related Fees</u>	<u>47</u>
<u>Tax Fees</u>	<u>47</u>
<u>All Other Fees</u>	<u>47</u>
<u>Audit Committee Pre-Approval Policies</u>	<u>47</u>
<u>PROPOSAL 2: SELECTION OF INDEPENDENT AUDITORS</u>	<u>47</u>
<u>PROPOSAL 3: APPROVAL OF THE MATERIAL TERMS OF PERFORMANCE GOALS UNDER THE 2008 OMNIBUS INCENTIVE PLAN</u>	<u>48</u>
<u>Description of the 2008 Plan</u>	<u>48</u>
<u>Material Terms of the Performance Goals under the 2008 Plan</u>	<u>50</u>
<u>PROPOSAL 4: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION OF FARMER MAC'S NAMED EXECUTIVE OFFICERS</u>	<u>51</u>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>52</u>
<u>SOLICITATION OF PROXIES</u>	<u>52</u>
<u>OTHER MATTERS</u>	<u>52</u>

FEDERAL AGRICULTURAL MORTGAGE CORPORATION

1999 K Street, N.W.
Fourth Floor
Washington, D.C. 20006

PROXY STATEMENT

For the Annual Meeting of Stockholders
to be held on June 6, 2013

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of the Federal Agricultural Mortgage Corporation ("Farmer Mac") of proxies from the holders of Farmer Mac's Class A Voting Common Stock and Class B Voting Common Stock (together, the "Voting Common Stock"). Farmer Mac is not soliciting proxies from the holders of its Class C Non-Voting Common Stock. The proxies will be voted at Farmer Mac's 2013 Annual Meeting of Stockholders (the "Meeting"), to be held on Thursday, June 6, 2013, at 8:00 a.m. local time at The Town Hall, 1999 K Street, N.W., First Floor, Washington, D.C. 20006, and at any adjournment or postponement of the Meeting. The Notice of Annual Meeting, this Proxy Statement, and the enclosed proxy card are being mailed to holders of Voting Common Stock on or about April 26, 2013. In this Proxy Statement, except as the context otherwise requires or as otherwise noted, "we," "us," and "our" refer to Farmer Mac and its subsidiaries.

At the Meeting, Farmer Mac's Board of Directors (the "Board of Directors" or "Board") will present for a vote the election of ten members to the Board (Proposal 1), the ratification of the appointment of PricewaterhouseCoopers LLP as Farmer Mac's independent auditors for fiscal year 2013 (Proposal 2), and the approval of the material terms of performance goals under Farmer Mac's 2008 Omnibus Incentive Plan (Proposal 3). The Board will also present for a vote the approval, on an advisory basis, of the compensation of Farmer Mac's named executive officers disclosed in this Proxy Statement (Proposal 4). The Board is not aware of any other matter to be presented for a vote at the Meeting.

Important Notice Regarding the Availability of Proxy Materials for Farmer Mac's Annual Meeting of Stockholders to be held on June 6, 2013: the Proxy Statement, sample proxy cards, and Farmer Mac's 2012 Annual Report are available at www.farmermac.com/investors/stockholders/.

GENERAL INFORMATION

Voting Rights

One of the purposes of the Meeting is to elect ten members to the Board of Directors. Title VIII of the Farm Credit Act of 1971, as amended (the "Act"), provides that Farmer Mac's Class A Voting Common Stock may be held only by banks, insurance companies, and other financial institutions or entities that are not Farm Credit System institutions. The Act also provides that Farmer Mac's Class B Voting Common Stock may be held only by Farm Credit System institutions. Holders of Voting Common Stock who are not eligible holders of that stock should dispose of their stock to eligible holders. Farmer Mac has the right, but not the obligation, to repurchase shares of Voting Common Stock from ineligible holders for book value.

The Act provides that five members of the Board will be elected by the holders of the Class A Voting Common Stock (the "Class A Holders"), and five members of the Board will be elected by the holders of the Class B Voting Common Stock (the "Class B Holders"). The remaining five members of the Board are appointed by the President of the United

States, with the advice and consent of the United States Senate.

Record Date

The Board of Directors has fixed April 17, 2013 as the record date for the determination of stockholders entitled to receive notice of and to vote at the Meeting. At the close of business on that date, there were issued and outstanding 1,030,780 shares of Class A Voting Common Stock and 500,301 shares of Class B Voting Common Stock, which together constitute the only outstanding capital stock of Farmer Mac entitled to vote at the Meeting. See "Stock Ownership of Directors, Executive Officers, and Certain Beneficial Owners—Principal Holders of Voting Common Stock."

Voting

The presence, in person or by proxy, of the holders of at least a majority of Farmer Mac's outstanding Voting Common Stock is required to constitute a quorum at the Meeting. Thus, 765,541 shares of Voting Common Stock must be represented by stockholders present at the Meeting or by proxy to have a quorum.

Proposal 1

Under the Act, the holders of Farmer Mac's Voting Common Stock are entitled to one vote per share, with cumulative voting permitted at all elections of directors. Under cumulative voting, each stockholder is entitled to cast the number of votes equal to the number of shares of the class of Voting Common Stock owned by that stockholder, multiplied by the number of directors to be elected by that class. All of a stockholder's votes may be cast for a single candidate for director or may be distributed among any number of candidates. Class A Holders are entitled to vote only for the five directors to be elected by Class A Holders, and Class B Holders are entitled to vote only for the five directors to be elected by Class B Holders.

A stockholder may withhold a vote from one or more nominees by filling in the circle next to the names of those nominees in the space provided on the proxy card. Under those circumstances, unless other instructions are provided in writing, the stockholder's votes will then be cast evenly among the remaining nominees for its class. Stockholders who intend to cumulate their votes for any nominee are urged to read the instructions on the proxy card and to indicate the manner in which votes shall be cumulated in the space to the right of the applicable nominee name on the proxy card. The five nominees from each class who receive the greatest number of votes will be elected directors. If one or more of the nominees becomes unavailable for election, the Proxy Committee will cast votes under the authority granted by the enclosed proxy for any substitute or other nominee as the Board of Directors may designate. If no instructions are indicated on the proxies, the proxies represented by the Class A Voting Common Stock will be voted in favor of the five nominees specified in this Proxy Statement as Class A nominees, with the votes being cast evenly among each of the Class A nominees, and the proxies represented by the Class B Voting Common Stock will be voted in favor of the five nominees specified in this Proxy Statement as Class B nominees, with the votes being cast evenly among each of the Class B nominees.

Because only a plurality is required for the election of directors, votes to withhold from all nominees and broker non-votes (as defined below) will have no effect on the outcome of the vote of Proposal 1.

Proposals 2, 3, and 4

Other than the election of directors, the Class A Holders and Class B Holders vote together as a single class on any matter submitted to a vote of the holders of Voting Common Stock. The affirmative vote of a majority of the shares of Farmer Mac's Voting Common Stock entitled to vote and represented in person or by proxy at the Meeting is required for the approval of Proposal 2, Proposal 3, and Proposal 4.

Shares of Voting Common Stock represented by proxies marked "Abstain" for any proposal presented at the Meeting (other than the election of directors) will be counted for purposes of determining the presence of a quorum, but will not be voted for or against such proposal. Abstentions will, however, have the effect of a vote against any such proposal (other than the election of directors).

If a holder of Voting Common Stock holds shares through an account with a bank or broker, the voting of the shares by the bank or broker when the holder does not provide voting instructions is governed by the rules of the New York Stock Exchange ("NYSE"), which allow banks and brokers to vote shares in their discretion on "routine" matters for

which their customers do not provide voting instructions. On matters considered "non-routine," banks and brokers may not vote shares without a customer's instructions. A "broker non-vote" occurs when a bank or broker holding the shares has not received voting instructions from its customer and either chooses not to vote those shares on a routine matter at a stockholders' meeting, or is not permitted to vote those shares because a proposal is considered a non-routine matter. Broker non-votes will be counted as shares present at the Meeting for purposes of determining whether a quorum is present, but will not be voted for or against the related proposal.

The ratification of PricewaterhouseCoopers LLP as Farmer Mac's independent auditors for fiscal year 2013 is considered a routine matter. Accordingly, banks and brokers may vote shares on Proposal 2 if they have not received a customer's instructions, and there generally will be no broker non-votes on this proposal, unless a bank or broker chooses not to vote shares on Proposal 2.

All other proposals in this Proxy Statement are considered "non-routine" matters, so stockholders must provide their banks or brokers with instructions on how to vote for their shares to be voted. Broker non-votes will have no effect on the outcome

of the votes on Proposals 3 and 4, which are "non-routine" matters, because broker non-votes will not be considered as representing shares entitled to vote on non-routine matters.

Proxy Procedure

Any holder of Voting Common Stock who is unable to attend the Meeting in person will be afforded the right to vote by means of the proxy solicited by the Board of Directors. When a proxy is returned properly completed and signed, the shares it represents must be voted by the Proxy Committee (described below) as directed by the stockholder. Stockholders are urged to specify their choices by marking the appropriate boxes on the enclosed proxy card.

Execution of a proxy will not prevent a stockholder from attending the Meeting, revoking a previously submitted proxy, and voting in person. Any stockholder who gives a proxy may revoke it at any time before it is voted by notifying Farmer Mac's Secretary in writing on a date later than the date of the proxy, by submitting a later dated proxy, or by voting in person at the Meeting. Mere attendance at the Meeting, however, will not constitute revocation of a proxy. Written notices revoking a proxy should be sent to Farmer Mac's Secretary at 1999 K Street, N.W., Fourth Floor, Washington, D.C. 20006.

The Proxy Committee is composed of three executive officers of Farmer Mac – Timothy L. Buzby, Stephen P. Mullery, and Tom D. Stenson – and will vote all shares of Voting Common Stock represented by proxies signed and returned by stockholders in the manner specified. The Proxy Committee will also vote the shares represented by proxies in accordance with its members' best judgment on any matters not known at the time this Proxy Statement was printed that may properly be presented for action at the Meeting.

CORPORATE GOVERNANCE MATTERS

Director Independence

The Board of Directors has adopted a formal set of standards to form the basis for determinations of director independence prescribed by NYSE listing requirements. To be considered "independent" for purposes of these standards, the Board must affirmatively determine that a director does not have a material relationship with Farmer Mac or any of its affiliates (as defined in Rule 144(a)(1) of the Securities Act of 1933, as amended, or the "Securities Act") other than as a director of Farmer Mac, either directly or as a partner, shareholder, or officer of an organization that has a relationship with Farmer Mac. The Board broadly considers all relevant facts and circumstances in making an independence determination, including the following criteria, among others, in determining whether a director lacks a material relationship with Farmer Mac and therefore is "independent":

the director is not, and has not been during the preceding three years, an employee of Farmer Mac, and the director (a) has no immediate family member who is, or has been during the preceding three years, an executive officer of Farmer Mac;

the director has not received, and has no immediate family member who has received, more than \$120,000 in direct (b) compensation from Farmer Mac during any twelve-month period within the preceding three years, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(c) the director is not currently an employee of, and has no immediate family member who is a current partner or executive officer of, any entity that has made payments to, or received payments from, Farmer Mac for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of (i) \$1 million and (ii) 2% of

such other entity's consolidated gross revenues;

- (i) the director is not a current partner or employee of a firm that is Farmer Mac's internal or external auditor;
- (ii) the director has no immediate family member who is a current partner of such a firm;
- (iii) the director has no immediate family member who is a current employee of such a firm and personally works on Farmer Mac's audit;
- (iv) the director or an immediate family member was not within the last three years a partner or employee of such a firm and did not personally work on Farmer Mac's audit within that time;

- (e) the director or an immediate family member is not, and has not been during the preceding three years, employed as an executive officer of another company where any of Farmer Mac's present executive officers at the same time serves or served on that company's compensation committee;

the director is not, and has not been during any of the preceding three fiscal years, affiliated with a tax-exempt (f) organization that received within the preceding three years contributions from Farmer Mac that exceeded in any single fiscal year the greater of (i) \$1 million and (ii) 2% of such other organization's consolidated gross revenues;

the director is not an officer, partner, or employee of, and has no immediate family member who is an officer or partner of, any entity (or affiliate thereof) that (i) is doing business with Farmer Mac (which, for these purposes, (g) includes the origination, or sale to Farmer Mac, of any loans or securities that are currently (A) held on Farmer Mac's balance sheet or (B) off-balance sheet obligations of Farmer Mac), or (ii) holds 5% or greater of Farmer Mac's Class A or Class B Voting Common Stock;

(h) the director does not hold, and is not a candidate to hold, an elected office of the Federal government;

(i) the director is not an employee of the Federal government who either is in a position to oversee Farmer Mac's business or is employed by an agency that oversees Farmer Mac's business; and

(j) the director does not have any other relationships, not described in (a) through (i), with Farmer Mac or the members of management of Farmer Mac or other activities that the Board has determined to be material.

For purposes of the foregoing independence criteria, the term "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-laws, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares the person's home.

The independence criteria set forth above are included in Farmer Mac's Corporate Governance Guidelines available on Farmer Mac's website, www.farmermac.com, in the "Corporate Governance" portion of the "Investors" section. These criteria meet or exceed all standards for director independence under applicable rules of the Securities and Exchange Commission (the "SEC") and NYSE.

In April 2013, the Board considered all direct and indirect transactions and relationships between each director (either directly or as a partner, stockholder, officer, or director of an entity that has a business relationship with Farmer Mac) and Farmer Mac and its management to determine whether any of those transactions or relationships were inconsistent with a determination that the director is independent. As a result of its review, the Board affirmatively determined that each of the following current directors meets the criteria for director independence set forth above and, therefore, is independent: Dennis L. Brack, Chester J. Culver, Richard H. Davidson, James R. Engebretsen, Dennis A. Everson, Sara L. Faivre-Davis, Mitchell A. Johnson, Lowell L. Junkins, Clark B. Maxwell, James B. McElroy, J. Dan Raines, Bruce J. Sherrick, and Myles J. Watts. During the same review, the Board determined that Thomas W. Hill and Douglas E. Wilhelm were not independent because they are each currently a party to a services agreement with an entity that holds more than 5% of Farmer Mac's Class B Voting Common Stock, under which each of them serves as an employee of the related stockholder.

In determining that each of the current directors other than Messrs. Hill and Wilhelm is independent of Farmer Mac, the Board considered that because financial institutions are required to own Voting Common Stock to participate in Farmer Mac's programs, transactions often occur in the ordinary course of business between Farmer Mac and companies or other entities at which some of Farmer Mac's directors are or have been officers or directors. In particular, the Board evaluated for each of Messrs. Brack, Everson, and Raines all transactions between Farmer Mac and the company where each serves as a director. Those transactions included sales of qualified loans and USDA-guaranteed portions and guarantee and long-term standby purchase commitment transactions as well as the annual amount of guarantee and commitment fees paid to Farmer Mac by that company and any servicing or other fees received by that company from Farmer Mac. In each case, the transactions had terms and conditions comparable to those applicable to entities unaffiliated with Farmer Mac. The Board affirmatively determined that none of the

relationships were material for purposes of the independence criteria. For additional information about transactions between Farmer Mac and entities affiliated with its current directors, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Related Party Transactions" and Note 3 in Farmer Mac's Annual Report on Form 10-K for the year ended December 31, 2012.

Board of Directors Meetings and Committees

In 2012, the Board of Directors held a total of eight meetings. Each member of the Board attended 75% or more of the aggregate number of Board meetings and of the committees on which he or she served during 2012. As Chairman of the Board, Lowell L. Junkins presides over all meetings of the Board of Directors, including regularly scheduled executive sessions of the Board in which members of management do not participate. All members of the Board of Directors are expected to attend the

Annual Meeting of Stockholders, which is held in conjunction with a regularly scheduled meeting of the Board of Directors. All current members of the Board of Directors attended the 2012 Annual Meeting of Stockholders.

The Board currently has seven standing committees to assist the Board to perform its responsibilities: Audit Committee, Compensation Committee, Corporate Governance Committee, Credit Committee, Finance Committee, Marketing Committee, and Public Policy Committee. Each director serves on at least one committee.

The following table sets forth the committees on which each current member of the Board has served since the 2012 Annual Meeting of Stockholders:

	Audit	Compensation	Corporate Governance	Credit	Finance	Marketing	Public Policy
Brack	X (Chair)	X	X				