

MCGRAW-HILL FEDERAL CREDIT UNION

COMPENSATION COMMITTEE CHARTER

I. Purpose

The Compensation Committee (“the Committee”) of the Board of Directors of The McGraw- Hill Credit Union is primarily responsible for reviewing and recommending to the Board an incentive compensation program for the CEO and other senior executives designed to allow the organization to recruit and retain superior talent. It is also charged with oversight responsibility for executive and senior management performance and pay, adequacy and effectiveness of compensation plans, benefit plans, and succession planning.

Compensation includes:

- Annual Base Salary
 - Annual Incentive Opportunity
 - Profit-sharing Plans
 - Long-term Incentive Opportunity
 - Terms of employment agreements, severance agreements, change in control agreements and any other similar agreements
 - Any special or supplemental benefits
- Any other payments deemed compensation under applicable rules and regulations.

II. Organization

The Committee shall consist of three or more Directors, each of whom shall satisfy the applicable independence requirements of the regulatory authorities. The Chief Executive Officer should not be a member of the Committee. Members shall be appointed by the Board and shall serve for such terms as the Board may determine. Members of the Committee may be removed at any time by action of the Board. Committee members must understand and respect the confidential and sensitive nature of discussions on compensation and performance evaluation.

The Committee Chair shall be designated by the Board or elected by the majority of the Committee. In the event of a tie vote on any issue, the Chair’s vote shall decide.

III. Structure and Meetings

The Committee shall meet at least three times per year and additionally as deemed necessary by the Chair. Regular meeting dates and times should be specified at least a year in advance. Meetings may be held telephonically to the extent they are permitted by law.

The Committee may invite members of management to meetings as it deems appropriate. The Chief Executive Officer should not attend any portion of the meeting where his/her performance or compensation is discussed. However, the CEO may participate when the Committee discusses the executive compensation plans for other senior executives and management succession plans.

IV. Goals and Responsibilities

The specific duties and responsibilities of the Committee include:

- Recommending an overall compensation philosophy and plan to the Board.
- Recommending a CEO evaluation plan to the Board, including annual goals for the CEO and a process for annual CEO performance evaluation. The policy should include provisions for input from the full Board, and a report to the Board on the results of the evaluation and compensation review.
- Conducting the CEO evaluation process in a manner that promotes trust and candid communication between the Board and CEO and is consistent with Board-approved policies. The process must ensure the CEO understands the Board's expectations and receives constructive feedback from the Board on his/her performance.
- Selecting and retaining a compensation expert and access to industry resources.
- Reviewing and recommending to the Board an incentive compensation program for the CEO and other senior executives designed to allow the organization to recruit and retain superior talent.
- Approving annual compensation for the CEO consistent with the compensation philosophy and incentive compensation plan.
- Reviewing and understanding all current legal and regulatory requirements with regard to executive compensation. Ensuring the organization's executive compensation program meets IRS and other regulatory requirements.
- Directing the CEO to prepare and annually update a CEO/management succession and management development plan to be reviewed with the Committee.
- Reporting to the Board in sufficient detail to assure the Board that responsibilities for executive compensation are being met.
- Reviewing and reassessing this Charter annually and recommending any appropriate change to the Board.
- Performing other activities consistent with this Charter as the Committee or Board deems appropriate.

Nothing in this Charter shall preclude the Board from discussing CEO or non- CEO compensation generally or any other subject.

The responsibilities set forth in this Charter should serve as a guide only, with the express understanding the Committee may carry out additional responsibilities and duties, and adopt additional policies and procedures as may be necessary in light of any changing business, legislative, regulatory, legal or other condition.

V. Committee Resources

The Committee shall have the sole authority to retain or terminate consultants to assist the Committee in the evaluation of compensation for a director, CEO or senior executive. The Committee shall have sole authority to determine the terms of engagement and the extent funding is necessary for payment to any counsel, advisor, consultant or other professional retained to

advise the Committee. The Committee also shall have sole authority over ordinary administrative expenses that are necessary or appropriate in carrying out its duties.

VI. Disclosure of Charter

This Charter will be made available on the Company's board website at www.mcgrawhillfcu.org.

Drafted: April 19, 2010

Approved: July 20, 2010