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## INFORMATIONAL MEMORANDUM



April 9, 2007

To: Chairman, Board of Directors  
Chief Executive Officer  
All Farm Credit Institutions

From: Andrew D. Jacob, Director  
Office of Regulatory Policy

A handwritten signature in black ink that reads 'Andrew D. Jacob'.

Subject: Rescission of Bookletters on Disclosure of Director and Senior Officer  
Compensation

On January 6, 2006, the Farm Credit Administration (FCA) Board adopted a final rule, which became effective on April 5, 2006, affecting the governance of the Farm Credit System (System). Portions of the governance rule enhanced director and senior officer compensation disclosures, including removal of the compensation reporting threshold for the chief executive officer (CEO). In our review of FCA bookletters, we determined that the following five bookletters are no longer relevant, based on recent regulation changes, and have rescinded them effective April 5, 2007.

### Disclosure

1. BL-025, "Disclosure Issues Regarding Director and Senior Officer Compensation," issued February 21, 1996.

The FCA governance rule reflects the guiding principles on compensation disclosure contained in BL-025, so the booklet is now obsolete.

### Disclosure Threshold for Chief Executive Officer Compensation

2. BL-046, "Annual Adjustment of the 2003 Annual Report Disclosure Threshold for 2002 Chief Executive Officer (CEO) Compensation," issued March 12, 2003, and
3. BL-047, "Annual Adjustment of the Annual Report Disclosure Threshold for Fiscal Year 2003 Chief Executive Officer (CEO) Compensation," issued February 20, 2004.

Prior to the governance final rule, FCA rules required disclosure of CEO salaries at or above \$150,000, as adjusted to reflect changes in the Consumer Price Index (CPI). Each year, the FCA issued either a booklet or informational memorandum to

establish the CPI-adjusted threshold for the separate disclosure of CEO compensation in the annual report. BL-046 and BL-047 dealt with the threshold for disclosure of CEO compensation in 2002 and 2003, respectively, and thus are outdated.

#### Adjustment for Maximum Director Compensation

4. BL-045, "Annual Adjustment of Maximum Director Compensation for 2003," issued March 12, 2003, and
5. BL-048, "Maximum Director Compensation for 2004," issued March 1, 2004.

Section 4.21 of the Farm Credit Act of 1971, as amended, set bank director compensation at \$20,000 per year, adjusted to reflect changes in the CPI. Each year, the FCA has sent out guidance on the maximum bank director compensation level that can be paid. Therefore, BL-045 and BL-048 are outdated and have been replaced with more recent guidance.

On February 13, 2007, FCA issued an informational memorandum, "Maximum Bank Director Compensation for 2007," which adjusted the annual compensation level for 2007 to a maximum of \$48,815, to reflect changes in the CPI. The February 13, 2007, informational memorandum also included a table of the maximum bank director compensation level for the years 1997 to 2006.

Any comments or questions on this informational memorandum should be addressed to Andrew D. Jacob, Director, or Gary Van Meter, Deputy Director, Office of Regulatory Policy, at (703) 883-4414, Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090, or by e-mail to [jacoba@fca.gov](mailto:jacoba@fca.gov) or [vanmeterg@fca.gov](mailto:vanmeterg@fca.gov).