

# **SARA LEE CORPORATION**

## **COMPENSATION & EMPLOYEE BENEFITS COMMITTEE CHARTER**

### **Committee Structure and Operations**

The Sara Lee Corporation Compensation & Employee Benefits Committee (the “Committee”) shall consist solely of independent Directors who are not employees or former employees of Sara Lee, each of whom shall satisfy the independence requirements of the Sarbanes-Oxley Act of 2002 (the “Act”) and the rules of the New York Stock Exchange, Inc. Members of the Committee shall be appointed by the Board of Directors upon the recommendation of the Corporate Governance and Nominating Committee and may be removed by the Board of Directors in its discretion. The Chairman of the Committee will report to the Board, at the next regular Board meeting held after each Committee meeting, regarding actions taken at each Committee meeting.

The Committee will typically meet at least three times each year and may use the services of an outside executive compensation consultant in order to ensure the objectivity and appropriateness of its actions. The Committee shall have the sole authority to retain and terminate such consultant and to approve such consultant's fees and other retention terms. The Committee may delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees of the Committee. Sara Lee's Senior Vice President - Human Resources will serve as the Secretary of the Committee, ensure that new Committee members receive an orientation and training in the executive compensation and employee benefit programs of Sara Lee and provide administrative staff support to the Committee.

### **Committee Responsibilities**

The Committee’s responsibilities include the review of all aspects of executive compensation, including special benefits and perquisites and the production of an annual report on executive compensation for inclusion in Sara Lee's proxy statement.

In accomplishing these objectives, the Committee will:

- a) review and approve the total compensation philosophy covering officers and other key executives of Sara Lee and periodically review an analysis of the competitiveness of the total compensation practices of Sara Lee in relation to Sara Lee’s peer group;
- b) consider the relationship between Sara Lee’s financial performance and Sara Lee’s pay levels;
- c) review and approve the salary ranges and the salary increase program for the U.S. key executive salary grades (*i.e.*, salary grades 26 and above) pursuant to Sara Lee’s executive salary administration program;
- d) review and approve annual base salaries (as recommended by the Chief Executive Officer) of all corporate officers, excluding the CEO, and of other designated key executives (*i.e.* those executives with a base salary above the midpoint of the Key Executive salary grade of 39);

- e) review, approve and, when appropriate, recommend for approval by the Board of Directors, the terms and conditions of proposed incentive compensation plans applicable to corporate officers and other designated key executives;
- f) review and approve the standards of performance to be used in the incentive compensation plans, or delegate the authority to specify such standards, applicable to corporate officers and other designated key executives;
- g) review and approve proposed stock incentive plans, other long-term incentive plans and stock purchase plans, and all proposed changes thereto and, where appropriate, recommend their approval by the Board of Directors and, when deemed appropriate or required by law, approval by the stockholders of Sara Lee;
- h) administer the stock incentive and stock purchase plans of Sara Lee and designate from time to time the employees of Sara Lee and its subsidiaries to whom the stock incentives are to be granted, the number of shares to be granted and the terms and conditions applicable to each grant, or identify the executive to whom such duties may be delegated;
- i) with respect to the positions of the Chief Executive Officer and the President and Chief Operating Officer, review and approve corporate incentive goals and objectives relevant to compensation, evaluate performance in light of these goals and objectives and set the compensation levels (including, but not limited to, salary, annual and long-term incentive awards, and retention programs) based on these evaluations;
- j) the Committee Chair will be responsible for the review and approval of any corporate officer's, or other designated key executive's, hiring (including "sign on" payments in excess of 75% of the individual's annual salary), severance or relocation arrangement that deviates materially from the company's standard policies, procedures and programs;
- k) review and approve proposed employee benefit plans of Sara Lee and any significant changes thereto (including but not limited to pension plans, defined contribution retirement plans, group medical plans and insurance programs) and recommend their definitive approval by the Board of Directors when such approval shall be deemed appropriate by the Committee or required by law;
- l) review and approve disclosures to be made in the name of the Committee concerning the executive compensation programs of Sara Lee, and review other information concerning these programs to be disclosed in Sara Lee's annual proxy statement; and
- m) evaluate its own performance on an annual basis.

Dated January 30, 2003; last amended on April 27, 2005