

**CHARTER OF THE COMPENSATION
COMMITTEE OF THE BOARD OF DIRECTORS
FOR CORNELL COMPANIES, INC.
(As Amended December 13, 2007)**

I. General Focus

The role of the Compensation Committee (the “Committee”) shall be to discharge the responsibilities of the Board of Directors (the “Board”) with respect to the compensation of the Corporation’s executives. The Committee shall also review and discuss with management the Corporation’s Compensation Discussion and Analysis (“CD&A”) for inclusion in the Corporation’s annual proxy statement or report filed with the Securities and Exchange Commission (the “SEC”) and approve an annual report on executive compensation in accordance with applicable rules and regulations of the New York Stock Exchange, Inc. (the “NYSE”), SEC and other regulatory bodies.

II. Structure and Operations

The Committee shall be comprised of two or more members of the Board, each of whom is determined by the Board to be “independent” under the rules of the NYSE. Additionally, no director may serve unless he or she (i) is a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (ii) satisfies the requirements of an “outside director” for purposes of Section 162 (m) of the Internal Revenue Code. In selecting members, the Board shall take into consideration a director’s knowledge and experience in compensation matters and take care to avoid any conflicts of interest.

The members and the Chair of the Committee shall be appointed by the Board in accordance with the recommendation procedures in effect from time to time, and a member shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by majority vote of the Board.

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee.

III. Meetings

The Committee shall meet as frequently as circumstances dictate. The Chair or any two members of the Committee may call a meeting of the Committee. The Chair will preside over meetings. In the absence of the Chair, the members of the Committee shall designate a Chair for the meeting by the majority vote of the Committee members present.

As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately at least on an annual basis

with the Chief Executive, the Corporation's principal human resources executive and any other corporate employees it deems appropriate. However, the Committee should meet regularly without such officers present, and in all cases such officers shall not be present at meetings at which their performance and compensation are being discussed and determined.

All non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any person it deems appropriate to carry out its responsibilities. The Committee may also exclude from its meetings any non-committee members it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of the Committee members present at any Committee meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent.

The Chair of the Committee shall designate a person, who need not be a member, to act as secretary and to keep minutes of the Committee's proceedings. The agenda of each Committee meeting will be prepared by the Chair and, whenever reasonably practicable, circulated to each Committee member prior to each meeting.

IV. Responsibilities and Duties

The functions set forth below shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter, and the guidelines set forth in Attachment I shall further guide the Committee and management with respect to such matters. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsels or experts and any other terms of retention.

Setting Compensation for Executive Officers and Directors

1. Review the overall compensation philosophy of the Corporation.
2. Approve performance and incentive-based compensation criteria for those officers determined to be "officers" for purposes of Section 16(a) of the Securities Exchange Act of and the rules and regulations thereunder (referred to herein as the "Section 16 Officers").

3. Review the CEO's performance evaluation of Section 16 Officers and, based on such review and such other factors as the Committee deems appropriate, approve the annual salary, bonus, equity awards and other benefits, direct and indirect.
4. Approve starting compensation of Section 16 Officers and review and recommend other principal employment terms to the Board.
5. In connection with the executive compensation programs:
 - ?? Review and recommend to the full board new executive compensation programs;
 - ?? Review on a periodic basis the Corporation's executive compensation programs to determine whether they are properly coordinated and achieving their intended purposes(s);
 - ?? Establish and periodically review policies for the administration of executive compensation programs; and
6. Establish and periodically review policies in the area of executive perquisites.
7. Consider policies and procedures pertaining to the Chief Executive Officer's expense accounts.
8. Review and recommend to the full Board director compensation.
9. Review and recommend to the full Board any contracts or other transactions with current or former Section 16 Officers of the Corporation, including consulting arrangements, employment contracts, severance or termination arrangements and loans to employees made or guaranteed by the Corporation.
10. To the extent not otherwise done as part of the Committee's other duties in connection with performance-based compensation, review and recommend to the full board annual performance goals for performance-based compensation that is intended to be tax deductible under Section 162(m) of the Internal Revenue Code and determine whether the performance goals and objectives are attained.

Monitoring Incentive and Equity-Based Compensation Plans

1. Review and make recommendations to the Board with respect to the Corporation's incentive-compensation plans and equity-based compensation plans.
2. Review and make recommendations to the full Board of all awards of shares, share options and other awards pursuant to the Corporation's equity-based plans; provided that the Chief Executive Officer shall set forth the individual awards to employees other than Section 16 Officers upon Board approval of the total number of such awards.

3. Select, retain and/or replace, as needed, compensation and benefits consultants and other outside consultants to provide independent advice to the Committee. In that connection, in the event the Committee retains a compensation consultant, the Committee shall have the sole authority to direct the consultant's activities.

Reports

1. Discuss with management the CD&A for inclusion in the annual proxy statement or report filed with the SEC, and approve an annual report on executive compensation for inclusion in the proxy statement in accordance with applicable rules and regulations of the NYSE, SEC and other applicable regulatory bodies.
2. Report regularly to the Board (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such a report.
3. Maintain minutes or other records of meetings and activities of the Committee.

V. Annual Performance Evaluation

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner, as it deems appropriate.

Attachment I

Executive Compensation Guidelines

The Compensation Committee wants to be clear on the level of involvement it requires for each major component of the Company’s compensation program.

?? *Before* action is taken. Items on which the Committee wants either to make the final decision, or recommend a decision to the full Board.

?? *After* action is taken. Items the Committee wants management to handle, but which should be reviewed with the Compensation Committee after-the-fact.

?? *Never*. Items that the Committee directs management to handle, and which need not be reported upon unless requested by the CEO, the Committee or the Board.

	BEFORE Committee recommends actions to the full Board before they are taken.	AFTER Committee is informed after action is taken.	NOT REQUIRED Committee not involved unless CEO, Committee or Board makes request.
Salary (Note 1)	<ul style="list-style-type: none"> • Any change in salary for Section 16 Officers. • Any severance settlement >\$100K. 	Salary ranges and increases for all other Senior Managers. (Note 2)	Hourly wages
Bonus	<ul style="list-style-type: none"> • Any bonuses for Section 16 Officers. • Any awards which require disclosure. 	Incentive programs for Senior Managers.	Non-exempt/hourly incentive plans or award levels.
Equity	All equity-based awards.		Option plan administration.
Benefits	Any new employee benefit or material changes to existing benefits.	Annual briefing of benefit program, incl competitive framework.	Enrollment programs.
Contracts	All employment contracts.		
Consulting Agreements NOTE 1	All non reimbursable consulting agreements that exceed \$250,000 in guaranteed annual value.	All consulting agreements of >\$150,000 in guaranteed annual value.	

Note 1: Committee will take action on severance and consulting agreements rather than recommending the action to the Board.

Note 2: “Senior Managers” shall mean Section 16 Officers, officers of the Corporation and members of the executive committee of the Corporation.