

**FUTUREFUEL CORP.  
COMPENSATION COMMITTEE CHARTER**

**I. PURPOSE**

The Compensation Committee (the "*Committee*") of the board of directors (the "*Board*") of FutureFuel Corp. ("the *Corporation*") is appointed by the Board to discharge the Board's responsibilities relating to the compensation of the Corporation's directors and officers and the directors and executive officers of the Corporation's subsidiaries, including FutureFuel Chemical Company. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies, and programs of the Corporation and its subsidiaries, and reviewing the disclosure of such plans, policies, and programs to the Corporation's shareholders in the Corporation's annual proxy statement and in applicable U.S. Securities and Exchange Commission ("*SEC*") filings. Further, the Committee has direct responsibility to: (a) review and approve corporate goals and objectives relevant to the compensation of the Corporation's chairman and chief executive officer ("*CEO*"), president ("*President*"), and chief operating officer ("*COO*"), evaluate such officers' performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve such officers' compensation level based on this evaluation; (b) make recommendations to the Board with respect to the compensation of other officers of the Corporation and of the Corporation's subsidiaries and with respect to incentive-compensation and equity-based plans that are subject to Board approval; and (c) prepare the disclosure required by Item 407(e)(5) of Regulation S-K promulgated by the SEC.

**II. MEMBERSHIP AND PROCEDURES**

**A. Membership and Appointment**

The Committee will be comprised of not fewer than three members of the Board (a "*Director*"), as may be determined from time to time by the Board. The members of the Committee will be appointed by the Board at least annually and will hold office until their resignations or until their successors are duly appointed and qualified. All members of the Committee must qualify as "independent directors" for purposes of the listing standards of the New York Stock Exchange ("*NYSE*"), as such standards may be changed from time to time by the NYSE. Committee members also must satisfy any additional independence requirements specific to compensation committee membership set forth in the NYSE listing standards. Further, a person may serve on the Committee only if he or she is a "Non-Employee Director" for purpose of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

**B. Removal**

The entire Committee or any individual Committee member may be removed without cause by the affirmative vote of a majority of the Board. Any Committee member may resign effective upon giving oral or written notice to the Chairman of the Board, the Secretary of the Corporation, or the Board (unless the notice specifies a later time for the effectiveness of such resignation). The Board may elect a successor to assume an available position on the Committee when a resignation becomes effective.

**C. Chairperson**

A chairperson of the Committee (the "*Chairperson*") may be designated by the Board. In the absence of such designation, the members of the Committee may designate the Chairperson by majority vote of the full Committee membership. The Chairperson will determine the agenda for and the length of meetings

and will have unlimited access to management and to information relating to the Committee's purposes. The Chairperson will establish such other rules as may from time to time be necessary and proper for the conduct of the business of the Committee.

#### **D. Meetings, Minutes and Reporting**

The Committee must meet at least two times per year, or more frequently as circumstances dictate. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. The Committee must keep minutes of the proceedings of the Committee. In addition to the specific matters set forth herein requiring reports by the Committee to the full Board, the Committee must report such other significant matters as it deems necessary concerning its activities to the full Board. The Committee may appoint a Secretary whose duties and responsibilities are to keep records of the proceedings of the Committee for the purposes of reporting Committee activities to the Board and to perform all other duties as may from time to time be assigned to him or her by the Committee, or otherwise at the direction of a Committee member. The Secretary need not be a member of the Committee or a Director and will have no membership or voting rights by virtue of the position.

#### **E. Delegation**

The Committee may, by resolution passed by a majority of the Committee members, designate one or more subcommittees, each subcommittee to consist of one or more members of the Committee. Any such subcommittee, to the extent provided in the resolutions of the Committee and to the extent not limited by applicable law, has and may exercise all the powers and authority of the Committee. Each subcommittee may have such name as may be determined from time to time by resolution adopted by the Committee. Each subcommittee must keep regular minutes of its meetings and report the same to the Committee or the Board when required.

#### **F. Authority to Retain Advisers**

In the course of its duties, the Committee may, in its sole discretion, without needing to seek approval from the Board, retain or obtain the advice of consultants, legal counsel, or other advisors (any or all of the foregoing, "consultants"). The Committee is directly responsible for the appointment, compensation and oversight of the work of any consultant retained by the Committee. The Corporation must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a consultant.

The Committee may select a consultant to the Committee only after taking into consideration all factors relevant to that person's independence from management, including those specified in applicable provisions of the NYSE Listed Company Manual. The Committee may retain or receive advice from any consultant it may select, including any consultant that is not independent, so long as the Committee has considered the specified factors. Among the factors to be considered are whether and to what extent the proposed consultant provides other services and receives compensation from the Corporation and whether the proposed consultant has any business or personal relationships with members of the Committee or executive officers of the Corporation. The Committee is not required to assess the independence of any consultant that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant and about which the consultant does not provide advice.

Finally, the Committee is not required to implement or act consistently with the advice or recommendations of a consultant to the Committee, and the authority granted in this Charter shall not

affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

### **III. COMMITTEE AUTHORITY AND RESPONSIBILITIES**

The authority and responsibilities of the Committee include the following.

1. In consultation with the Corporation's management, the Committee will establish the Corporation's general policies relating to compensation of the Corporation's officers and directors and the directors and executive officers of the Corporation's subsidiaries and oversee the development and implementation of such compensation programs.
2. The Committee will approve the annual and long-term performance goals for the Corporation's incentive plans (including incentive plans for the Corporation's subsidiaries).
3. The Committee annually will review and approve corporate goals and objectives relevant to the compensation of the Corporation's executive officers, including the Corporation's CEO, President and COO. The Committee annually also will evaluate such officers' performance in light of those goals and objectives and set such officers' compensation levels based on its evaluation.
4. As required under applicable securities laws and rules, the Committee will review the Compensation Discussion and Analysis section (the "*CD&A*") to be included in the Corporation's annual proxy statement or other reports or filings with the SEC or other governmental authorities and stock exchanges (including the NYSE), discuss the CD&A with the Corporation's management, and recommend to the Board that the CD&A be included in the Corporation's annual report on Form 10-K, proxy statement on Schedule 14A, information statement on Schedule 14C or any other filing with the SEC or other governmental authorities and stock exchanges. The Committee also will produce a report of the Committee for inclusion in the Corporation's annual proxy statement, stating that the Committee has taken the actions described in the preceding sentence. The CD&A must provide full and complete disclosure of the Corporation's compensation policies applicable to the Corporation's officers and directors and the directors and executive officers of the Corporation's subsidiaries.
5. The Committee will review and make recommendations to the Board periodically with respect to the compensation of all non-employee directors, including any compensation under the Corporation's equity-based plans. The Committee also will monitor ownership compliance by its directors as required under the Corporation's stock ownership guidelines.
6. The Committee will evaluate the Committee's performance and the adequacy of its charter on an annual basis and recommend any proposed changes to the Board for approval.
7. With respect to the Corporation's directors and officers and the executive officers of the Corporation's subsidiaries, the Committee will: (i) review and approve base salary adjustments; (ii) review and approve management recommendations under the Corporation's annual bonus and incentive compensation program; (iii) review and approve management recommendations of performance share awards under the

Corporation's stock option plan (the "*Plan*"); (iv) review and approve management recommendations of stock option grants under Plan; (v) review and approve management recommendations of participants in the Plan; (vi) review and approve management recommendations for new compensation and benefit programs as well as modifications to existing compensation and benefit programs; and (vii) monitor ownership compliance as required under the Corporation's stock ownership guidelines. In determining the long-term incentive component of the Corporation's CEO, President and COO compensation, the Committee may consider the Corporation's performance and relative shareholder return, the value of similar incentive awards to comparable officers at comparable companies, and/or awards given to the CEO, President and COO in past years.

8. The Committee will undertake such additional activities within the scope of its functions as the Committee may from time to time determine or as may otherwise be required by law, the Corporation's bylaws or certificate of incorporation or by directive of the Board.

The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Board. It is not the duty of the Committee to conduct investigations or to resolve disagreements regarding compensation, if any, between the Corporation and its employees or the employees of any of the Corporation's subsidiaries.