



COMPENSATION AND PERSONNEL COMMITTEE CHARTER

I. Purpose

The purpose of the Compensation and Personnel Committee (the “Committee”) of the CarMax, Inc. Board of Directors (the “Board”) is to assist the Board in discharging its responsibilities relating to director and executive officer compensation and to oversee generally the Company’s compensation policies and practices and related risks.

For purposes of this charter, “executive officers” shall refer to the Company’s Senior Vice Presidents, Executive Vice Presidents and President.

II. Membership and Qualifications

1. The Committee is a committee of the Board and will regularly report its actions to the full Board. The members and the Committee Chairman shall be appointed by the Board upon the recommendation of the Nominating and Governance Committee and shall serve at the pleasure of the Board.
2. The Committee shall consist of at least three members. All Committee members must: (a) meet the independence requirements of the New York Stock Exchange and Section 10C of the Securities Exchange Act of 1934 (the “Act”); (b) be “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code; and (c) be “non-employee directors” as defined in Rule 16b-3 under the Act. Compensation for Committee members shall be limited to directors’ fees, unless otherwise disclosed to and approved by the Board.

III. Advisors to the Committee

1. The Committee may, in its sole discretion, retain and obtain the advice of compensation consultants, legal counsel or other advisors, but may do so only after taking into consideration the factors identified in Section 10C of the Act. The Committee shall be directly responsible for the appointment, compensation and oversight of these advisors, but the Company shall pay these advisors on behalf of the Committee. Company personnel may interact with the Committee’s advisors at the Committee’s direction.
2. The Committee may, in its sole discretion, obtain advice and assistance from Company personnel.

3. The Committee may form and delegate authority to subcommittees when appropriate.

IV. Duties and Responsibilities

The Committee's duties and responsibilities will be to:

Compensation Philosophy

1. Review and approve the Company's overall executive compensation philosophy and ensure that the administration of the Company's executive compensation programs, policies and practices conform to this philosophy.

Compensation Plans

2. Review and, when appropriate, make recommendations to the Board regarding the long-term equity-based compensation plans for all directors and associates, including any amendment, termination or discontinuance of such plans.
3. Review and, when appropriate, make recommendations to the Board regarding the non-equity-based executive compensation plans and programs for all executive officers, including, but not limited to, annual bonus plans, deferred compensation plans and retirement savings plans, including any amendment, termination or discontinuance of such plans and programs.
4. Administer and perform specified functions under the Company's compensation and benefit plans, as designated from time to time by the Board or by the terms of such plans.

Chief Executive Officer Compensation; Other Executive Officer Compensation

5. Manage the CEO evaluation and compensation process, including:
 - (a) In conjunction with the Board Chairman or Lead Independent Director, as appropriate:
 - (i) Solicit feedback from the non-management directors regarding (x) the appropriate corporate goals and objectives relevant to the CEO's compensation and (y) the CEO's performance in light of the approved goals and objectives.
 - (ii) Review and approve corporate goals and objectives relevant to the CEO's compensation and evaluate the CEO's performance in light of these goals and objectives.
 - (iii) Review the results of the evaluation with the CEO. Discuss the results of the CEO evaluation with the non-management directors in executive session.

- (b) Based on the results of the evaluation, as well as other factors as determined by the Committee, approve the CEO's salary, bonus and other incentive, and long-term equity-based incentive compensation.
- 6. Meet with the CEO annually to review the CEO's evaluations of the performance of the Company's executive officers and the CEO's corresponding compensation recommendations. Review and approve compensation to be paid to the other executive officers of the Company.
- 7. In determining the long-term equity-based incentive compensation component of the CEO's and other executive officers' compensation, consider factors deemed relevant by the Committee, including, but not limited to, the Company's performance and relative shareholder return, the value of similar incentive awards at comparable companies, awards previously given to the CEO and other executive officers, and the need to attract and retain high-performing executive officers.

Director Compensation

- 8. Review and make recommendations to the Board concerning the compensation of non-management directors. Consider those factors deemed relevant by the Committee including the maintenance of the independent status of independent directors, the customary compensation for non-management directors at similarly situated companies and the alignment of the interests of directors with shareholders.

General Compensation Oversight

- 9. Review and approve the terms of any severance, change in control, or employment agreements between the Company and its executive officers.
- 10. As the Committee deems appropriate, review: (a) competitive market analyses of the Company's executive compensation program; (b) significant executive compensation trends, issues and alternatives; and (c) the impact of tax, accounting and regulatory requirements on executive compensation.

Disclosure

- 11. Review and discuss with the Company's management the Compensation Discussion and Analysis ("CD&A") required by Securities and Exchange Commission Regulation S-K, Item 402. Based upon such review and discussion, determine whether to recommend to the Board that the CD&A be included in the Company's annual report or proxy statement for the annual meeting of shareholders. Provide the required Committee report for the Company's annual report or proxy statement for the annual meeting of shareholders.

Other Duties and Responsibilities

12. Review the risks and exposures over which the Committee has been delegated oversight responsibility by the Board and the steps management has taken (including the assignment of management responsibility) to manage, control and monitor such risks and exposures.
13. Oversee generally the Company's compensation policies and practices to determine whether these policies and practices create risks that are reasonably likely to have a material adverse effect on the Company.
14. Evaluate the Committee's own performance annually and report the results of the evaluation to the Board.
15. Review this charter annually and update as necessary (with any amendments subject to approval by the Board).

V. Miscellaneous

Nothing in this charter should be construed as precluding discussion of any matter, including director and executive officer compensation matters, with the Board generally.

Effective as of January 24, 2011