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## Board Pay Comes to Screeching Halt in 2008/09 But Outpaces CEO Compensation

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NEW YORK, July 14, 2009 – For the first time on record, total remuneration for Directors of the top 200 companies has halted its upward climb, dropping 2.4 percent over the past year to an average of \$244,899. However, compared to 2003 pay levels, 2008 average Director pay has grown a total of 38.6 percent, more than double the total growth rate of CEO total remuneration over the same time period (17.4%). The 2008 average Director is receiving 2.3 percent of the average top 200 CEO compensation as compared to 1.9 percent in 2003, an increase of approximately 18 percent.

These findings are based on an extensive Board study by Steven Hall & Partners, independent executive compensation consultants.

This significant rise in Director pay levels over the last five years has been accompanied by a shift in the structure of Director pay. “With board meeting fees going out of vogue, companies have consciously shifted value into Directors’ annual retainers, both cash and stock” observed Steve Hall, Managing Director of Steven Hall & Partners. In 2003, full-value stock awards represented only about 29 percent of the total received by Directors vs. 41.5 percent in 2008. Cash retainers have also risen during the study period and



now comprise almost 29 percent of the total package. The five year study also showed that board meeting fees and stock option awards are far less prevalent Director pay elements in 2008 as compared to 2003.

“We find that there has been a remarkable change in structure as Boards move to a more fixed pay model, akin to putting Directors on salary,” commented Steve Hall. The use of Board meeting fees has declined significantly, falling more than 41 percent during the study period, from 63 percent to 37 percent, while Board annual retainers payable in cash and stock remain nearly universal. “The shift to fixed income components of cash and stock retainers, and the elimination of Board meeting fees represents a commitment to ongoing service and participation in the strategic leadership of the company rather than attendance at episodic meetings. Gone are the days when Directors appeared four times a year for lunch and a check.”

Additionally, the equity component of the annual retainer is now predominantly comprised of full value shares, with the use of options dropping in half from 63 percent prevalence in 2003 to approximately 31 percent in 2008 among the top 200. The use of full-value shares has become almost universal, growing almost 18 percent over the five year study period, from 76 percent usage in 2003 to almost 90 percent in 2008.

### **About the Study**

The Steven Hall & Partners Director Compensation Study analyzed the most current proxy data available on the 200 largest U.S. public companies, comparing Director compensation in 2008/2009 to levels paid in 2003/2004. The Study assumed that a Director either served as a Chair of one committee and a member of one other or served solely as a member of two committees. Contact Michael Sherry at Steven Hall & Partners (212-488-5400 or [msherry@shallpartners.com](mailto:msherry@shallpartners.com)) to request additional details regarding the study.



**Steven Hall & Partners** is an independent executive compensation consulting firm serving as outside counsel to Boards, Compensation Committees and management. The firm focuses solely on executive compensation, Director remuneration and related corporate governance matters. Prior to forming Steven Hall & Partners in September 2005, the firm's principals, Pearl Meyer, Steven E. Hall and Steven Root, served as Chair, President and Managing Director, respectively, of Pearl Meyer & Partners which they founded in 1989. For more information please visit [www.shallpartners.com](http://www.shallpartners.com).

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