

# Sarbanes-Oxley Lifts Some Directors' Pay Higher Than \$1 Million

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By Nanette Byrnes

Feb. 12 (Bloomberg) -- The Great Recession hasn't stopped pay increases for company boards. According to compensation consultants Pearl Meyer & Partners, the typical director of a large corporation made \$216,000 last year, up from \$129,667 in 2003.

For some, total compensation, including cash payments, stock grants, and other perks, has climbed above seven figures, Bloomberg BusinessWeek reports in its Feb. 22 issue.

Directors can thank the Sarbanes-Oxley Act. SarbOx was created to protect shareholders by reining in corporate executives; before, many boards had become rubber stamps for everything from merger strategy to executive compensation--to disastrous effect in the cases of Enron Corp., WorldCom Inc., and Tyco International Ltd. SarbOx and other regulatory efforts sought to protect shareholders by empowering directors and making them more accountable.

As one consequence of SarbOx, many directors work harder. A decade ago a typical director attended four board meetings a year and spent about 100 hours a year on board tasks, according to the National Association of Corporate Directors. These days, directors spend an average of 225 hours a year on board duties, attending an average of six board meetings a year and convening at other times for committee meetings.

Board service is "a job now," says Patrick McGurn, a corporate governance expert at New York-based consulting firm RiskMetrics Group. Directors of companies most affected by the financial crisis have logged 400-plus hours a year. In 2008, JPMorgan Chase & Co.'s board upped its meetings from nine to 18, while American International Group Inc.'s board met 19 times.

Below is a list of the most highly paid directors in 2008 at the largest 1,000 public companies in the U.S., based on Securities and Exchange Commission data compiled by Equilar, a Redwood Shores (Calif.)-based pay researcher. The figures include equity, which can include grants from earlier years.

Edward A. Kangas 2008 board pay: \$1,314,418 (Intuit, \$374,888; Hovnanian Enterprises, \$409,007; Tenet Healthcare, \$404,046; United Technologies, \$126,477) Kangas, head of accountancy Deloitte Touche Tohmatsu from 1989 to 2000, joined Tenet when it was under scrutiny for Medicare billing irregularities and, he says, was "looking for a bit of a white knight."

John R. Huff 2008 board pay: \$1,296,866 (BJ Services, \$1,078,515; KBR, \$218,351) Huff, the chairman of oil and gas driller Oceaneering International, ran the company from 1986 to 2006. His service at oil services company BJ Services made up the lion's share of his director pay in 2008. Huff did not respond to a request for comment.

William K. Reilly 2008 board pay: \$1,524,819 (Energy Future Holdings, \$850,000; ConocoPhillips, \$464,205; DuPont, \$210,614) The former Environmental Protection Agency administrator under President George H.W. Bush, Reilly says he has helped DuPont clean up its Superfund liabilities, reduce its greenhouse gas emissions by 70%, and save \$3 billion in energy costs.

Jack Randall 2008 board pay: \$1,561,220 (XTO Energy) An oil-and-gas investment banker, Randall has sat on the XTO board since 1997, and his firm, Jefferies & Co., does consulting and banking work for XTO. Both XTO, which is in the process of being acquired by Exxon, and Randall declined to comment. Much of his pay has been in XTO stock.

Milton Carroll 2008 board pay: \$1,204,310 (CenterPoint Energy, \$1,045,946; Halliburton, \$158,364) Carroll serves as chairman of CenterPoint, which provides electricity and natural gas to more than 5 million customers in six states. He says he "works closely with our CEO to assure that the company's strategic direction is consistent with the board's goals."

Andrew J. McKenna 2008 board pay: \$1,281,760 (McDonald's, \$990,001; AON, \$291,759) Stock grants from McDonald's, where he serves as non-executive chairman, vaulted him onto the list. McKenna didn't respond to multiple requests for comment, but McDonald's says his pay reflects his strong leadership.

Anthony P. Terracciano 2008 board pay: \$4,789,993 (SLM, \$4.8 million; Sovereign Bancorp, zero) Terracciano, a former executive at Chase Manhattan and First Union, is making a second career out of his chairmanship of student loan giant SLM. He declined to comment, but SLM says he has twice taken voluntary pay cuts and pushed back stock grants.

Shirley Ann Jackson 2008 board pay: \$1,346,648 (Public Service Enterprise Group, \$213,110; NYSE Euronext, \$225,016; Medtronic, \$193,275; FedEx, \$210,548; IBM, \$229,699; Marathon Oil, \$275,000) Jackson's day job is pretty lucrative, too. As president of Rensselaer Polytechnic Institute, she was paid \$1.6 million in 2008. She was unavailable for comment.

Arthur C. Martinez 2008 board pay: \$1,186,399 (IAC/InterActive, \$259,062; International Flavors & Fragrances, \$208,696; HSN, \$192,260; PepsiCo, \$327,521; Liz Claiborne, \$198,860; AIG, joined in 2009) The former CEO of Sears serves as chairman of jewelry and gadget retailer HSN and joined AIG in May 2009. Martinez did not respond to requests for comment.

Larry C. Glasscock 2008 board pay: \$1,356,540 (Wellpoint, \$853,750; Zimmer Holdings, \$244,926; Sprint Nextel, \$257,864) Glasscock, the onetime CEO of health insurer Wellpoint, made more than \$80 million during his last four years as chief, and now serves as chairman. Glasscock, who didn't respond to requests for comment, recently announced he would be stepping down from the board in March.

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