

2009 Board of Directors Compensation Report



TCS Total Compensation Solutions
www.total-comp.com

Published By



**200 Business Park Drive
Armonk, NY 10504
www.total-comp.com**

2009 BOARD OF DIRECTORS COMPENSATION REPORT

December 2009

All rights reserved. © Total Compensation Solutions, LLC. Printed in the United States of America.

This publication of the 2009 Board of Directors Compensation Report may not be reproduced, stored in a retrieval system, or transmitted in whole or in part, in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) without the prior written permission of Total Compensation Solutions, LLC. 200 Business Park Drive, Armonk, NY 10504.

The information provided in this report is confidential and for the use of the subscribing organization only. By accepting this material, you agree that it will not be reproduced, copied transmitted or disclosed to organizations or persons outside of your organization.

Table of Contents

| Section | | Page |
|-------------|--------------------------------------|------|
| I. | Methodology & Definitions | |
| | Methodology ----- | 1 |
| | Definitions----- | 2 |
| II. | Executive Summary | |
| | Introduction----- | 4 |
| | Company Demographics----- | 7 |
| | Findings and Observations ----- | 10 |
| III. | Data Analysis | |
| | Board Structure----- | 14 |
| | Committee Structure ----- | 17 |
| | Compliance----- | 19 |
| | Compensation Overview ----- | 20 |
| IV. | Board Compensation | |
| | All Companies ----- | C-1 |
| | Banking Industry ----- | C-7 |
| | Chemical Industry----- | C-13 |
| | Consumer Goods Industry----- | C-19 |
| | Credit Services Industry----- | C-25 |
| | Energy Industry----- | C-31 |
| | Financial Industry ----- | C-37 |
| | Healthcare Industry----- | C-43 |
| | Insurance Industry ----- | C-49 |
| | Manufacturing Industry ----- | C-55 |
| | Media Industry ----- | C-61 |

Table of Contents (continued)

| | |
|---|------|
| IV. Reference | |
| Role of the Board of Directors ----- | R-2 |
| Role of the Lead Director ----- | R-3 |
| Typical Charter for Board Committees ----- | R-4 |
| Governance Issues and Regulatory Agencies----- | R-7 |
| Total Compensation Determination ----- | R-8 |
| Summary of Key Sarbanes-Oxley Provisions----- | R-9 |
| Overview of the SEC Compensation Discussion & Analysis----- | R-16 |
| Summary of SEC Enhanced Governance Rules – Dec. 2009--- | R-18 |
| Total Compensation Solutions, LLC----- | R-19 |

Methodology

Total Compensation Solutions' 2009 Board of Directors Compensation Report was re-designed from our previous Board of Directors reports to provide industry specific data on board and committee compensation. The data in this report comes directly from the latest proxies for the 424 companies in this report. The company revenue numbers used in the report were retrieved from public information reported on Yahoo Finance.

This report provides board compensation for all the companies as a whole and for ten industry cuts: Banking, Chemical, Consumer Goods, Credit Services, Energy, Financial, Healthcare, Insurance, Manufacturing and Media.

For each industry the report provides data for Chairman and Regular Board Member:

- Retainers,
- Per Meeting Fees,
- Total Cash Compensation and
- Stock Awards and Stock Options (Only National Data)

The report provides data for the above compensation elements in the following way:

- National Data: Average, 25th, 50th and 75th Percentiles
- Five Regional Cuts: Average, 25th, 50th and 75th Percentiles
- Five Revenue Cuts: Average, 25th, 50th and 75th Percentiles

The report also provides national compensation data for both committee chairman and committee member for the five most prevalent committees in this report. The five most prevalent committees are: Audit, Compensation, Nominating & Governance, Executive and Nominating.

The report also looks at board and committee structure, compliance rules, and policies and practices.

When reading and/or using this report please note that the compensation data applies only to non-employee chairmen and regular members.

Definitions:

When reading and/or using the data in this report, it is helpful to know the definition of key terms in the report:

Chairman: Non-employee Chairman of the Board.

Regular Board Member: Non-employee Board Member (not the Chairman of the Board).

Committee Chairman: Regular Board Member who has been appointed as a chairman of a committee. The report assumes that this member meets all independence requirements.

Regular Committee Member: Regular Board Member who has been appointed to a committee. The report assumes that this member meets all independence requirements.

Annual Retainer: Cash compensation paid to a Chairman or Member that is paid in a lump sum. In this report if companies paid retainers quarterly or monthly, we annualized the amount for compensation data reporting.

Per Meeting Fee: A cash fee paid to a Chairman or Member for every board or committee meeting attended.

Total Cash Compensation: This is a calculation for companies that pay both annual retainers and per meeting fees. The calculation is:

**(Annual Retainer) + (Per Meeting Fee x Average Number of Meetings) =
Total Cash Compensation**

The total cash compensation numbers in this report were calculated using only companies who actually paid both retainers and per meeting fees.

Total Compensation: All compensation received by a chairman or member which could include any and all of the following: Board Retainers, Per Meeting Fees, Committee Retainers, Committee Per Meeting Fees and Stock. See detail chart on page R-8.

Stock Award: Stock shares granted to Chairman and Board Members as part of a compensation package. The recipient does not have to buy the stock shares but there may be restrictions on when the stock can be sold.

Stock Option: The right to buy the company's stock at a specific price. The recipient actually has to buy the stock shares and there might be restrictions on when the stock can be bought and/or sold.

I. EXECUTIVE SUMMARY

Introduction

This is the fourth edition of Total Compensation Solutions' Board of Directors Compensation Report. In this edition for the first time we looked at Board of Directors compensation by industry. Within each industry section, we also detail compensation practices by revenue size. This report includes proxy data from 424 companies across several industry sectors.

As this report goes to print, we are still in the midst of an economic downturn that started in 2008 and has been felt by almost all sectors of the economy. We have witnessed government bailouts of the auto industry and the banking industry. These bailouts have created public outrage and increased media coverage of the practices of corporate America. These bailouts and other key business events over the last ten years have forced both government and general industry to conclude that Boards of Directors must be held to a higher standard. We have observed that the bar is constantly being raised with regard to oversight of the management team. All Boards are becoming more active in their role of protecting shareholders' interests. And, there continues to be increasing scrutiny of management actions concerning financial representations, executive compensation, mergers and acquisitions, and other operational issues. Furthermore, on December 16, 2009 the Security and Exchange Commission approved enhanced corporate governance rules to take effect on February 28, 2010 (see summary on page R-18).

What is clear to TCS and our clients is that the Board of Directors needs to be more involved in its oversight process. We have observed that Boards spend more time deliberating on company matters and they have a more diverse level of expertise than in the past. Directors and Trustees spend more time before, during, and after meetings and have specific types of legal, financial or industry experience in order to carry out their duties. This transition has made it reasonable for each Board to evaluate its own performance, redesign the structure of the Board, update the charter of each of its standing committees and even review their own compensation.

There is a fundamental shift in the way Boards operate. They must continue to offer an objective, business and industry-oriented approach to oversight of the management of their respective organizations. This must be done with objectivity and transparency and they need to be prepared to offer their shareholders or, stakeholders a clear and concise description of their decision-making process.

The Board of Directors needs an objective source of information to support its decision making process. They must review their own compensation and governance. The best place to get this information is from the external market and Total Compensation Solutions is pleased to respond to that need by publishing the **2009 Board of Directors Compensation Survey**.

Introduction (continued)

TCS consultants, who have experience working with Boards of Directors, have created this report to meet the need for timely, accurate compensation information to support our clients and their respective Boards.

In each successive edition of this study, we add new companies and we explore:

- Board structure,
- Compliance,
- Policies and practices, and
- Compensation

Our expanding database allows us to examine whether the size of a company affects the overall compensation practices for the Board of Directors. The companies in this study were grouped into the following size categories:

- Revenue Up to \$25 Million
- Revenue \$25 Million to \$100 Million
- Revenue \$100 Million to \$500 Million
- Revenue \$500 Million to \$1 Billion
- Revenue Over \$1 Billion

For 2009, we compiled Board of Directors' compensation data on 424 Organizations entirely from current proxy data and public revenue data.

TCS screens, checks and verifies all data points to ensure accuracy and statistical significance in this report. This report is divided into five sections:

| | | |
|-------------|-----------------------------|---|
| Section I | Methodology and Definitions | A brief explanation of how the report data was gathered and how the data is presented. Also key definitions to know while using the report |
| Section II | Executive Summary | Introduces the study and its overall objective to provide a comprehensive source of data for Board Compensation issues; company demographics; and key findings. |
| Section III | Data Analysis | Analysis of policies and practices of the companies in the report. Not necessarily related to compensation data. |
| Section IV | Compensation Data | Compensation Data for All Companies and Ten Industry Cuts for Chairman, Regular Board Member, Committee Chair and Committee Member. |
| Section V | Reference Section | Defines and explains the role of the Board and its Committees; sample Committee Charters; total cash compensation determination; and key provisions of the Sarbanes-Oxley act and the SEC CD&A rules. |

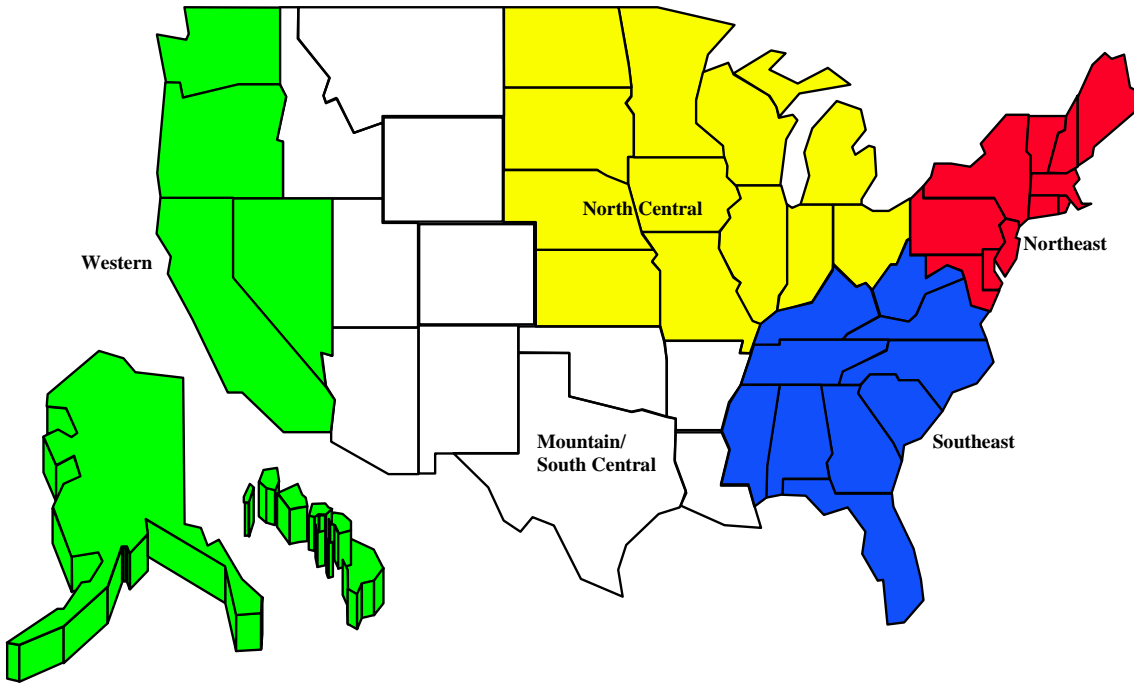
Introduction – continued

Total Compensation Solutions is pleased to provide this report on Board of Directors Compensation to our clients and subscribers. We remain committed to assisting our clients with their compensation programs for Board members, executives, and staff.

If you have any questions on this report or would like to provide comments on this survey or future editions, please call our offices at 914-730-7300 or email your questions to: Tom Bailey tbailey@total-comp.com or Paul Gavejian pgavejian@total-comp.com

Demographics

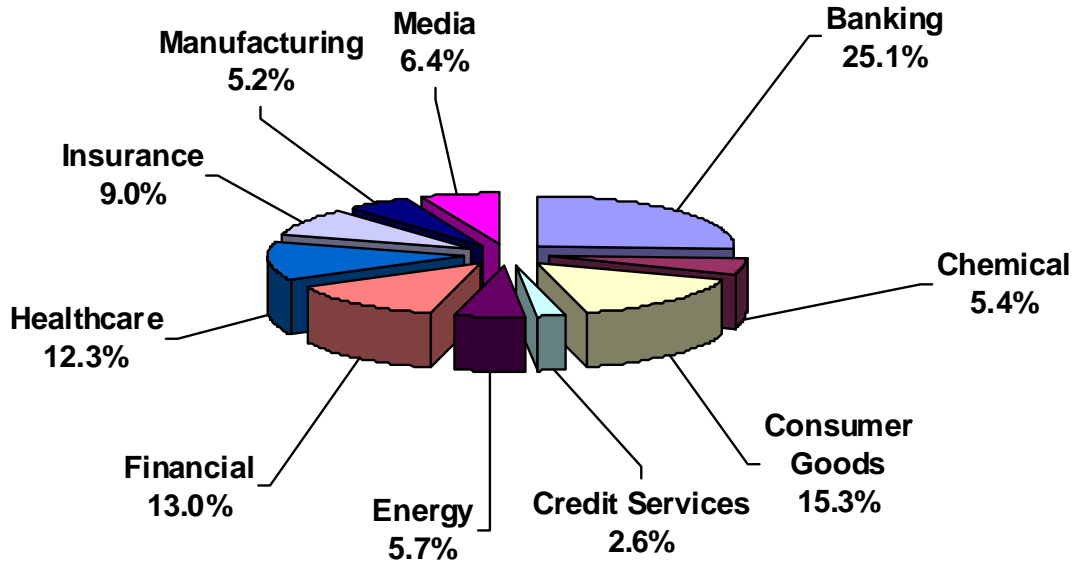
Geographic Breakdown of Report Companies



| Region | Number | Percentage |
|------------------------|------------|---------------|
| Northeast | 145 | 34.2% |
| Southeast | 91 | 21.5% |
| North Central | 86 | 20.3% |
| Mountain/South Central | 45 | 10.6% |
| Western | 57 | 13.4% |
| Total | 424 | 100.0% |

Demographics - continued

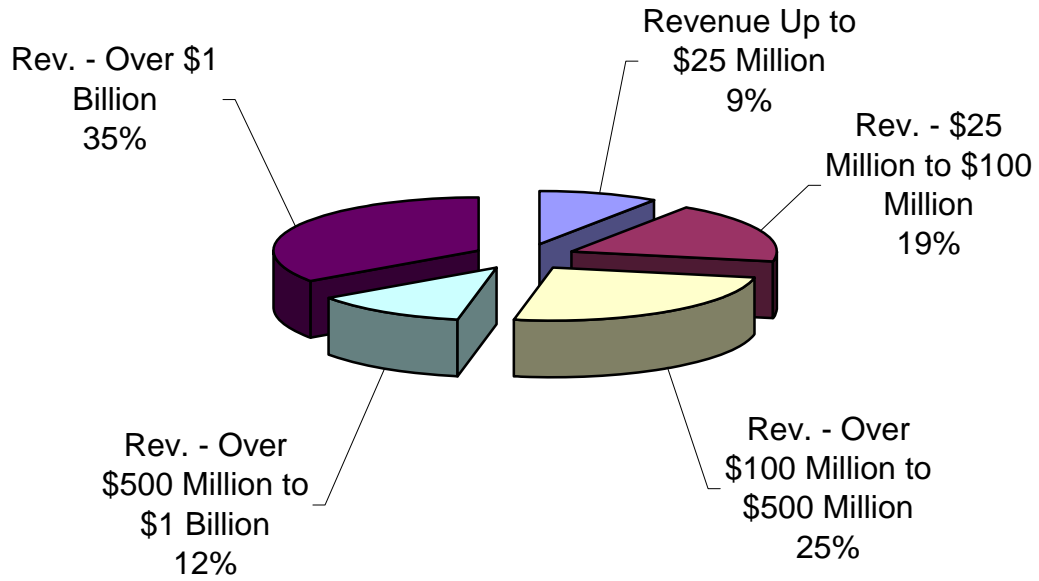
Industry Breakdown of Report Companies



| Industry | Number | Percent |
|-----------------|------------|-------------|
| Banking | 107 | 25.1% |
| Chemical | 23 | 5.4% |
| Consumer Goods | 65 | 15.3% |
| Credit Services | 11 | 2.6% |
| Energy | 24 | 5.7% |
| Financial | 55 | 13.0% |
| Healthcare | 52 | 12.3% |
| Insurance | 38 | 9.0% |
| Manufacturing | 22 | 5.2% |
| Media | 27 | 6.4% |
| Total | 424 | 100% |

Demographics – continued

Size Breakdown of Report Companies



| Size of Company | Percentage | Overall |
|--|-------------|------------|
| Revenue Up to \$25 Million | 9% | 40 |
| Rev. - \$25 Million to \$100 Million | 19% | 79 |
| Rev. - Over \$100 Million to \$500 Million | 25% | 106 |
| Rev. - Over \$500 Million to \$1 Billion | 12% | 52 |
| Rev. - Over \$1 Billion | 35% | 147 |
| Total | 100% | 424 |

2009 Board of Directors Compensation Report

Banking - Regular Board Member

| Revenue Up to \$25 Million | No. of Co's | Average | 25th Percentile | 50th Percentile | 75th Percentile |
|---|--------------------|----------------|------------------------|------------------------|------------------------|
| Annual Retainer (\$) | 10 | 8,320 | 3,200 | 9,500 | 12,700 |
| Per Meeting Fee (\$) | 10 | 626 | 230 | 475 | 1,029 |
| Total Cash Compensation (\$) | 5 | 14,960 | 12,100 | 14,600 | 18,000 |
| Revenue \$25 Million to \$100 Million | No. of Co's | Average | 25th Percentile | 50th Percentile | 75th Percentile |
| Annual Retainer (\$) | 34 | 17,496 | 7,250 | 15,000 | 24,750 |
| Per Meeting Fee (\$) | 32 | 1,049 | 500 | 650 | 1,000 |
| Total Cash Compensation (\$) | 23 | 22,887 | 13,100 | 21,000 | 30,500 |
| Revenue \$100 Million to \$500 Million | No. of Co's | Average | 25th Percentile | 50th Percentile | 75th Percentile |
| Annual Retainer (\$) | 25 | 27,592 | 12,250 | 23,000 | 36,000 |
| Per Meeting Fee (\$) | 20 | 1,370 | 625 | 1,000 | 1,250 |
| Total Cash Compensation (\$) | 18 | 33,917 | 21,313 | 26,875 | 36,063 |
| Revenue \$500 Million to \$1 Billion | No. of Co's | Average | 25th Percentile | 50th Percentile | 75th Percentile |
| Annual Retainer (\$) | 7 | 29,286 | 20,000 | 30,000 | 35,000 |
| Per Meeting Fee (\$) | 6 | 1,625 | 938 | 1,500 | 2,250 |
| Total Cash Compensation (\$) | 6 | 40,792 | 22,813 | 46,500 | 54,500 |
| Revenue Over \$1 Billion | No. of Co's | Average | 25th Percentile | 50th Percentile | 75th Percentile |
| Annual Retainer (\$) | 10 | 46,460 | 23,750 | 45,000 | 76,250 |
| Per Meeting Fee (\$) | 8 | 1,463 | 1,125 | 1,500 | 1,875 |
| Total Cash Compensation (\$) | 7 | 48,257 | 36,000 | 50,000 | 60,000 |



Total Compensation Solutions is a human resources consulting firm dedicated to *assisting clients in achieving their strategic compensation objectives*. Our approach to compensation and benefits issues is to utilize data to identify best practices in the marketplace. Our research spans a variety of topics including: Board Compensation, Executive, Middle Management and Professional Compensation, Performance Management, Organization Structure, Health and Welfare and Retirement Benefits Plans. With client interaction, we gather and report information on compensation, personnel practices and benefits and we apply the most effective, market-driven solution to each organization's unique set of circumstances.

From our offices in Armonk, NY and Los Angeles, CA we are able to link with our clients via traditional and online media. For more information about Total Compensation Solutions, please visit our Website www.total-comp.com or contact us at:

TOTAL COMPENSATION SOLUTIONS
200 Business Park Drive
Armonk, NY 10504

Phone: (914) 730 – 7300
Fax: (914) 730 – 7303