

Have a Seat

And some deferred shares. How the directors of the Venture 100 get paid

We've heard all the rumblings at the Petroleum Club. Board members make a lot of money for relatively little work. Good news, though: most of the province's worst-performing directors have long been shown the door. Investors can sleep easy knowing that leading companies have aligned directors' pay and shareholder interests. Here's a peek at what Alberta's elite directors are earning.*

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Board Retainer Fee

HIGH: \$150,000 ENBRIDGE

"I, board member, do solemnly swear to establish long-term goals and a strategic planning process, identify the principal risks of business and implement appropriate systems to monitor and manage those risks." Say what? Directors can make a mint, but sitting on the board of a multibillion-dollar company is not the easiest job in the world. Directors can be held personally liable for any company wrongdoings. To attract qualified people who know how to scrutinize financial statements and govern accordingly, companies grant a hefty retainer fee. The median retainer fee for Alberta's largest companies in 2007 was \$42,000. Enbridge had the highest retainer fee. However the pipeline company has done away with meeting attendance fees. Instead, everything is rolled into one lump sum, an increasingly common approach in the United States. This compensation practice has no negative affect on attendance: 10 of 13 directors have perfect attendance; the other three have only excused themselves from one meeting each.

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Board Attendance Fee

HIGH: \$2,000 IMPERIAL OIL

Canadian supermodel Linda Evangelista once boasted that she didn't get out of bed for less than \$10,000 a day. While not nearly as pretty as Evangelista, V100 directors still command an impressive fee for a day's work – a median of \$1,500 for each board meeting appearance. What's more, if some directors choose *not* to get out of bed, they still get paid for letting their fingers do the walking. Talisman Energy pays its directors \$800 for teleconferencing. Superior Plus directors earn \$700 when dialing in.

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Composition of Pay

Few directors are handed cash only. Instead, annual compensation is a mix of cash and stock options or grants, the belief being that if directors aren't shareholders/owners they won't feel the financial pain of tanking share prices. To make sure no one takes the stocks and bolts for the nearest exit, deferred share units (DSUs), which have no value until the director's term has ended, are increasingly the norm. Frank Saville, chair of Nexen, earned a total of \$501,539 in cash and DSUs last year, an increase of 7% over his 2006 pay packet.

*Based on a survey of the largest 50 companies in the Venture 100