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SPECIAL BOARD COMMITTEES EARN SPECIAL FEES

📅 November 3, 2016
 👤 Equilar
 📁 Director Compensation

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Aside from the “big three” committees—audit, compensation, and nominating and governance—that are a fixture in almost every boardroom, boards of directors also call special committees for a variety of reasons.

Equilar recently conducted an analysis of these special committees called by 15 companies with more than \$5 billion in annual revenue. The fees paid to directors for these committees were often higher than the standard retainers paid to board members on the audit, compensation, and nominating and governance committees. According to the recent Equilar report, *Director Pay Trends 2016*, the median

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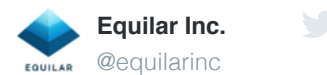
retainer for directors on audit and compensation committees was \$10,000, and \$8,000 on the nominating and governance committee. Annual retainers for committee chairs on these three committees ranged from 2x to 2.5x larger than member fees (i.e. \$15,000 to \$25,000).

While they varied widely, the most common retainers for special committees analyzed for the study were \$30,000 for chairs and \$20,000 for members. Just four out of the 15 boards offered meeting fees—close to or in line with the S&P 500 median of \$2,000—and only one of those offered a meeting fee as well as an annual member retainer. In many cases, special committee chairs received no additional fees, or one that was a smaller multiple than the median for all S&P 500 companies.

Special Committee Name	Annualized Chair Fee	Annualized Member Fee	Per Meeting Fee
Compliance Committee	\$30,000	\$20,000	\$2,000
Independent Committee	\$-	\$20,000	\$-
Investigation Committee	\$30,000	\$-	\$-
Special Committee	\$30,000	\$20,000	\$-
Special CEO Succession Planning Committee	\$-	\$20,000	\$-
Special Committee	\$-	\$2,500	\$-
Special Committee	\$-	\$10,000	\$-
Special Committee	\$10,000	\$-	\$1,500
Special Committee	\$7,500	\$-	\$-
Special Committee	\$30,000	\$20,000	\$-
Special Committee	\$-	\$-	\$2,000
Special Litigation Committee	\$20,000	\$10,000	\$-

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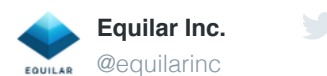
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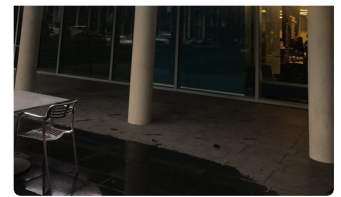
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Special Litigation Committee	\$-	\$60,000	\$-
Strategic Review Administration Committee	\$200,000	\$100,000	\$-
Transaction Committee	\$-	\$-	\$2,000



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Source: Equilar

One of the outlying fee structures was awarded a strategic review administration committee formed at The Williams Companies. According to the company's proxy statement:

On June 20, 2015, the Board formed a Strategic Review Administration Committee which oversaw the administration of the strategic review process conducted by the Board during 2015. The Committee met 34 times in 2015.

For their efforts, the directors received an annual retainer of \$100,000, and the chair \$200,000. As a point of comparison, the median director meeting fee for the S&P 500 was \$2,000 in 2015.

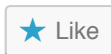
Williams has been in the news over the past few months as the board replaced several members in [response to an activist campaign](#). This campaign was notable because it was led by a former director who had [resigned from the board in June 2016](#), along with five other non-employee directors, following a split vote to retain the company's CEO (who broke the tie on the 13-person board). Of the three non-employee directors who served on the strategic review committee, only one remains on the board.

For more information on Equilar's research and data analysis, please contact Dan Marcec, Director of Content at dmarcec@equilar.com.

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