



Hal Shear

33 Directors Discuss Executive Compensation

Getting back to business following the holidays, key leaders from public, private, and non-profit organizations packed into the Alta Club to enjoy lunch while probing issues surrounding executive Compensation and the Board's role in setting compensation.



Directors filled the room

NACD Blue Ribbon Commission Report on Executive Compensation

Hal Shear, CEO of Board Assets and Director of Chapter Development for NACD, began with the just-published NACD BRC Report on Executive Compensation. This study was the result of the collaboration of 70 top U.S. directors and experts in the field of compensation for publicly-traded companies. Hal noted the publicity surrounding a number of cases of exorbitant compensation for CEO's in spite of poor profit and stock price performance. He highlighted recommendations of the report for corporate boards to view compensation through the lens of stockholder expectations. Directors have a responsibility to represent the needs of the stockholders; and, therefore, to balance the incentives given management with the need for profits, dividends, and stock-value appreciation.

Keys to Compensation Reform

- **Develop a Common Board / Compensation Committee Philosophy**
- **Ensure Compensation Committee Independence**
- **Demand Fairness – Executives Share in Benefits and Sacrifices**
- **Link to Compensation to Long Term Shareholder / Stakeholder Value**
- **Motivate and Reward Performance**
- **Make Plans Transparent and Simple**



Jake Garn

From U.S. Senate to the Boardroom – An Odyssey

E. Jake Garn, former U.S. Senator from Utah (R), Director of Franklin-Covey, NuSkin, and a number of other notable firms, spoke of his experiences in public life and the challenges in crafting laws that regulate businesses. He used the Sarbanes-Oxley Act as an example of Congress rushing to judgment in the wake of corporate scandals. The unintended consequences may prove to be as problematic as the wrong-doing it seeks to prevent. He stressed the need for integrity in management and diligence on the part of directors.

Garn spoke candidly about his own experiences as a director of a large, publicly-traded firm, Morgan Stanley. He stressed the need for directors to get a full orientation of the company. Directors must learn the issues of the particular industry and be knowledgeable about the best practices. Directors must think like stockholders and hold management accountable. His insights were well received by the group.



Greg Butterfield

Pay Me Now or Pay Me Later

Greg S. Butterfield, President and CEO of Altiris, Inc. of Lindon, UT, a publicly-traded and rapidly growing software firm with annual sales around \$ 100 million, shared the wit and wisdom relating to director issues. As a CEO he spoke to the issues of incentives for management and how Altiris hired an outside firm specializing in executive compensation. The result was a system of 26 metrics of company performance that affect his compensation. He discussed a number of dangers in compensation programs that lead to exorbitant rewards. He assured the group that he was in no danger of being over-compensated.



Craig Skidmore,
Dave Bradford



Lisa Badger

Utah Chapter of NACD Approved

Chris Olson moved to Utah a year ago. He had been active in NACD in Boston, where he met Hal Shear. Chris asked Hal about starting a local chapter in Utah, and Hal agreed to come out to Salt Lake City for a meeting with other interested directors. That meeting took place in October 2003 with David B. Winder, Ronald E. Poelman, Gary B. Filler, Craig Skidmore, and others. The interest at that meeting led to planning the meeting in January to test the receptiveness of local directors for such events and for NACD. We planned for an attendance of 30 and 33 showed up – filling the room. Based on the feedback by attendees and recommendation by Hal, the national approved the formation of a Utah chapter of NACD. Currently the Utah NACD chapter is anticipating four meetings a year.



Ron Poelman



Dave McNally, Mike Krieger

Next Utah Chapter Meeting – May 19

The next meeting is scheduled for May 19, 2004, 11:30 AM at the Alta Club. The topic of discussion will be the role of the Audit Committee.



Gary Filler



Dave Winder and Brent Giauque

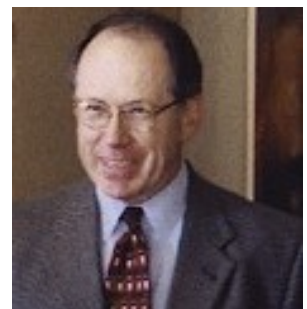
Join NACD: www.nacdonline.org

Order the Blue Ribbon Commission Report on [Executive Compensation](#).

Chapter information: www.nacdut.org



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Craig Omer

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