

A black and white photograph of a conference room. A long, dark conference table is set with several place settings. Each setting includes a dark placemat, a white notepad with a pen, a clear glass, a plastic water bottle, and a whole apple. The room has large windows with blinds in the background. A dark blue banner is overlaid on the top half of the image, containing the title text in white.

2015 PRIVATE COMPANY BOARD COMPENSATION SURVEY

COMPANY PROFILE

LODESTONE GLOBAL

Lodestone Global is a specialized consulting firm providing strategic guidance to chief executives of private and family controlled enterprises, who are considering forming or refreshing a fiduciary or advisory board.

Lodestone Global is **not a traditional search firm**. We invest significant partner time to help you define your strategy, and assist you in developing, recruiting and maximizing a board that drives those strategic objectives.

Lodestone Global gives you exclusive access to a network of experienced Board candidates from a proprietary database for you to evaluate. We utilize a proven methodology for assembling or updating a board that respects your culture and delivers a high return on investment.

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The screenshot shows the Lodestone Global website homepage. At the top, there is a navigation bar with the company logo on the left and links for HOME, PROCESS, ABOUT, TEAM, TESTIMONIALS, EXPERIENCE, and CONTACT on the right. Below the navigation bar, the company name 'LODESTONE GLOBAL' is centered, followed by a tagline: 'Industry-leading strategic architects with a unique ability to design an effective board of directors.' The main visual is a large, light-colored image of a car's interior from the driver's perspective, showing the steering wheel and dashboard. Below this image, the text 'READY FOR A BOARD?' is centered, followed by '3 Steps to build a board and grow your business:'. Three columns are presented, each with an icon and a title: 1. 'STRATEGIC ASSESSMENT' with a document icon, a paragraph of text, and 'Average Time: 3 days - 5 days.' 2. 'BOARD DESIGN' with a puzzle piece icon, a paragraph of text, and 'Average Time: 6 months - 1 year.' 3. 'INVESTMENT TEST' with a bar chart icon, a paragraph of text, and 'Average Time: 2 days.'

www.lodestoneglobal.com

EXECUTIVE SUMMARY

Lodestone Global surveyed **272 companies** across **31 different industries** and **51 countries** (35 in 2014) to analyze current board practices and compensation around the world. **35% of respondents were from companies based outside the United States**, with every continent but Antarctica represented.

Median total compensation was \$34,000, with Transportation and Logistics leading all industries, with Real Estate having the highest retainer in this year's survey. **Total compensation was 8% higher than the \$31,500 reported last year.** This 8% increase (5% in 2014) is the result of increases both domestically (+3%) and internationally (+20%). International companies showed significant growth in 2015, and for the first time in our survey's history, pay 7.5% more than their domestic counterparts.

55% of the YPO companies in the survey had women as board members, up from 48% last year. The impact of Boards on company performance was extremely high this year with **87% of companies reporting increased revenues** and **81% reporting increased EBITDA**. Over 90% of boards with at least one woman director reported that their companies increased revenues by an average of ~35% since the participant joined the board. Nearly 50% of the participants categorized their boards as "Indispensable" or "Very Effective" at driving corporate strategy. **These results support the notion that a board, particularly with the right directors, can be essential to achieving corporate goals and improving profitability.**

53% of the survey respondents were family owned companies. The median number of board members was 6, with 3 independent directors. Note that a statistically insignificant number of companies in our survey used equity to compensate their board members. This continues to validate the thesis that mature private companies do not use equity as a key element of their board compensation programs.

The mean revenue of the sample was \$279m. The mean number of employees was 1,401.

HOW TO READ THE SURVEY

ABOUT THE SURVEY

The 5th Annual 2015 Private Company Board Compensation Survey was conducted among members of the Young Presidents Organization (YPO-WPO) in summer of 2015. YPO-WPO connects 23,000 chief executives leading companies generating US\$6 trillion in revenues and employing more than 15 million people in 130 countries. 272 companies provided meaningful responses.

Surveyed companies were comprised of family majority owned, private equity owned, single majority owned, and diversely owned equity structures. The survey presents the overall results of our work in determining specific compensation levels, as well as prevalent Board practices. This survey is private and confidential and was conducted for the sole benefit of participating YPO companies and Lodestone Global. This report may not be reproduced, quoted, archived, redistributed, or otherwise used without express permission.

METHODOLOGY

The objective of the survey was to collect data on Board member compensation for independent directors. We also captured data on Board practices and sentiment, to provide a picture of current governance thought among private company board members.

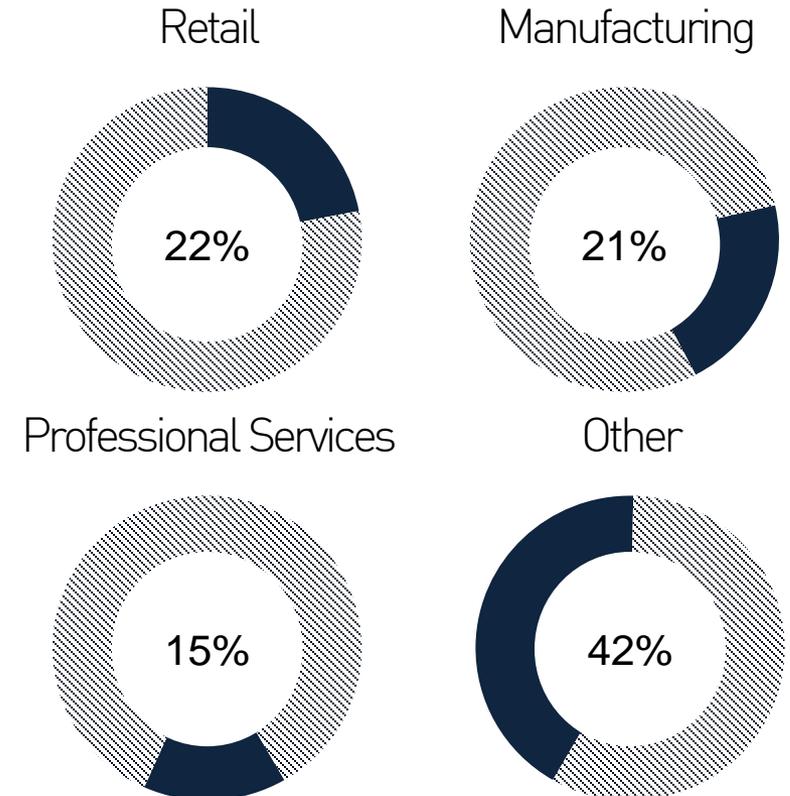
All of our data was collected and normalized to annual levels to provide a relative basis of comparison.

Average calculations included all 272 respondents (except per teleconference fees) whereas median calculations excluded the respondents who did not give an answer for that particular category.

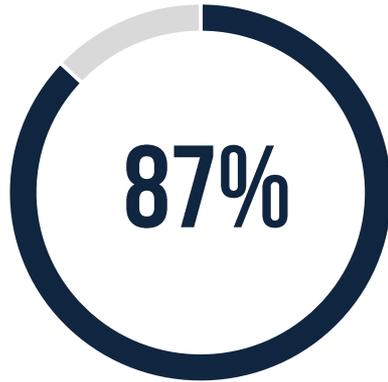
SUMMARY STATISTICS

SURVEY STATISTICS	AVG	MED
Total Respondents:	272	272
Revenue:	\$279m	\$61m
Employees:	1401	233
Yearly Meetings:	4.5	4.0
Annual Retainer (cash):	\$20,715	\$23,500
Per Meeting Fee:	\$1,621	\$2,000
Board Members:	6.4	6.0
Independent Board Members	2.8	3.0
Female Board Members	1.0	1.0

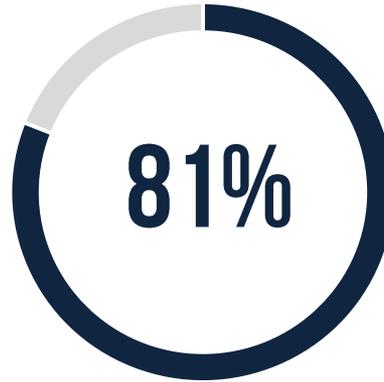
INDUSTRY REPRESENTATION



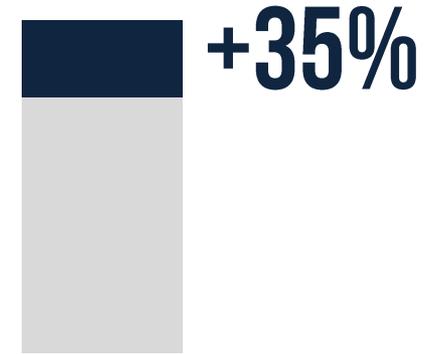
BOARDS DRIVE PERFORMANCE



Companies reported **INCREASED REVENUES** since implementing a Board of Directors



Companies reported **INCREASED EBITDA** since implementing a Board of Directors



Companies reported **average revenue growth of ~35%** since respondent joined the Board



CONTACT US

If you have any questions, comments or suggestions, please contact us by email at:

info@lodestoneglobal.com

Material presented is designed to provide general information and should not be acted on without professional advice tailored to your firm's individual needs.

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