

2014 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 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 and recruiting 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 a board that respects your culture and delivers a high return on investment.

www.lodestoneglobal.com

The screenshot shows the homepage of Lodestone Global. 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 a rear perspective, showing the front seats 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, describing in-depth interviews and an average time of 3 days - 5 days. 2. 'BOARD DESIGN' with a puzzle piece icon, describing a chemistry-based model for board building and an average time of 6 months - 1 year. 3. 'INVESTMENT TEST' with a bar chart icon, describing the onboarding process and an average time of 2 days.

EXECUTIVE SUMMARY

Lodestone Global surveyed **235 companies** across **31 different industries** and **35 countries** to analyze current board practices and compensation around the world. **34% of respondents were from companies based outside the United States** (29% in 2013), with every continent but Antarctica represented.

Median total compensation was \$31,500, with Utilities & Energy leading all industries. **Total compensation was 5% higher than the \$30,000 reported last year.** This 5% increase is the result of increases in annual retainers paid both domestically (+10%) and internationally (+17%), slightly offset by a reduction in per meeting fees. International companies continued to pay larger retainers and smaller per meeting fees than their domestic counterparts.

48% of the YPO companies in the survey had women as board members. Over 14% of all board seats were occupied by women ~50% of whom were independent directors. Of the 112 companies with a female director, the median annual retainer was \$20,000. This reflects the large proportion of family majority owned companies in the sample of which the median annual retainer was also \$20,000. The ratio was at 14% for both domestic and international companies.

Of note, 42% of the survey respondents were family owned companies. The median number of board members was 6, with 3 independent directors. 84% of respondents say board compensation is not linked to performance, while 75% expect no change in board compensation this year. Note that a statistically insignificant number of companies in our survey used equity to compensate their board members. This continues to validate the widely held belief that private companies do not use equity as a key element of their compensation programs.

The mean revenue of the sample was \$259m; the median revenue was \$60m. The mean number of employees was 837; the median was 200.

HOW TO READ THE SURVEY

ABOUT THE SURVEY

The 4th Annual 2014 Private Company Board Compensation Survey was conducted among members of the Young Presidents Organization (YPO-WPO) in summer of 2014. YPO-WPO connects 22,000 chief executives leading companies generating US\$6 trillion in revenues and employing more than 15 million people in more than 125 countries. 235 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.

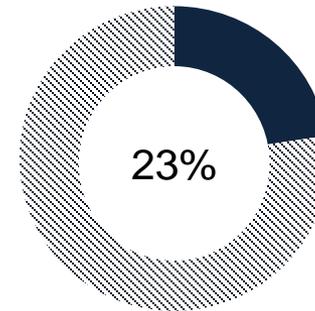
Average calculations included all 235 respondents (except per teleconference fees) whereas median calculations excluded the respondents who did not give an answer for that particular category.

SUMMARY STATISTICS

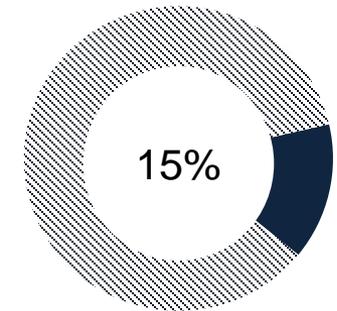
SURVEY STATISTICS	AVG	MED
Total Respondents:	235	235
Revenue:	\$259m	\$60m
Employees:	837	200
Yearly Meetings:	4.0	4.0
Annual Retainer (cash):	\$18,987	\$22,000
Per Meeting Fee:	\$1,200	\$2,000
Board Members:	6.3	6.0
Independent Board Members	3.0	3.0
Female Board Members	0.8	1.0

INDUSTRY REPRESENTATION

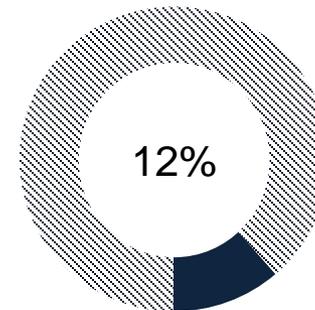
Manufacturing



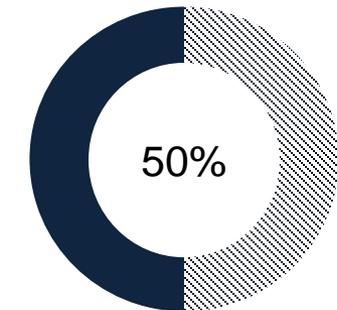
Retail



Technology



Other



CONTACT US

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

info@lodestoneglobal.com

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

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