

2013 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, develop your board requirements, and build a prospectus to attract the right directors to drive your 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 the driver's perspective, showing the steering wheel and dashboard. Below this image, the heading 'READY FOR A BOARD?' is displayed, followed by the sub-heading '3 Steps to build a board and grow your business:'. Three columns describe the process: 1. STRATEGIC ASSESSMENT: 'Is a board right for you? We conduct in-depth interviews with the key decision makers of your company to identify if they are capable of absorbing board-level input. If so, we start our Board Design Process. If not, we will lead offites to help analyze and guide your company's mission and execution of its strategic objectives. Average Time: 3 days - 5 days.' 2. BOARD DESIGN: 'Building a board is a lot like chemistry - you need to have the right formula for it to succeed. Our model has been perfected over years of experience and is built on the following: A proprietary qualified director database; the industry's only director compensation data; and, our Lodestone Global partnership guarantee to find the right board for you. Average Time: 6 months - 1 year.' 3. INVESTMENT TEST: 'After selecting the right directors, we will continue with the onboarding process, develop an agenda for a great first meeting, and manage the clock and minutes of that meeting so you can participate instead of running it. We will then test the success of the board every 12-24 months to make any necessary changes and ensure a great return on your time and effort. Average Time: 2 days.'

EXECUTIVE SUMMARY

Lodestone Global surveyed **203 companies** across **10 different industries** and **30 countries** to analyze current board practices and compensation around the world. The mean revenue of the sample was \$241m; the median revenue was \$70m. The mean number of employees was 1,246; the median was 250. **29% of respondents were from companies based outside the United States**, with every continent but Antarctica represented.

Average total compensation was \$23,293, with Hospitality & Entertainment leading all industry categories. The median total compensation was significantly higher at \$30,000, down from \$31,500 last year. This can be entirely explained by the impact of the international data, where per meeting fees paid were significantly lower than U.S. companies.

Of note, 45% 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 78% 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 validates the widely held belief that private companies do not use equity as a key element of their compensation programs.

HOW TO READ THE SURVEY

ABOUT THE SURVEY

The 3rd Annual 2013 Private Company Board Compensation Survey was conducted among members of the Young Presidents Organization (YPO-WPO) in summer of 2013. YPO-WPO connects 21,000 chief executives leading companies generating US\$6 trillion in revenues and employing more than 15 million people in more than 125 countries. 203 companies provided significant 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.

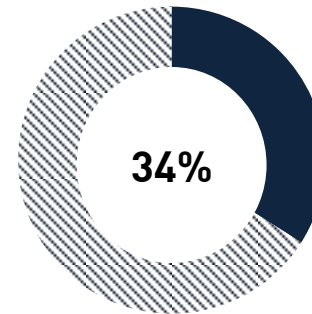
Average calculations included all 203 respondents whereas median calculations excluded the respondents who did not give an answer for that particular category.

SUMMARY STATISTICS

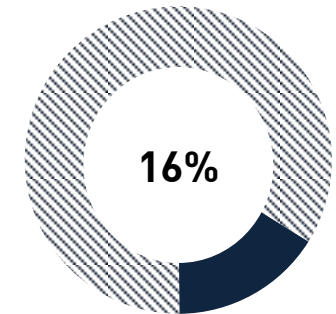
SURVEY STATISTICS	AVG	MED
Total Respondents:	203	203
Revenue:	\$241m	\$70m
Employees:	1,246	250
Yearly Meetings:	4.2	4.0
Annual Retainer:	\$14,873	\$20,000
Per Meeting Fee:	\$1,639	\$2,000
Board Members:	6.5	6.0
Independent Board Members	3.2	3.0

INDUSTRY REPRESENTATION

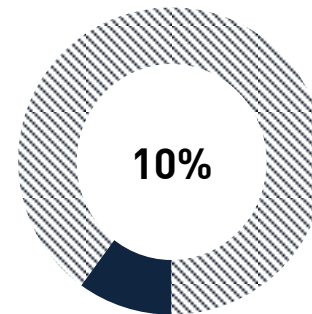
Manufacturing



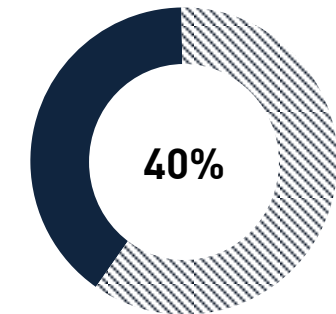
Retail



Financial Services



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.

© 2013 Lodestone Global. All rights reserved.