

SpencerStuart

2016

U.S. Media
Board Index

Introduction

Spencer Stuart is pleased to present our first annual *U.S. Media Board Index*, highlighting the latest data and trends in board composition, board practices and director compensation for 50 U.S. media companies (Media 50). We also examine how media companies compare to the broader S&P 500 Index and the *U.S. Technology Board Index*.

One glance through the companies in this index underscores the breadth of the media umbrella: evolving newspaper companies, cutting-edge video game makers and popular digital content providers are just some of the members. Yet myriad shared interests unite this diverse group — not the least of which is the need to stay abreast of the digital transformation trend lest they be left behind.

In this year's index, we discovered several compelling facts about the media company boards including:

92%

of media company boards have at least one female director, substantially higher than the 82% of tech boards but lower than the 99% of S&P 500 boards.

Only
32%

of media company boards report having a mandatory retirement age, far less than the S&P 500 figure of 73%.

44%

of media boards have an average age of 59 or younger, compared with only 15% of S&P 500 boards.

72%

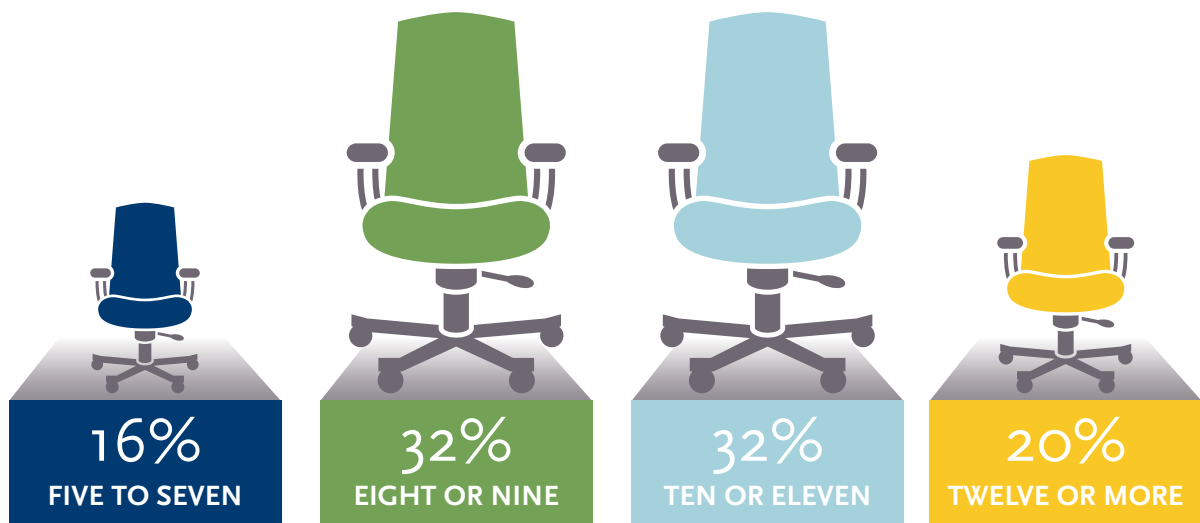
of all directors on media company boards are independent, compared with 85% of S&P 500 directors and 81% of tech board members.

Board Composition

MEDIA BOARDS AVERAGE 9.8 MEMBERS

- » Media company boards average 9.8 members, less than the 10.8 average of S&P 500 boards, but more than the tech company board average of 8.6 members.
- » Independent directors represent 72% of all directors on media company boards, compared with 85% of S&P 500 directors and 81% of tech board directors.
- » Media company boards have as few as five directors and as many as 18.

Media 50 Board Size Distribution



Note: Graphic is illustrative and is not to scale.

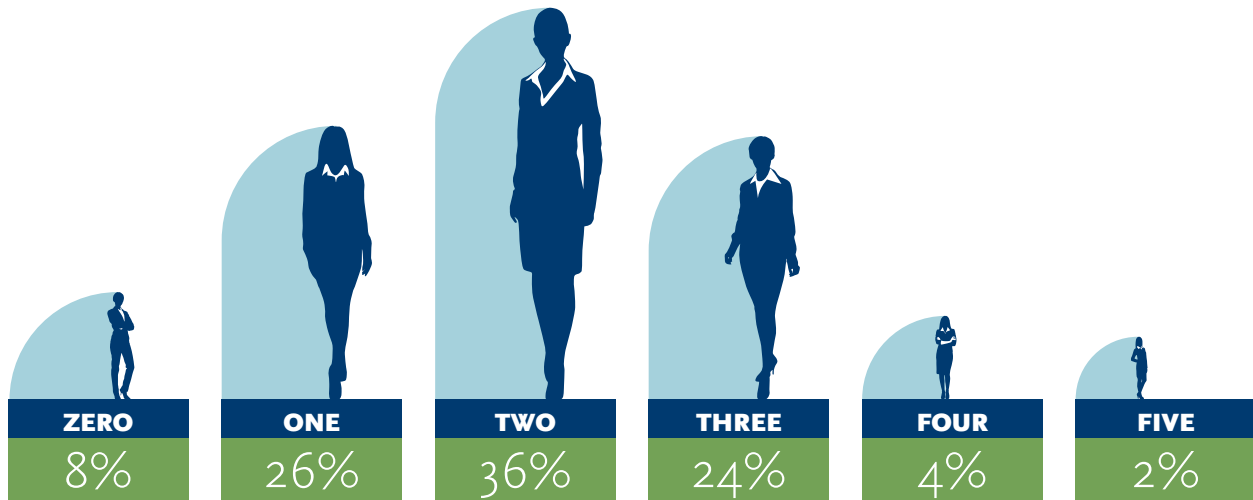
THE AVERAGE AGE OF MEDIA BOARD DIRECTORS IS 63

- » The average age of media board independent directors is 61, two years younger than the S&P 500 average of 63. The average age for tech boards sits between them at 62.
- » The average age of media company board directors is 63. The youngest director is 50 and the oldest is 76.
- » Forty-four percent of media boards have an average age of 59 or younger, compared with only 15% of S&P 500 boards and 27% of tech boards.

MORE THAN 90% OF MEDIA BOARDS INCLUDE FEMALE DIRECTORS

- » Ninety-two percent of media boards have at least one female director. This compares to 99% of S&P 500 boards and 82% of tech boards.

Number of Women Directors*



*Figures may not total 100% due to rounding.
Note: Graphic is illustrative and is not to scale.

MORE THAN ONE-THIRD OF MEDIA COMPANIES ADDED INDEPENDENT DIRECTORS

- » Seventeen media companies (34%) added a total of 39 new independent directors.
- » Thirty-six percent of the new independent directors are women, compared with 32% of new independent directors on S&P 500 boards and 29% for tech boards.

AVERAGE BOARD TENURE IS JUST BELOW NINE YEARS

- » The average tenure of media company boards aligns closely to the S&P 500 average, 8.1 years compared to 8.3 for the S&P 500.
- » The average tenure for tech boards is 8.8 years.

ALMOST TWO-THIRDS OF MEDIA BOARDS SEPARATE THE CHAIR AND CEO ROLES

- » Sixty-two percent of media company boards separate the chairman and CEO roles, compared with 48% of S&P 500 boards and 68% of tech company boards.
- » Fifty percent of media boards have a lead or presiding director, far below the S&P 500 figure of 87%. Just 45% of tech boards have a lead or presiding director.
- » Lead directors are far more prevalent than presiding directors: 21 media company boards have lead directors, while only four have presiding directors.
- » Among companies where the CEO is also the chairman, 74% have a lead or presiding director.

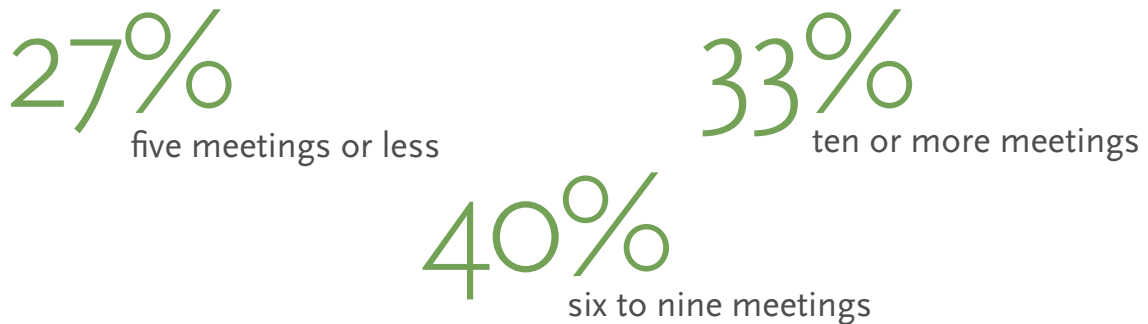
70% OF BOARDS ELECT DIRECTORS ANNUALLY

- » Seventy percent of media company boards that report director terms have annual elections, while the remaining 30% have three-year terms and three companies didn't provide details about their director elections.
- » By comparison, 92% of S&P 500 boards and 67% of tech company boards hold annual elections.
- » The average term length for media boards is 1.6 years.

MEDIA BOARDS HELD 8.2 MEETINGS ON AVERAGE

- » Media company boards met an average of 8.2 times annually, roughly the same as the S&P 500 and tech company board average of 8.4.

Number of Meetings



LESS THAN ONE-THIRD OF MEDIA BOARDS SET MANDATORY RETIREMENT AGE

- » Only 32% of media company boards report having a mandatory retirement age, compared with 73% of S&P 500 boards and 38% of tech boards.
- » Among those that reported a mandatory retirement age, 31% of media company boards set it at 70, another 38% set it at 72 and the remaining 31% put the mandatory retirement age at 75.
- » The average mandatory retirement age for boards that report one is 72.3, below the S&P 500 average of 73.3 and the tech board average of 73.*

*Retirement age statistics were derived from Spencer Stuart research.

MEDIA BOARDS AVERAGE ABOUT FOUR COMMITTEES

» Media boards in our index reported an average of 3.9 committees, slightly fewer than the S&P 500 average of 4.2 committees and just above the tech board average of 3.8.

Committee Snapshot

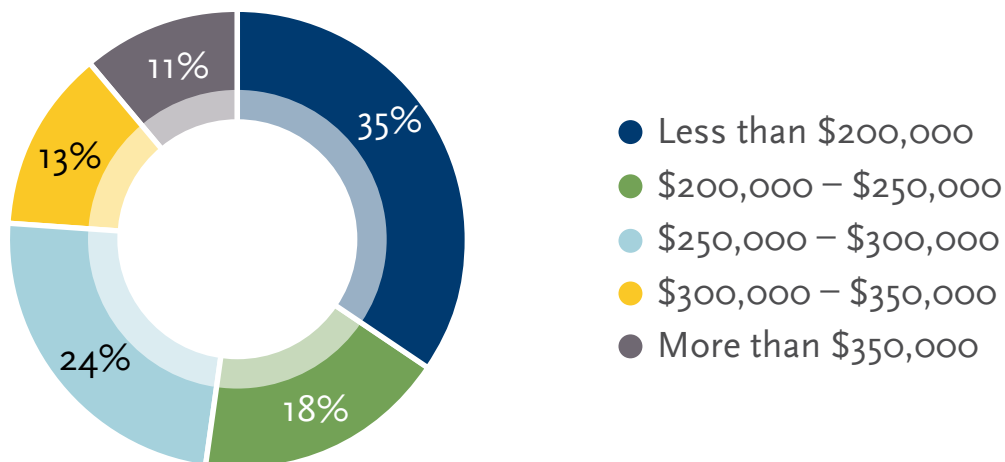
	Media Boards	S&P 500 Boards
Audit Committee	100%	100%
Compensation Committee	100%	100%
Nominating/Governance Committee	94%	99.6%
Executive Committee	34%	33%
Finance Committee	16%	31%
Strategy Committee	12%	2%
Stock Option/Equity Committee	6%	0%
M&A Committee	4%	2%
Pension Committee	4%	3%

Total Director Compensation

MEDIA BOARD COMPENSATION LOWER THAN S&P 500 AVERAGE

» The total average per-director compensation for media company directors is \$277,788, 3% lower than the S&P 500 average of \$285,065.

Average Amount of Compensation*



*Figures may not total 100% due to rounding.

» Fifty-nine percent of average director compensation comes in the form of stock awards or option grants.

Forms of Compensation*

Cash = 30% (38% S&P)



Stock awards = 52% (54% S&P)



Option value = 7% (6% S&P)



Other compensation = 11%** (2% S&P)



*Figures may not total 100% due to rounding.

**This number is skewed higher because two companies provide more than \$3.6 million in “other” compensation.

ALMOST 90% OF BOARDS OFFER CASH RETAINER

» Eighty-eight percent of media boards pay a cash retainer, and the average amount is \$74,386.

20% OF MEDIA BOARDS PAY MEETING ATTENDANCE FEE

» Twenty percent of media boards pay a meeting attendance fee, and the average fee is \$1,950.

ONLY 18% OF BOARDS PROVIDE ADDITIONAL COMPENSATION TO THE NON-EXECUTIVE CHAIR

» Eighteen percent of media boards provide additional compensation to the non-executive chair. The average cash retainer for media company board chairs is \$158,056, which includes an average premium of \$83,722.

» Media boards are slightly more likely to provide additional cash compensation to the lead director. Among the 20% of boards that do, the average premium is \$32,000.

BOARD LEADERSHIP COMPENSATION

Cash retainer for board chair

18%

Average retainer **\$158,056**

Average cash premium
for board chair

\$83,722

Providing a cash premium
for lead director

20%

Average cash premium
for lead director

\$32,000

ALMOST HALF OF BOARDS PROVIDE CASH RETAINER TO THE AUDIT COMMITTEE

- » Of the 50 media boards in our index, 84% provide an additional cash retainer to the audit committee chair, which averages \$25,286.
- » Forty-eight percent provide an additional cash retainer to audit committee members, averaging \$14,583.

ANNUAL EQUITY AWARDS

	Media 50
Percentage providing restricted stock or restricted stock units	92%
Average value of restricted stock	\$91,148
Average value of restricted stock units	\$166,553
Percentage of companies with a stock option program	16%
Average value of options*	\$102,335
Total value of annual equity awards	\$148,489

*Stock option awards are valued using the Black-Scholes methodology

Comparative Board Data

Comparative Board Data

COMPANY	REVENUES (\$ IN MILLIONS)	NUMBER OF DIRECTORS			AVERAGE AGE OF OUTSIDE DIRECTORS (YEARS)	RETIREMENT AGE	LENGTH OF TERM	CEO/CHAIRMAN SAME?	MEETINGS PER YEAR ¹	COMPENSATION — OUTSIDE DIRECTOR				
		TOTAL	OUTSIDE DIRECTORS ²	NUMBER OF FEMALES						BOARD CASH RETAINER	MEETING ATTENDANCE FEE (REGULAR)	ANNUAL BOARD CASH FEES ³	TOTAL \$ VALUE OF ANNUAL EQUITY AWARDS	TOTAL ANNUAL ⁴ BOARD FEES
Activision Blizzard	4,664.0	9	7	1	62	N/A	1	11	\$90,000	N/A	\$90,000	\$250,000	\$340,000	
Alphabet	74,989.0	11	7	3	64	N/A	1	9	\$75,000	N/A	\$75,000	\$350,000	\$425,000	
AMC Networks	2,580.9	14	6	2	69	N/A	1	5	\$70,000	\$2,000	\$80,000	\$135,000	\$215,000	
Cable One	807.3	8	6	3	60	75	3	Y	3	N/A	N/A	\$0	\$150,000	\$150,000
Cablevision Systems	6,509.7	18	8	3	74	N/A	N/A	10	\$100,000	\$2,000	\$120,000	\$150,000	\$270,000	
CBS Corporation	13,886.0	13	8	2	76	N/A	1	Y	7	\$100,000	N/A	\$100,000	\$200,000	\$300,000
Charter Communications	9,754.0	10	9	0	56	N/A	1	11	\$100,000	N/A	\$100,000	\$130,000	\$230,000	
Comcast	74,510.0	11	9	2	64	72	1	Y	9	\$100,000	N/A	\$100,000	\$170,000	\$270,000
Cumulus Media	1,168.7	7	5	2	53	N/A	1	8	\$75,000	N/A	\$75,000	\$100,000	\$175,000	
Discovery Communications	6,394.0	10	9	0	68	N/A	3	15	\$90,000	N/A	\$90,000	\$140,000	\$230,000	
Dish Network	15,068.9	10	5	1	60	N/A	1	Y	12	\$60,000	\$1,000	\$72,000	\$75,041	\$147,041
DreamWorks Animation	915.9	8	7	2	59	N/A	1	6	N/A	N/A	\$0	\$200,000	\$200,000	
Electronic Arts	4,396.0	10	8	2	55	N/A	1	6	\$60,000	N/A	\$60,000	\$260,000	\$320,000	
E.W. Scripps Company	715.7	9	8	3	60	72	1	Y	4	\$40,000	\$2,500	\$54,000	\$55,000	\$109,000
Facebook	17,928.0	8	5	2	55	70	1	Y	4	\$50,000	N/A	\$50,000	\$300,000	\$350,000
Gannett Company	2,885.0	10	8	3	56	75	1	5	\$100,000	N/A	\$100,000	\$125,000	\$225,000	
Houghton Mifflin Harcourt	1,416.1	7	6	2	64	N/A	1	13	\$80,000	N/A	\$80,000	\$85,000	\$165,000	
IAC	3,230.9	12	8	2	57	N/A	N/A	Y	N/A	\$50,000	N/A	\$50,000	\$250,000	\$300,000
iHeartMedia	6,241.5	12	2	1	55	N/A	1	Y	11	N/A	N/A	\$0	\$0	\$0
John Wiley & Sons	1,822.4	11	8	2	59	70	1	10	\$80,000	N/A	\$80,000	\$100,000	\$180,000	
Journal Media Group	441.0	6	5	1	59	N/A	N/A	7	\$35,000	\$2,000	\$49,000	\$55,000	\$104,000	
Lee Enterprises	648.5	9	6	2	65	N/A	3	4	\$50,000	\$2,000	\$58,000	\$30,400	\$88,400	
Liberty Media Corporation	4,795.0	9	6	1	64	N/A	3	6	\$88,000	N/A	\$88,000	\$93,000	\$181,000	
LinkedIn Corporation	2,990.9	7	5	1	60	N/A	3	7	N/A	N/A	\$0	\$386,210	\$386,210	
The McClatchy Company	1,056.6	10	9	2	62	N/A	1	7	\$45,000	\$2,000	\$59,000	\$16,800	\$75,800	
Meredith Corporation	1,594.2	9	8	3	66	72	3	Y	4	\$75,000	N/A	\$75,000	\$100,000	\$175,000
Netflix	6,779.5	9	8	3	57	N/A	3	Y	5	N/A	N/A	\$0	\$240,000	\$240,000
New Media Investment Group	1,195.8	5	3	0	62	N/A	3	4	\$75,000	N/A	\$75,000	\$75,000	\$150,000	
News Corporation	8,633.0	12	7	3	52	N/A	1	9	\$100,000	N/A	\$100,000	\$125,000	\$225,000	
New York Times	1,579.2	14	9	4	59	70	1	5	\$50,000	N/A	\$50,000	\$75,000	\$125,000	
Nexstar Broadcasting Group	896.4	7	6	1	62	N/A	3	Y	12	\$60,000	\$1,500	\$78,000	\$0	\$78,000
Pandora Media	1,164.0	9	8	2	58	N/A	3	10	\$40,000	N/A	\$40,000	\$200,000	\$240,000	
Scholastic Corporation	1,635.8	9	7	3	60	75	1	Y	5	\$75,000	N/A	\$75,000	\$70,000	\$145,000
Scripps Networks Interactive	3,018.2	12	11	3	58	72	1	Y	4	\$50,000	\$2,500	\$60,000	\$150,000	\$210,000
Sinclair Broadcast Group	2,219.1	8	4	0	65	N/A	1	Y	6	\$35,000	\$2,000	\$47,000	\$120,880	\$167,880
Starz	1,700.1	9	5	1	61	N/A	3	5	\$60,000	N/A	\$60,000	\$129,987	\$189,987	

U.S. MEDIA BOARD INDEX

COMPANY	REVENUES (\$ IN MILLIONS)	NUMBER OF DIRECTORS			AVERAGE AGE OF OUTSIDE DIRECTORS (YEARS)	RETIREMENT AGE	LENGTH OF TERM	CEO/CHAIRMAN SAME?	MEETINGS PER YEAR ^b	COMPENSATION — OUTSIDE DIRECTOR				
		TOTAL	OUTSIDE DIRECTORS ^a	NUMBER OF FEMALES						BOARD CASH RETAINER	MEETING ATTENDANCE FEE (REGULAR)	ANNUAL BOARD CASH FEES	TOTAL \$ VALUE OF ANNUAL EQUITY AWARDS	TOTAL ANNUAL BOARD FEES ^c
Take Two Interactive Software	1,082.9	6	5	1	57	N/A	1	Y	9	\$60,000	N/A	\$60,000	\$165,000	\$225,000
Tegna	3,050.9	10	9	5	60	70	1		10	\$100,000	N/A	\$100,000	\$125,000	\$225,000
Time	3,103.0	11	10	2	66	N/A	1	Y	11	\$100,000	N/A	\$100,000	\$100,000	\$200,000
Time Warner	28,118.0	11	10	2	65	75	1	Y	7	\$145,000	N/A	\$145,000	\$145,000	\$290,000
Time Warner Cable	23,697.0	12	11	2	68	N/A	1	Y	N/A	\$90,000	N/A	\$90,000	\$150,000	\$240,000
Tribune Media	2,010.5	7	6	1	53	N/A	3		10	\$85,000	N/A	\$85,000	\$100,000	\$185,000
tronc	1,672.8	8	6	1	58	N/A	1		17	\$70,000	N/A	\$70,000	\$100,000	\$170,000
Twenty-First Century Fox	28,987.0	13	8	1	55	N/A	1		6	\$100,000	N/A	\$100,000	\$170,000	\$270,000
Twitter	2,218.0	8	6	2	50	N/A	3		19	\$50,000	N/A	\$50,000	\$225,000	\$275,000
Viacom	13,268.0	11	6	4	61	N/A	1		6	\$100,000	N/A	\$100,000	\$175,000	\$275,000
Walt Disney Company	52,465.0	11	9	3	61	N/A	1	Y	6	\$105,000	N/A	\$105,000	\$180,000	\$285,000
WebMD	636.4	10	8	1	67	N/A	3		9	N/A	N/A	\$0	\$257,127	\$257,127
Yahoo!	4,968.3	11	9	3	58	N/A	1		19	\$60,000	N/A	\$60,000	\$240,000	\$300,000
Zynga	764.7	8	5	2	57	N/A	1		6	\$50,000	N/A	\$50,000	\$200,000	\$250,000

Data for the *U.S. Media Board Index* were obtained from Equilar, a leading independent provider of executive and board compensation data and analysis.

Footnotes

- a. Outside directors are independent, as reported by the companies.
- b. Board meetings include all regularly scheduled meetings.
- c. Annual board cash fees are calculated as the sum of the board cash retainer and the meeting attendance fee multiplied by the corresponding number of board meetings.
- d. Total annual board fees are calculated as the sum of the annual board cash fee and the dollar value of all annual equity awards.

Company Footnotes

Cablevision Systems All information for the fiscal year is from the 10-K/A filed on April 29, 2016. The company was acquired by Altice USA on June 21, 2016.

Charter Communications The company merged with Time Warner Cable on October 22, 2016.

IAC All information is for the fiscal year ending December 31, 2015 from 10-K/A filed on April 29, 2016.

Journal Media Group Gannett bought the company and took it private on April 7, 2016. All information for the fiscal year is from the 10-K filed on March 30, 2016.

Liberty Media Corporation All information for the fiscal year is from the DEF 14A filed on July 8, 2016.

LinkedIn Microsoft purchased the company on June 13, 2016.

Nexstar Broadcasting Group All information for the fiscal year is from the 10-K/A filed on April 29, 2016.

Starz Lionsgate bought the company on June 30, 2016.

Time Warner Cable All information for the fiscal year is from the 10-K/A filed on April 28, 2016.

tronc Company changed its name from Tribune Publishing on June 1, 2016.

WebMD All information is for the fiscal year ending December 31, 2015 from 10-K/A filed on April 29, 2016.

ABOUT SPENCER STUART

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

For more than 30 years, our Board Practice has helped boards around the world identify and recruit independent directors and provided advice to chairmen, CEOs and nominating committees on important governance issues. We serve a range of organizations across geographies and scale, from leading multinationals to smaller organizations. In the past year alone, we conducted more than 600 director searches worldwide, and in North America one-third of those assignments were for companies with revenues under \$1 billion.

Our global team of board experts works together to ensure that our clients have unrivaled access to the best existing and potential director talent, and regularly assists boards in increasing the diversity of their composition. We have helped place women in more than 1,600 board director roles and recruited roughly 600 minority directors around the world.

In addition to our work with clients, Spencer Stuart has long played an active role in corporate governance by exploring — both on our own and with other prestigious institutions — key concerns of boards and innovative solutions to the challenges facing them. Publishing our premiere *U.S. Media Board Index* is just one of our many ongoing efforts.

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