



SpencerStuart

2018 U.S. Media  
Spencer Stuart  
Board Index

# Introduction

Spencer Stuart is pleased to present the 2018 *U.S. Media Spencer Stuart Board Index*, our third annual report 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 companies included in the 2018 *U.S. Technology Spencer Stuart Board Index*.

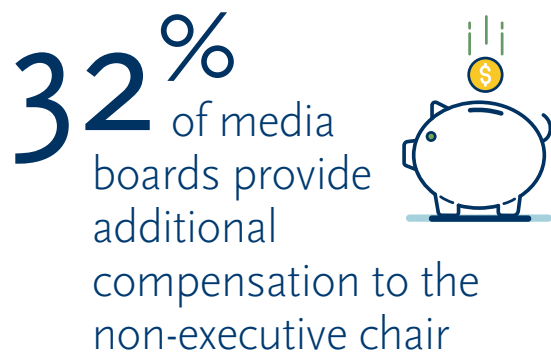
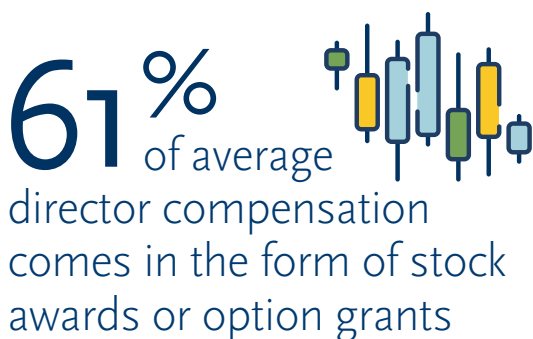
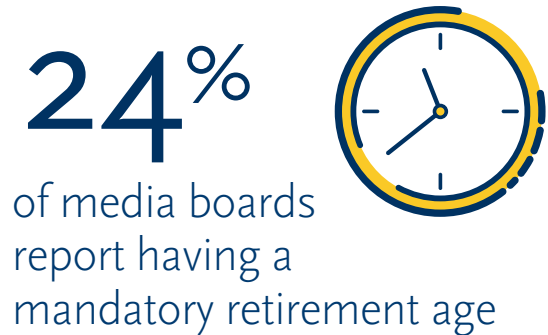
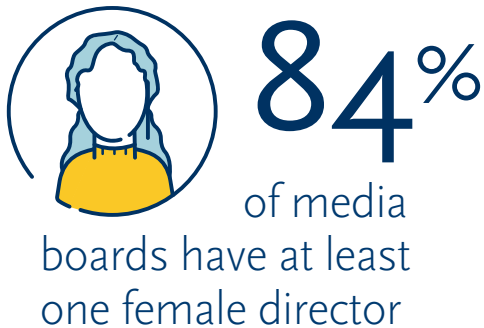
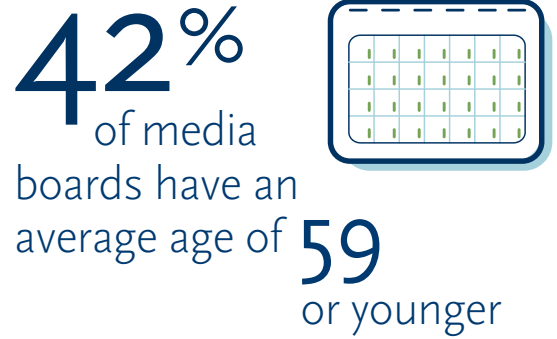
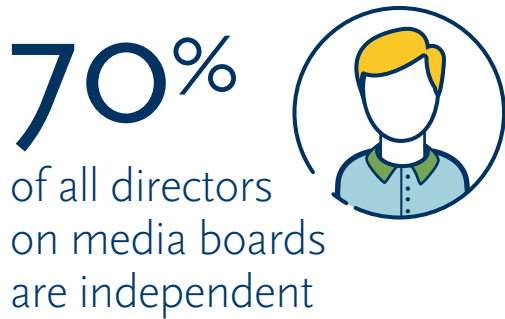
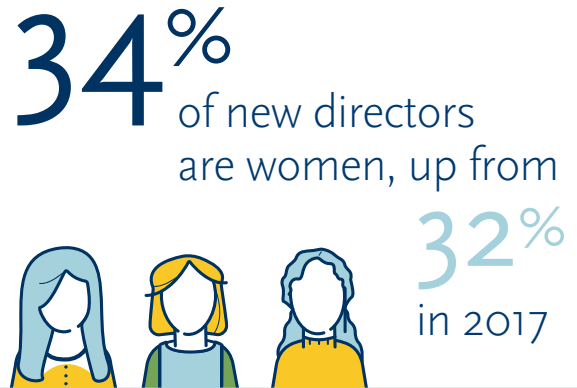
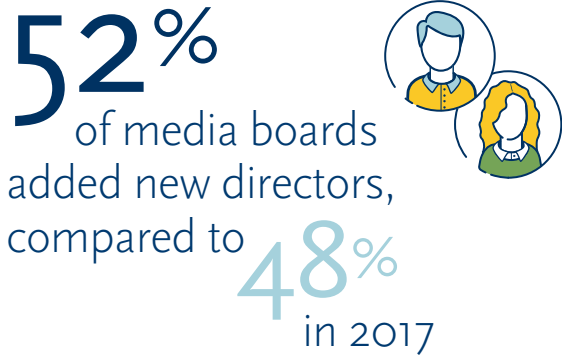
This year's index includes data in several new areas, including:

- » detailed breakdown of boards by size
- » average tenure of boards
- » percentage of women directors
- » functional and industry backgrounds of new directors
- » percentage of boards with an independent chair
- » percentage of boards that conduct annual evaluations
- » range of cash retainers

As the constantly shifting landscape creates new challenges, Media 50 boards must respond to a growing number of risks, including the constant threat of disruption and investors who are paying closer attention to diversity and board composition. The Media 50 may be an expansive group that includes social media companies, streaming services and entertainment titans, but no company is immune from the need to innovate and stay abreast of current trends.

As a result, more media boards are gradually reshaping themselves and striving to incorporate a broader range of perspectives. Accordingly, we saw a higher percentage of boards that have added new directors and a greater number of female board members this year, among other changes.

Our analysis of media company boards found these highlights:



# Board Composition

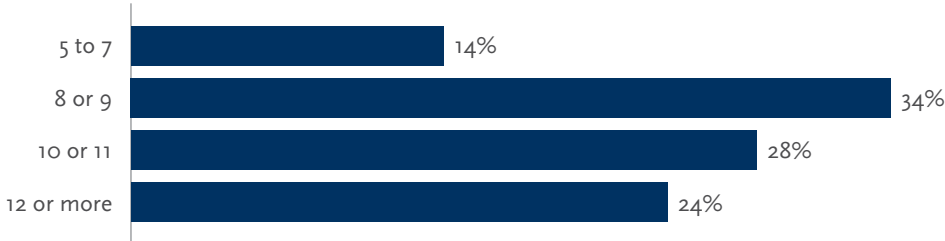
## MORE THAN HALF OF MEDIA BOARDS ADDED A NEW DIRECTOR

- » Twenty-six media companies (52%) added a total of 38 new directors; in 2017, 24 media companies (48%) added 44 new directors. By comparison, 57% of S&P 500 boards and 46% of tech boards added new directors.
- » Independent directors represent 70% of all directors on media company boards, down from 73% in 2017.<sup>1</sup> By comparison, 85% of S&P 500 directors and 82% of tech board directors are independent.

## NEARLY TWO-THIRDS OF MEDIA BOARDS HAVE BETWEEN 8 AND 11 MEMBERS

- » Media company boards average 9.8 members, one less than the S&P 500 average of 10.8 directors but above the Tech 200 average of 8.7 members. The highest percentage of boards (22%) have nine members, followed by 11 (18%) then between five and seven (14%).
- » Media boards tend to skew toward the middle, size-wise: 62% of tech boards have between eight and 11 members, while 14% have seven or fewer directors and 24% have 12 or more members.
- » Media company boards range from five directors up to 14.

Media 50 Board Size Distribution



<sup>1</sup>One company did not provide independence data.

## AVERAGE BOARD TENURE IS JUST BELOW EIGHT YEARS

- » The average tenure of media company boards is 7.7 years, just below the S&P 500 average of 8.1 years (which is the same as tech boards). Eighty-six percent of media boards have an average tenure of less than 10 years.

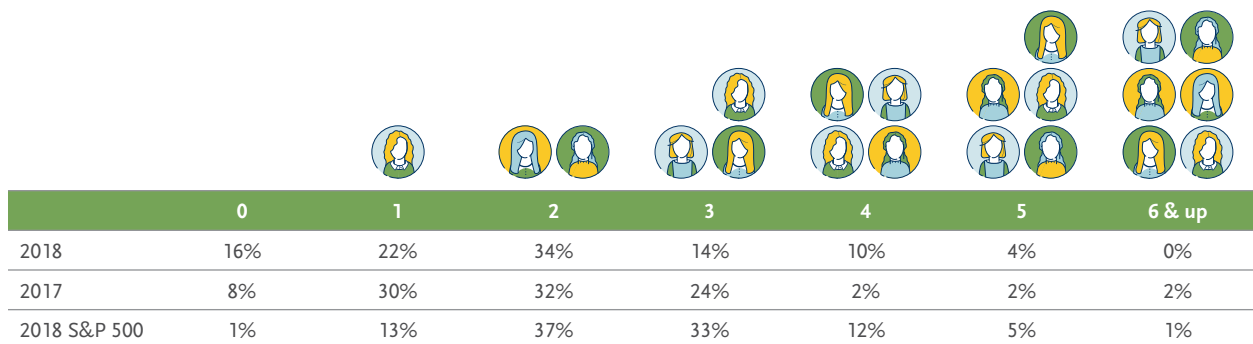
### Average Tenure



## JUST OVER ONE-THIRD OF NEW DIRECTORS ARE FEMALE

- » Thirty-four percent of the new directors are women, up from 32% in 2017.
- » Eighty-four percent of media boards have at least one female director, down from 92% in 2017. By comparison, 99% of S&P 500 boards and 85% of tech boards have at least one female director.
- » Women make up 20% of media board directors, which is less than S&P 500 boards (24%) and more than tech boards (18%).

### Number of Women on Media Boards\*



\*Figures may not total 100% due to rounding.

## MOST NEW DIRECTORS ARE ACTIVE CEOS

- » Thirty-two percent of new directors are CEOs or CEO-level leaders, and 26% are active. The same percentage of new directors has a financial background, and 21% of those directors are active.
- » Twenty-four percent of new media board directors come from the high-tech or telecommunications industry, and the same percentage of new directors have a background in communications. Eleven percent of the new directors are from private equity.

## NUMBER OF COMPANIES WITH MANDATORY RETIREMENT AGE DECREASES

- » Contrary to what we see among S&P 500 and technology company boards, boards in the Media 50 don't appear to be using mandatory retirement to promote turnover. Twenty-four percent of media company boards report having a mandatory retirement age, down from 28% in 2017. By comparison, 71% of S&P 500 boards and 33% of tech boards report a mandatory retirement age.
- » Among the media boards that report a mandatory retirement age, 42% set the age at 70, the same percentage set it at 72 years old, and 17% set it at 75 or older. That's far below what we see on S&P 500 boards and tech boards, where 44% and 53% set the mandatory retirement age at 75 or older, respectively.
- » The average mandatory retirement age on media boards is 72, below the S&P 500 and tech board average of 74.<sup>2</sup>

### Mandatory Retirement Age\*

	Media 50	S&P 500	Tech 200
70	42%	3%	11%
71	0%	1%	0%
72	42%	43%	36%
73	0%	4%	0%
74	0%	6%	0%
75 or older	17%	44%	53%

\*Figures may not total 100% due to rounding.

## AVERAGE AGE OF MEDIA BOARD DIRECTORS IS JUST OVER 60 YEARS OLD

- » Directors on media boards average 61 years old, unchanged from 2017 and two years below the average age on S&P 500 boards. The average age for tech boards sits right between them, at 62.
- » The average age of new media board directors is 55.
- » Forty-two percent of media boards have an average age of 59 or younger, down from 46% in 2017. By comparison, only 16% of S&P 500 boards and 35% of tech boards average 59 or younger. The youngest media board member is 37, while the oldest is 89.

<sup>2</sup>Retirement age statistics were derived from each company's most recent corporate governance guidelines.

## **MAJORITY OF BOARDS SPLIT THE CHAIR AND CEO ROLES, BUT ONLY ONE-QUARTER HAVE INDEPENDENT CHAIRS**

- » Sixty-two percent of media company boards separate the board chair and CEO roles between two people. By comparison, 50% of S&P 500 boards and 72% of tech company boards split the positions.
- » While media boards are more likely to split the board chair and CEO roles than S&P 500 boards, they are less likely to have an independent board chair: 24% of media boards have a truly independent chair, compared with 31% of S&P 500 boards and 49% of tech boards.
- » Thirty-eight percent of boards have chairs who are not independent and are not the CEO; within that group, 24% are executive chairs, 12% are non-executive non-independent chairs and one board does not have a chair role.
- » Forty-four percent of media boards have a lead or presiding director, down from 48% in 2017. By comparison, 80% of S&P 500 boards and 49% of tech boards have a lead or presiding director. Within that group, lead directors are the more prevalent of the two: 22 media company boards have lead directors, while nine have presiding directors.

# Board Organization and Process

## NEARLY THREE-QUARTERS OF BOARDS HOLD ANNUAL DIRECTOR ELECTIONS

» Seventy-four percent of media company boards have annual elections, and the remaining 26% have three-year terms. By comparison, 92% of S&P 500 boards and 64% of tech company boards hold annual elections.

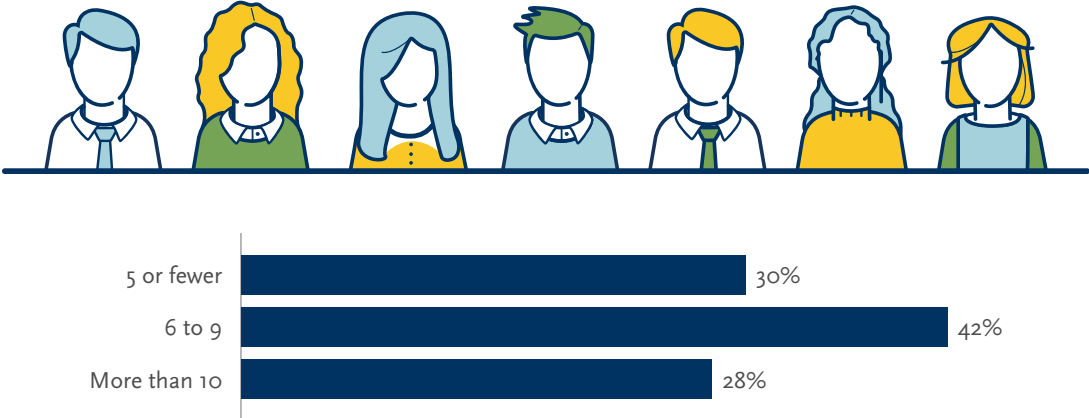
## MOST BOARDS CONDUCT ANNUAL EVALUATIONS

» Thirty-eight media boards (76%) conduct some form of annual evaluation. Within that group, 47% assess the full board and committees; 32% evaluate just the board; 13% appraise the full board, committees and directors; and 8% evaluate the board and directors.

## MEDIA BOARDS MET JUST OVER EIGHT TIMES

» Media company boards met an average of 8.2 times annually, nearly identical to the annual S&P 500 and tech board average of 8.0 meetings.

Number of Media Board Meetings





## MEDIA BOARDS AVERAGE ROUGHLY FOUR COMMITTEES

- » Media boards in our index reported an average of 3.9 committees, slightly fewer than the S&P average of 4.2 committees and just above the tech board average of 3.5.
- » All media boards have audit and compensation committees, as required under NYSE or NASDAQ listing standards, while 90% have nominating/governance committees.
- » Beyond the required committees, executive (28%) and finance/investment (10%) committees are the most common.

### Committee Snapshot

	Media boards	S&P 500 boards
Audit	100%	100%
Compensation	100%	100%
Nominating/governance	90%	99%
Executive	28%	30%
Finance/investment	10%	31%
Science & technology	6%	9%
Strategy	4%	2%
Pension/retirement	4%	4%
Compliance/regulatory	2%	5%
Stock option/equity	2%	n/a

## AUDIT COMMITTEES MET MORE THAN SIX TIMES

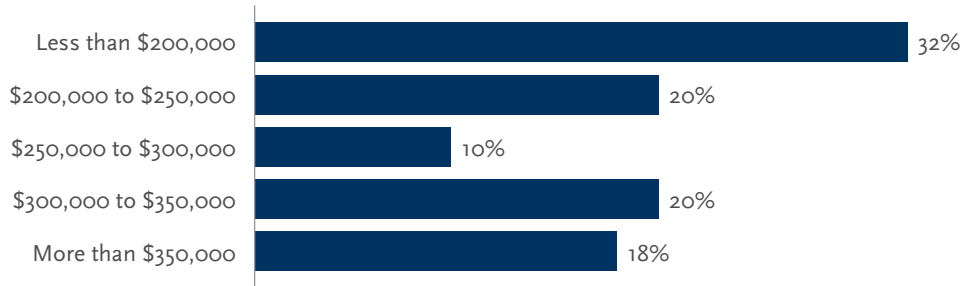
- » Media board audit committees averaged 6.3 meetings annually, versus 8.4 for the S&P 500 and 8.0 for tech boards.
- » Media board compensation committees also averaged 6.3 meetings, roughly identical to the number of meetings held by S&P 500 and tech board compensation committees.
- » Media board nominating committees averaged 3.8 annual meetings, below the S&P 500 average of 4.6 and the tech board average of 4.0.

# Director Compensation

## DIRECTOR COMPENSATION AVERAGES MORE THAN \$250,000

» The average compensation for media company directors is \$256,131, virtually unchanged from the 2017 total of \$255,393. The 2018 average is 14% lower than the S&P 500 average of \$298,981 and 11% below the tech board average of \$288,830.

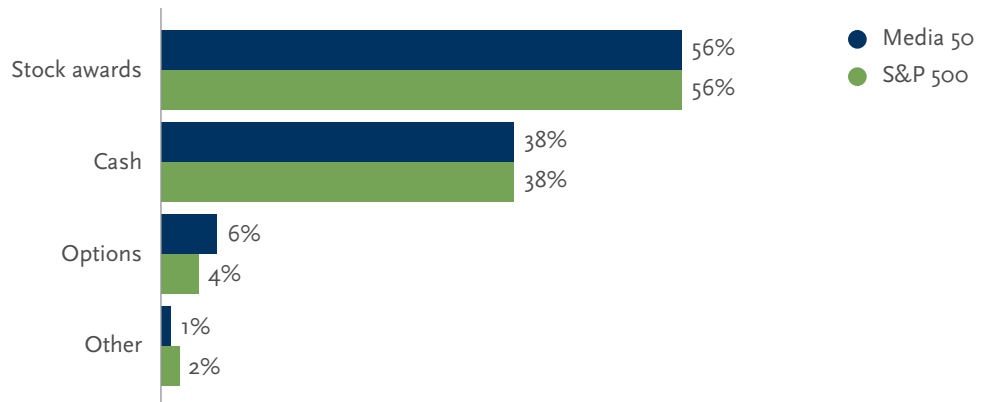
### Average Per-Director Compensation



## MORE THAN HALF OF COMPENSATION PAID IN STOCK AWARDS OR OPTION GRANTS

» Sixty-one percent of average director compensation comes in the form of stock awards or option grants. In 2017, 58% of compensation came from stock awards or option grants.

### Forms of Compensation\*



\*Figures may not total 100% due to rounding.

## Annual Equity Awards

	Media 50
Percentage providing restricted stock or restricted stock units	90%
Percentage with a stock option program	12%
Average value of options*	\$117,972
Total value of annual equity awards	\$147,468

\*Amounts derived from the values of equity awards/grants as reported in proxy statements.

## NEARLY ALL BOARDS PROVIDE A CASH RETAINER TO DIRECTORS

- » Ninety-eight percent of media boards pay a cash retainer, up from 92% in 2017. The average retainer is \$73,622, down 6% from last year's average of \$78,261.
- » Half of media boards pay a cash retainer of more than \$75,000, while 12% of boards pay less than \$50,000.

## SLIGHT INCREASE IN NUMBER OF BOARDS OFFERING MEETING ATTENDANCE FEES

- » Eighteen percent of media boards pay a meeting attendance fee, up from 16% in 2017. The average fee is \$1,861, versus \$2,000 in 2017.

## INCREASE IN CASH PREMIUM FOR LEAD OR PRESIDING DIRECTORS

- » The cash compensation that media boards pay to the lead director has increased by 7%: Among the 34% of boards that pay a premium to the lead director, the average payment rose from \$34,091 in 2017 to \$38,088 in 2018.
- » The cash retainer for independent media company board chairs is \$178,227, including the cash premium.

## Board Leadership Compensation

	Media 50
Boards paying a premium to lead or presiding director	34%
Average cash premium paid to lead or presiding director	\$38,088
Boards paying premium to independent chair	92%
Average cash premium paid to independent chair	\$96,409
Average retainer paid to independent chair (including premium)	\$178,227
Average retainer paid to audit committee chair	\$23,740
Average retainer paid to compensation committee chair	\$19,114
Average retainer paid to governance committee chair	\$14,375

## HALF OF BOARDS PROVIDE CASH RETAINER TO AUDIT COMMITTEE MEMBERS

- » Of the 50 media boards in our index, half provide an additional cash retainer to audit committee members, an average of \$15,100. Forty-eight percent of media boards pay compensation committee members (\$12,292), and 40% pay governance committee members (\$10,175).

# Comparative Board Data

# Comparative Board Data

	TOTAL REVENUE [FY 2017] (\$USMM)	NUMBER OF DIRECTORS			INDEPENDENT DIRECTORS					PERCENTAGE OF TOTAL COMPENSATION					INDEPENDENT BOARD CHAIR PREMIUM
		TOTAL	INDEPENDENT	WOMEN	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>1</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR (B)	CASH	STOCK	OPTIONS	ALL OTHER	
Activision Blizzard	7,017.0	10	8	2	yes	64	7	-	8	377,997	34%	66%	0%	0%	-
Alphabet	110,855.0	11	6	2	yes	65	12	-	5	431,210	18%	82%	0%	0%	-
AMC Networks	2,805.7	14	6	2	yes	71	5	-	5	226,037	40%	60%	0%	0%	-
Beasley Broadcast Group	232.2	9	4	1	yes	67	10	-	7	94,000	57%	43%	0%	0%	-
Cable One	960.0	8	6	3	no	61	3	75	5	180,854	31%	69%	0%	0%	-
CBS Corporation	13,692.0	14	9	3	no	74	10	-	8	337,335	39%	59%	0%	2%	-
Charter Communications	41,581.0	13	12	1	no	56	6	-	7	351,399	23%	77%	0%	0%	-
Comcast Corporation	84,526.0	10	8	2	no	63	6	72	12	319,602	42%	58%	0%	0%	-
Cumulus Media	1,135.7	7	6	2	yes	60	5	-	13	157,213	100%	0%	0%	0%	24,000
Discovery	6,873.0	12	10	1	yes	67	9	-	12	288,545	48%	51%	0%	1%	102,500
DISH Network Corporation	14,391.4	9	4	1	yes	62	7	-	7	131,658	56%	0%	44%	0%	-
The E.W. Scripps Company	864.8	11	9	2	no	56	6	72	5	151,400	50%	50%	0%	0%	-
Electronic Arts	4,845.0	9	8	2	yes	58	10	72	5	350,201	24%	74%	2%	0%	50,000
Entercom Communications	592.9	8	6	0	no	56	6	-	14	267,845	34%	66%	0%	0%	-
Entravision Communications	536.0	7	6	2	no	62	7	-	7	148,745	53%	47%	0%	0%	-
Facebook	40,653.0	9	7	2	no	56	7	70	5	367,151	19%	81%	0%	0%	-
Gannett Company	3,146.5	11	9	3	yes	57	4	-	6	257,229	47%	49%	0%	4%	120,000
Gray Television	882.7	9	6	2	no	68	17	-	7	215,375	49%	51%	0%	0%	-
Houghton Mifflin Harcourt Company	1,407.5	10	9	2	yes	60	5	-	10	207,421	53%	44%	0%	3%	85,000
IAC/InterActiveCorp	3,307.2	12	8	2	yes	59	11	-	5	308,850	19%	81%	0%	0%	-
iHeartMedia	6,171.0	13	3	1	no	60	5	-	4	358,590	100%	0%	0%	0%	-
John Wiley & Sons	1,718.5	11	9	2	yes	59	9	70	10	247,110	46%	43%	0%	11%	117,000
Lee Enterprises	566.9	9	6	2	yes	67	14	70	10	103,429	77%	19%	0%	4%	-
Liberty Global	15,048.9	11	9	1	yes	72	11	-	8	313,423	40%	0%	60%	0%	-
Lions Gate Entertainment	3,201.5	13	11	2	yes	60	8	-	6	106,622	70%	30%	0%	0%	52,000
The McClatchy Company	903.6	12	11	4	yes	60	11	-	9	108,612	71%	29%	0%	0%	175,000
Meredith Corporation	1,713.3	10	8	3	no	66	17	72	8	204,709	30%	43%	24%	3%	-
MSG Networks	675.4	12	3	0	yes	61	3	-	4	175,651	34%	66%	0%	0%	-
Netflix	11,692.7	11	9	4	no	58	10	-	8	335,791	0%	0%	100%	0%	-
New Media Investment Group	1,342.0	5	3	0	yes	64	4	70	8	160,000	53%	47%	0%	0%	-
New York Times	1,658.9	13	8	3	yes	59	6	70	5	174,363	43%	57%	0%	0%	-
News Corporation	8,139.0	11	6	3	yes	53	4	-	5	226,291	51%	49%	0%	0%	-
Nexstar Media Group	2,432.0	9	8	1	no	65	9	-	8	546,333	18%	82%	0%	0%	-
Pandora Media	1,466.8	9	8	0	yes	58	2	-	33	242,811	23%	77%	0%	0%	60,000
Scholastic Corporation	1,741.6	9	7	2	no	62	7	75	5	174,283	48%	31%	21%	0%	-
Sinclair Broadcast Group	2,734.1	8	4	0	yes	67	15	-	9	204,340	36%	64%	0%	0%	-
Sirius XM Holdings	5,425.1	12	8	1	yes	62	9	-	8	215,751	53%	30%	16%	1%	-
Take-Two Interactive Software	1,779.7	7	6	2	no	59	6	-	11	323,966	33%	67%	0%	0%	-

# Comparative Board Data

	TOTAL REVENUE [FY 2017] (\$USMM)	NUMBER OF DIRECTORS			INDEPENDENT DIRECTORS					PERCENTAGE OF TOTAL COMPENSATION					INDEPENDENT BOARD CHAIR PREMIUM
		TOTAL	INDEPENDENT	WOMEN	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR <sup>a</sup>	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR (B)	CASH	STOCK	OPTIONS	ALL OTHER	
TEGNA	1,903.0	11	10	4	yes	59	5	-	12	254,831	48%	49%	0%	3%	120,000
Townsquare Media	507.4	8	3	0	yes	53	8	-	3	31,250	100%	0%	0%	0%	-
Tribune Media	1,849.0	5	4	0	yes	59	6	72	10	302,979	62%	38%	0%	0%	-
TripAdvisor	1,556.0	8	4	0	yes	47	7	-	4	317,823	21%	79%	0%	0%	-
tronc	1,524.0	6	5	1	no	65	3	-	13	205,013	32%	68%	0%	0%	-
Twenty-First Century Fox	28,500.0	13	8	1	yes	58	8	-	10	315,320	40%	60%	0%	0%	-
Twitter	2,443.3	9	7	3	yes	52	4	-	6	288,095	30%	70%	0%	0%	-
Urban One	440.0	6	4	1	yes	63	20	-	4	124,985	60%	40%	0%	0%	-
Viacom	13,263.0	9	7	5	yes	61	4	-	15	365,864	52%	48%	0%	0%	200,000
The Walt Disney Company	55,137.0	10	9	4	no	61	7	-	6	348,919	38%	53%	0%	9%	-
World Wrestling Entertainment	801.0	11	6	5	no	58	7	-	8	128,959	55%	45%	0%	0%	-
Zynga	861.4	8	5	4	no	60	3	-	6	415,970	31%	69%	0%	0%	-

## Methodology:

Data were culled from the most recent DEF14A proxy statements filed with the U.S. Securities and Exchange Commission between September 25, 2017, and August 17, 2018, except where noted below.

## Footnotes:

a: Includes regular, special and telephonic board meetings.

b: Total average compensation per non-employee director is based on non-employee director compensation tables included in proxy statements. The number includes all board and committee retainers and meeting fees, supplemental non-executive chairman and lead/presiding director fees, the value of equity compensation and all other compensation paid in fiscal year 2017.

## Company footnotes:

Cumulus Media — data taken from 10-K/A filed 4/30/18.

The E.W. Scripps Company — data taken from 3/23/17 proxy statement.

iHeartMedia — data taken from 10-K/A filed 5/18/18.

## ABOUT SPENCER STUART BOARD SERVICES

---

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 57 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 board chairs, 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 1,800 board director roles and recruited more than 600 diversity executives 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 the *U.S. Spencer Stuart Board Index (SSBI)*, now in its 33<sup>rd</sup> edition, is just one of our many ongoing efforts.

Each year, we sponsor and participate in several acclaimed director education programs, including:

- » Next-Gen Board Leaders (NGBL), an initiative designed to foster a community of current and aspiring directors to spark discussion around the challenges, opportunities and contributions of a younger generation in today's boardrooms
- » The Global Institutes, sponsored by the WomenCorporateDirectors (WCD) Foundation
- » The Corporate Governance Conference at Northwestern University's Kellogg School of Management
- » The New Directors Program, a unique two-year development program designed to provide first-time, non-executive directors with an exclusive forum for peer dialogue on key issues and "unwritten rules" of corporate boards, produced in partnership with the Boston Consulting Group, Frederick W. Cook & Co., Davis Polk, Lazard and PricewaterhouseCoopers

## Social Media @ Spencer Stuart

Stay up to date on the trends and topics that are relevant to your business and career.



© 2018 Spencer Stuart. All rights reserved.

For information about copying, distributing and displaying this work, contact: [permissions@spencerstuart.com](mailto:permissions@spencerstuart.com).

# Research and Insights

Spencer Stuart regularly explores the key concerns of boards and senior management, as well as innovative solutions to the challenges they face.



Beyond “Check the Box”:  
Getting Real Value from  
Board Assessments



New Director Onboarding:  
5 Recommendations for  
Enhancing Your Program



Six Lessons CEOs  
Can Learn from  
HR-Forward Companies



How Audit Committees Are  
Responding to Risk and  
Business Changes



CEO Succession  
Planning: The CEO’s  
Critical Role



Getting a Seat at the Table:  
Executives Can Position  
Themselves to Get on Boards



Delighting the Customer:  
The Rise of the CXO in a  
Big Data World



How Boards Can Overcome  
the Most Common Succession  
Planning Obstacles



The Perception of  
Organizational Culture  
in Latin America

Visit [spencerstuart.com](https://www.spencerstuart.com) for more information.



# Board Governance Trends: A Global View



Spencer Stuart Board Governance Trends is an exclusive source of insight into the way board practices are changing around the world and how they compare across countries. It is a one-stop online resource for the latest data in board composition, governance practices and director compensation among leading public companies in more than 20 countries.

[www.spencerstuart.com/research-and-insight/board-indexes](http://www.spencerstuart.com/research-and-insight/board-indexes)

Visit [spencerstuart.com](http://spencerstuart.com) for more information.

Amsterdam  
Atlanta  
Bangalore  
Barcelona  
Beijing  
Bogotá  
Boston  
Brussels  
Buenos Aires  
Calgary  
Chicago  
Copenhagen  
Dallas  
Dubai  
Düsseldorf  
Frankfurt  
Geneva  
Hong Kong  
Houston  
Istanbul  
Johannesburg  
Lima  
London  
Los Angeles  
Madrid  
Melbourne  
Mexico City  
Miami  
Milan  
Minneapolis/St. Paul  
Montreal  
Moscow  
Mumbai  
Munich  
New Delhi  
New York  
Orange County  
Paris  
Philadelphia  
Prague  
Rome  
San Francisco  
Santiago  
São Paulo  
Seattle  
Shanghai  
Silicon Valley  
Singapore  
Stamford  
Stockholm  
Sydney  
Tokyo  
Toronto  
Vienna  
Warsaw  
Washington, D.C.  
Zürich



SpencerStuart