

SpencerStuart

2019 U.S. Media
Spencer Stuart
Board Index

Introduction

Spencer Stuart is pleased to present the fourth annual *U.S. Media Spencer Stuart Index*. The 2019 edition highlights the latest data and trends in board composition, board practices and director compensation for 49 publicly held U.S. media companies. We also examine how these 49 companies compare to the broader S&P 500 index and the 200 companies included in the 2019 *U.S. Technology Spencer Stuart Board Index* (Tech 200).

The 2019 index once again examines board data in several key areas*:

- » Board size
- » Director tenure
- » Board diversity
- » The functional and industry background of new directors
- » Director compensation
- » Boards with independent chairs and lead/presiding directors

As in other industries, the top media companies — from online giants to book publishers to TV networks — face a range of headwinds that are impacting business, including threats from disruptive competitors and pressure from investors and other stakeholders to increase diversity. Among our findings in 2019: a steady increase in women’s representation on boards; lower average director compensation; and continued trends toward separating the board chair and CEO positions.

* Percentages throughout this report may not equal 100% due to rounding.

Our analysis of media company boards found these highlights:

The average media board size is

9.6



43%

of media boards added new directors, compared to

52%

in 2018



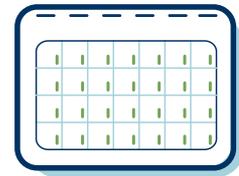
71%

of all media board directors are independent



The average age of media board directors is

61.6



92%

of media boards have at least one female director

27%

of media boards report having a mandatory retirement age



60%

of average director compensation comes in the form of stock awards or option grants



Average per-director compensation is

\$249,877

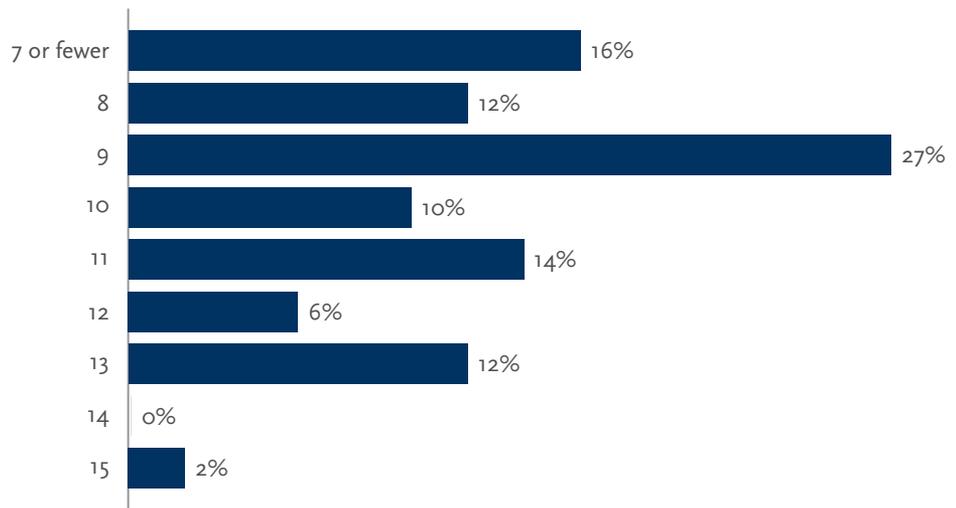


Board Composition

THE AVERAGE MEDIA BOARD HAS 9.6 MEMBERS

- » Media company boards average 9.6 members, compared to the 2018 average of 9.8 and the 2019 S&P 500 average of 10.7. The 2019 Tech 200 average is nine.
- » More than half (55%) of the media boards we analyzed have nine or fewer board members; the most common size is nine directors (13 out of 49 boards). The largest board has 15 members and the smallest has five.
- » Independent directors represent 71% of all directors on media company boards, a slight uptick from the 2018 index (70%). Among S&P 500 companies, independent directors constitute 85% of all directors.

Media Board Size Distribution



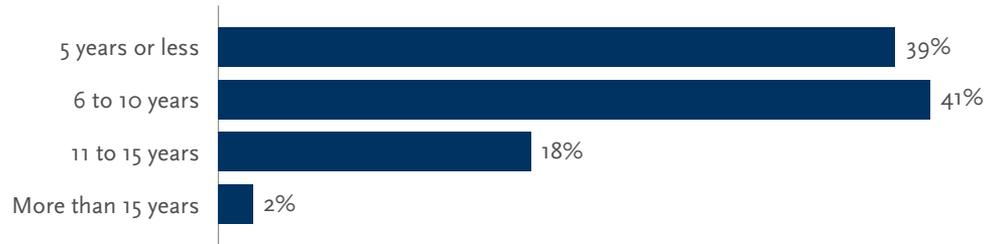
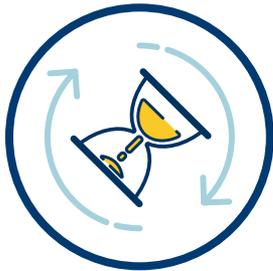
43% OF MEDIA BOARDS ADDED A NEW DIRECTOR, A DROP FROM 2018

- » Twenty-one media companies (43%) added a total of 35 new independent directors; in 2018, 26 companies (52%) added 38 new directors. By comparison, 56% of S&P 500 boards and 53% of technology company boards added new directors.

AVERAGE BOARD TENURE IS 7.6 YEARS

- » The average tenure of media board independent directors is 7.6 years, compared with eight years for the S&P 500. Eighty percent (80%) of media boards have an average tenure of 10 years or less.

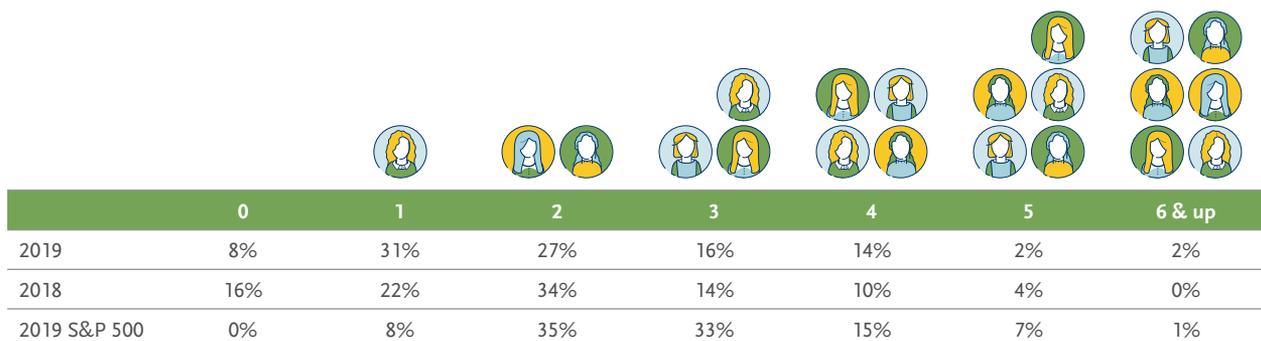
Average Board Tenure



MORE MEDIA BOARDS HAVE LEAST ONE FEMALE DIRECTOR

- » Ninety-two percent (92%) of media boards have at least one woman director, ahead of 2018 (84%) and even with 2017. The number of boards with three or more women increased to 34% in 2019, 6 percentage points higher than 2018.
- » Women constitute 22% of all directors, a 2-percentage-point increase from 2018. The S&P 500 level is 26%.
- » Women represent 34% of the new directors added in 2019, the same percentage as 2018.

Number of Women on Media Boards



MORE NEW INDEPENDENT DIRECTORS COME FROM OUTSIDE THE CEO RANKS

- » Fewer than a quarter (23%) of the new directors added by media boards in 2019 are active or retired CEOs, a dip from 32% in 2018. The S&P 500's 2019 level is 35%.
- » More than one-third of the new directors (37%) have financial backgrounds — primarily actively working CFOs, bankers and investors. It's the same percentage seen this year with the Tech 200.
- » The most common industry backgrounds for new directors are media/entertainment/publishing (20%), private equity/investment management (20%), financial services (17%) and technology/telecom (14%).

THE AVERAGE AGE OF MEDIA BOARD DIRECTORS IS UP SLIGHTLY

- » The average age of media board directors is 61.6, a slight increase from 61 in 2018. The S&P 500 average director age is 62.7.
- » Sixty-two percent (62%) of media board directors are 60 years of age or older; by comparison, 81% of S&P 500 directors are 60 or older.
- » The youngest media board member is 38, and the oldest is 90.
- » The average age of new media board directors is 60, up from 55 in 2018.

Board Organization and Process

69% OF MEDIA BOARDS SPLIT THE CHAIR AND CEO ROLES

- » Media boards continue to outpace the S&P 500 when it comes to splitting chair and CEO roles, with 69% of media boards separating the two positions, compared to just 53% of the S&P 500. Three-quarters (75%) of tech boards separate the positions.
- » However, media boards are less likely to have an independent chair — 22%, compared with 34% of the S&P 500.
- » Sixty-one percent (61%) of media boards have a lead or presiding director, almost equal with 2018 (62%); among media boards, 20 companies have a lead director and 10 have a presiding director. Three-quarters (75%) of S&P 500 boards name a lead or presiding director

ONE-QUARTER OF MEDIA BOARDS HAVE A MANDATORY RETIREMENT AGE

- » Although a strong majority of S&P 500 boards (71%) have a mandatory retirement age for their directors, only 27% of media boards report having one.
- » Among the 13 companies that report a mandatory retirement age, the average retirement age is 72. It's also the most common: six of those companies set the retirement age at 72, four set it at 70, and three set it at 75.

Mandatory Retirement Age*

	Media Boards	S&P 500	Tech 200
70 or younger	31%	3%	10%
71	0%	1%	0%
72	46%	41%	37%
73	0%	3%	0%
74	0%	6%	2%
75 or older	23%	46%	52%

* Among boards reporting a mandatory retirement age.

78% OF BOARDS HOLD ANNUAL DIRECTOR ELECTIONS

- » More than three-quarters (78%) of media boards have annual elections, with the remainder having three-year terms. By comparison, 90% of S&P 500 boards have annual elections.

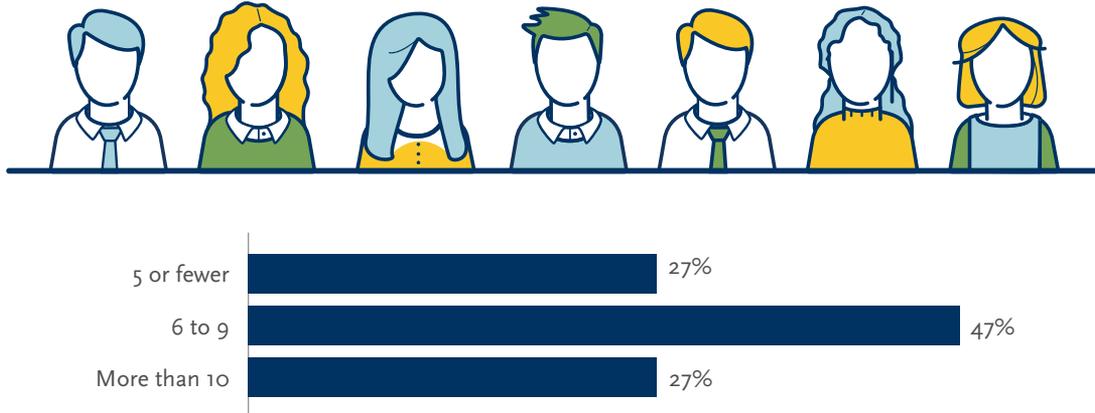
MOST BOARDS HAVE ANNUAL DIRECTOR EVALUATIONS

- » Seventy-eight percent (78%) of media boards report some type of evaluation annually, equal to 2018. Of the companies with an annual evaluation, 53% evaluate the full board and committees; 24% evaluate the full board, committees and directors; 21% evaluate the board only; and 3% evaluate the board and directors.

MEDIA BOARDS MET AN AVERAGE OF EIGHT TIMES

- » Media company boards had on average 8.2 meetings, the same as 2018 and slightly above the S&P 500 (7.9). The number of meetings ranged from a low of four to maximum of 26.

Number of media board meetings



MEDIA BOARDS AVERAGE MORE THAN THREE COMMITTEES

- » The media boards in our index average 3.4 committees, fewer than the S&P 500 average of 4.2 but roughly the same as the Tech 200 (3.5).
- » All media boards have audit and compensation committees, as required under NYSE and NASDAQ listing standards, and 90% have nominating/governance committees.
- » The next most common committee is executive (29%). No other committee exists on more than 10% of media company boards.

Committee Snapshot

	Media boards	S&P 500 boards
Audit	100%	100%
Compensation	100%	99.8%
Nominating/governance	90%	99.6%
Executive	29%	30%
Finance	8%	30%
Science & technology	6%	10%
Strategy	2%	1%
Pension/retirement	2%	4%
Public policy/corporate responsibility	2%	9%
Stock option/equity	2%	n/a

MEDIA BOARD COMMITTEES MEET LESS THAN S&P 500 COUNTERPARTS

- » Media board audit committees averaged 6.5 meetings, compared with 8.4 for the S&P 500 and 8.0 for tech boards.
- » Compensation committees averaged 5.5 meetings, less than the S&P 500 (6.0) and tech board (6.3) compensation committees.
- » Nominating committees averaged 3.3 annual meetings, fewer than the S&P 500 average of 4.7 and the tech board average of 4.2.

Director Compensation

DIRECTOR COMPENSATION DROPS BELOW \$250,000

- » Average compensation for media board directors is \$249,877, a 2.5% decline from 2018 (\$256,131). The S&P 500 average is \$304,856, and tech board directors are paid an average of \$290,751.

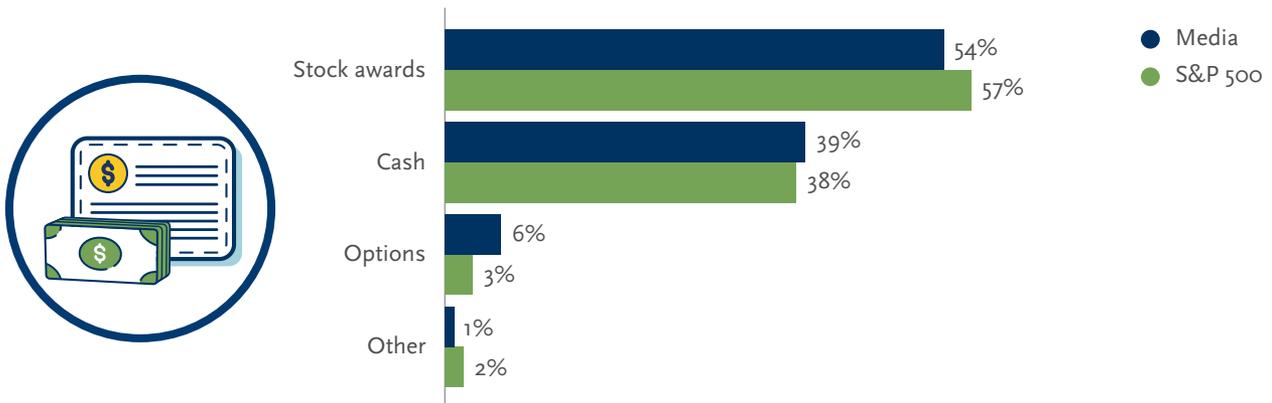
Average per-director compensation



MORE THAN HALF OF COMPENSATION PAID IN STOCK AWARDS OR OPTIONS

- » Sixty percent (60%) of director compensation comes in the form of stock awards or option grants.
- » Ninety percent (90%) of media boards provide restricted stock or stock units.

Forms of Compensation



Annual Equity Awards

	Media boards
Percentage of companies providing restricted stock or restricted stock units	90%
Percentage of companies with a stock option program	6%
Average value of options*	\$97,000
Total value of annual equity awards*	\$144,105

* Amounts as reported on director compensation tables in proxy statements.

MOST BOARDS PROVIDE A CASH RETAINER TO DIRECTORS

- » All but one of the media boards in the index pay a cash retainer. The average retainer is \$77,302, a 5% increase from the 2018 average of \$73,622.
- » Forty-three percent (43%) of media boards pay a cash retainer of more than \$75,000, while 6% offer a retainer below \$50,000.

FEWER COMPANIES OFFER BOARD MEETING FEES

- » Only six of the 49 companies in the index provide a board meeting attendance fee, a drop of six percentage points from 2018. This is in line with cross-industry trends toward paying a retainer instead of meeting fees.
- » The companies that do provide meeting fees pay an average of \$1,792 per meeting.

FEWER THAN HALF OF BOARDS PAY A PREMIUM TO LEAD/PRESIDING DIRECTORS

- » Among the 30 companies that have a lead or presiding director, 14 pay that person a premium.
- » The average premium is \$40,357, a 6% increase from 2018 (\$38,088) and 18% more than in 2017 (\$34,091).

MOST BOARDS WITH AN INDEPENDENT CHAIR PAY A PREMIUM

- » Of the 11 boards that have an independent chair, 10 pay that person a premium. The average premium is \$108,292, an 18% increase over 2018. The average premium for the 163 S&P 500 independent chairs who received additional compensation was \$172,127.

MOST AUDIT, COMPENSATION AND GOVERNANCE COMMITTEE CHAIRS RECEIVE A PREMIUM

- » All but one of the media boards in our index pay a retainer to audit committee chairs, averaging \$25,323. Ninety percent of compensation committee chairs and 80% of governance committee chairs receive a premium, averaging \$20,341 and \$14,897, respectively.
- » Roughly half of both audit and compensation committees pay a premium to members of those committees, while 43% of governance committee members receive a premium.

Board Leadership Compensation

	Media boards
Boards with a lead or presiding director that pay a premium for the role	47%
Average cash premium paid to lead or presiding director	\$40,357
Boards with an independent chair that pay a premium for the role	91%
Average cash premium paid to independent chair	\$108,292
Average retainer paid to audit committee chair	\$25,323
Average retainer paid to compensation committee chair	\$20,341
Average retainer paid to governance committee chair	\$14,897

ROUGHLY HALF OF BOARDS PROVIDE CASH RETAINERS TO AUDIT, COMPENSATION AND GOVERNANCE COMMITTEE MEMBERS

- » Fifty-one percent (51%) of boards provide an additional cash retainer to audit committee members, an average of \$14,910. Forty-nine percent (49%) pay their compensation committee members (\$11,885). Among boards with governance committees, 48% pay committee members (\$9,286).

Comparative Board Data

Comparative Board Data

	TOTAL REVENUE [YR 2018] (\$USMM)	NUMBER OF DIRECTORS				INDEPENDENT DIRECTORS					PERCENTAGE OF TOTAL COMPENSATION				
		TOTAL	INDEPENDENT	WOMEN	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR ¹	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR (B)	CASH	STOCK	OPTIONS	ALL OTHER	INDEPENDENT BOARD CHAIR PREMIUM
A.H. Belo Corporation	\$180.33	7	5	1	no	60	9	70	6	136,629	50%	43%	0%	7%	-
Activision Blizzard	\$7,500.00	10	8	2	yes	65	8	-	12	391,392	33%	67%	0%	0%	-
Alphabet	\$136,819.00	10	7	2	yes	64	11	-	6	440,060	18%	82%	0%	0%	175,000
AMC Networks	\$2,971.00	15	7	2	yes	72	5	-	5	234,484	39%	61%	0%	0%	-
Beasley Broadcast Group	\$257.49	9	3	1	yes	69	14	-	7	61,000	90%	10%	0%	0%	-
Cable One	\$1,072.30	8	6	3	no	62	4	75	5	214,417	19%	81%	0%	0%	-
CBS Corporation	\$14,514.00	11	9	6	yes	65	4	-	15	349,358	55%	43%	0%	2%	300,000
Charter Communications	\$43,634.00	13	9	1	no	55	7	-	10	331,764	29%	71%	0%	0%	-
Comcast Corporation	\$94,507.00	10	8	2	no	64	7	72	11	327,886	44%	56%	0%	0%	-
Cumulus Media	\$1,090.36	7	6	2	yes	60	1	-	9	134,652	55%	35%	10%	0%	85,000
Discovery	\$10,553.00	12	11	1	yes	68	8	-	9	293,541	43%	56%	0%	1%	102,500
DISH Network Corporation	\$13,621.30	9	5	2	yes	63	6	-	5	139,660	64%	0%	36%	0%	-
The E.W. Scripps Company	\$1,208.43	11	9	4	yes	58	6	72	7	168,757	53%	47%	0%	0%	-
Electronic Arts	\$5,150.00	9	8	2	yes	59	11	72	8	352,334	24%	74%	2%	0%	50,000
Entercom Communications Corporation	\$1,462.57	9	7	1	no	58	6	-	6	234,664	49%	51%	0%	0%	-
Entravision Communications Corporation	\$297.82	8	7	2	no	62	7	-	7	160,792	50%	50%	0%	0%	-
Facebook	\$55,838.00	8	5	3	no	56	7	72	12	396,594	19%	81%	0%	0%	-
Gray Television	\$1,084.13	9	7	1	yes	65	12	-	6	199,313	45%	55%	0%	0%	-
Houghton Mifflin Harcourt Company	\$1,322.42	10	9	3	yes	61	6	-	9	205,459	52%	45%	0%	3%	40,000
IAC/InterActiveCorp	\$4,262.89	12	8	2	yes	60	12	-	4	308,846	19%	81%	0%	0%	-
iHeartMedia	\$6,325.78	13	3	1	no	61	6	-	4	410,000	100%	0%	0%	0%	-
John Wiley & Sons	\$1,796.10	10	8	3	yes	57	7	70	13	246,024	43%	45%	0%	12%	-
Lee Enterprises	\$543.96	9	6	2	yes	68	15	70	6	108,286	75%	25%	0%	0%	-
Liberty Global	\$11,957.90	11	9	1	yes	73	12	-	9	330,005	37%	57%	0%	6%	-
Liberty Media	\$8,040.00	9	6	1	yes	67	7	-	6	265,965	50%	9%	32%	9%	-
Liberty TripAdvisor	\$1,615.00	8	4	0	yes	47	7	-	4	317,823	21%	79%	0%	0%	-
Lions Gate Entertainment	\$4,129.10	13	11	2	yes	60	7	-	5	110,311	70%	30%	0%	0%	52,000
The McClatchy Company	\$807.23	11	10	3	yes	63	12	-	16	146,870	75%	25%	0%	0%	175,000
Meredith Corporation	\$2,247.00	9	6	4	yes	65	11	72	13	228,979	34%	39%	24%	3%	-
MSG Networks	\$696.65	12	3	1	yes	62	4	-	4	183,413	34%	66%	0%	0%	-
Netflix	\$15,794.30	11	10	4	no	57	9	-	4	377,861	0%	0%	100%	0%	-
New Media Investment Group	\$1,526.02	5	3	0	yes	65	5	70	10	160,013	53%	47%	0%	0%	-
The New York Times Company	\$1,748.60	13	8	3	yes	58	6	75	5	176,230	40%	60%	0%	0%	-
News Corporation	\$9,024.00	11	6	3	yes	54	5	-	8	263,256	44%	56%	0%	0%	-
Nexstar Media Group	\$2,766.70	9	8	1	no	66	10	-	8	262,945	37%	63%	0%	0%	-
Scholastic Corporation	\$1,628.40	7	5	2	no	62	5	75	5	173,890	48%	31%	21%	0%	-
Sinclair Broadcast Group	\$3,055.08	9	5	0	yes	68	13	-	7	190,450	39%	61%	0%	0%	-
Sirius XM Holdings	\$5,770.69	13	10	1	yes	61	8	-	7	293,516	40%	48%	12%	0%	-

Comparative Board Data

	TOTAL REVENUE [FY 2018] (\$USMM)	NUMBER OF DIRECTORS			INDEPENDENT DIRECTORS					PERCENTAGE OF TOTAL COMPENSATION					
		TOTAL	INDEPENDENT	WOMEN	SEPARATE CHAIR/CEO	AVERAGE AGE	AVERAGE TENURE (YEARS)	RETIREMENT AGE	MEETINGS PER YEAR ^a	AVERAGE COMPENSATION PER NON-EMPLOYEE DIRECTOR (B)	CASH	STOCK	OPTIONS	ALL OTHER	INDEPENDENT BOARD CHAIR PREMIUM
Take-Two Interactive Software	\$1,792.90	8	7	2	no	60	6	-	9	335,702	34%	66%	0%	0%	-
TEGNA	\$2,207.28	11	10	4	yes	60	6	-	10	247,450	49%	51%	0%	0%	120,000
Townsquare Media	\$430.60	7	4	0	yes	56	9	-	5	156,250	36%	64%	0%	0%	-
Tribune Media Company	\$2,009.73	5	4	1	no	60	7	72	13	291,875	100%	0%	0%	0%	-
Tribune Publishing	\$1,030.67	6	5	1	yes	66	4	-	26	210,016	33%	67%	0%	0%	-
Twitter	\$3,042.40	9	7	3	yes	55	3	-	7	279,464	29%	71%	0%	0%	-
Urban One	\$439.10	6	4	1	yes	64	21	-	4	125,026	60%	40%	0%	0%	-
Viacom	\$12,943.00	9	7	5	yes	62	5	-	9	392,581	55%	45%	0%	0%	200,000
The Walt Disney Company	\$59,434.00	9	8	4	no	58	3	-	9	354,387	38%	52%	0%	10%	-
World Wrestling Entertainment	\$930.20	13	8	4	no	59	6	-	8	182,954	46%	54%	0%	0%	-
Zynga	\$907.21	8	5	4	yes	61	4	-	11	295,424	32%	68%	0%	0%	-

METHODOLOGY

Data were culled from the most recent DEF14A proxy statements filed with the U.S. Securities and Exchange Commission between September 24, 2018, and August 16, 2019, except where noted in company footnotes. FY 2018 revenue figures for each company were obtained from CapitalIQ and/or SEC 10-K filings.

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 2018.

COMPANY FOOTNOTES:

iHeartMedia - data taken from 10-K/A filed 3/29/19.

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 more than 60 offices, over 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, employee engagement 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 750 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 2,100 board director roles and recruited more than 750 minority 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 34th 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

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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.



Finding the Right Fit:
Assessing First-Time Candidates
for Non-Executive Directors



The Digital Dilemma:
Optimising Board
Composition in the Digital Era



Making a Successful
Transition from Technology
Leader to Board Director



Prioritizing Experience:
With the Stakes so High for
Selecting the Right CEO, Are
Boards Looking for a Safer Bet?



Nominating/Governance
Committee: Oversight of
Board Composition,
Functions and Evaluations



A Tale of Two Mergers:
Seven Key Takeaways
from Successful (and
Unsuccessful) Mergers



Why Your Team's Not Working:
How CEOs Can Foster World-
Class Leadership Teams



Women Leaders:
How We Got Here

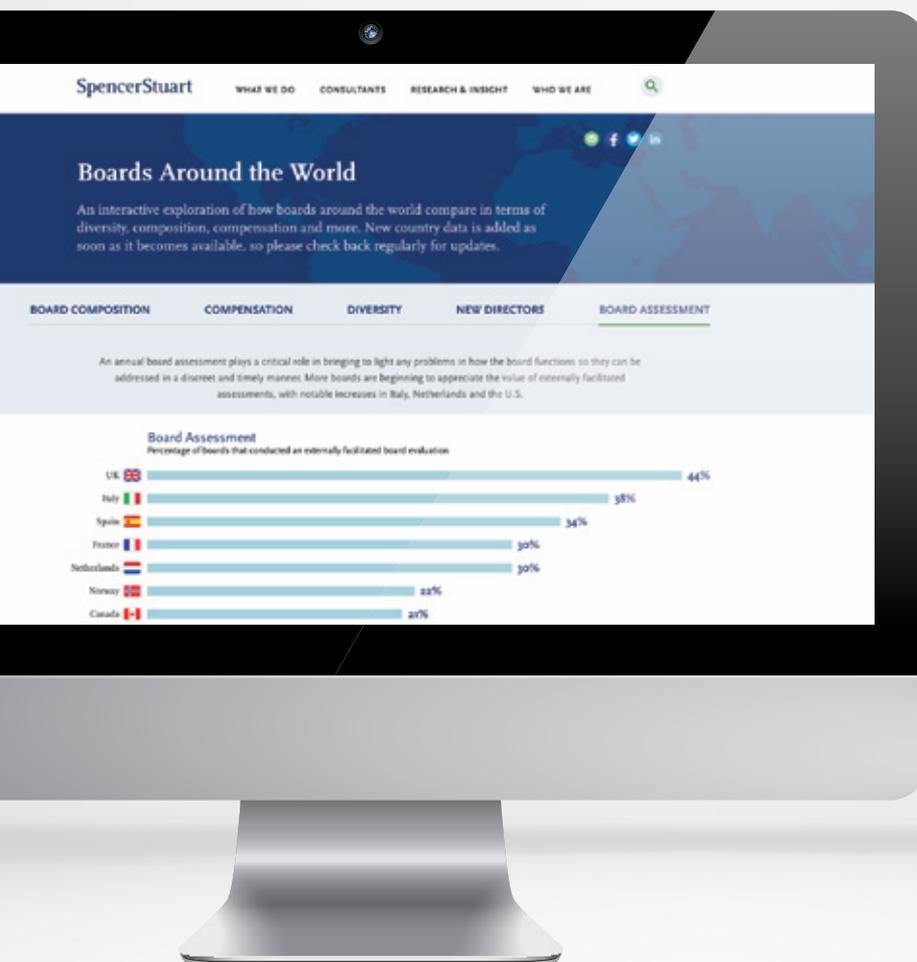


How Should Corporate
Boards Evaluate
Their Effectiveness?

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Boards Around the World

Spencer Stuart publishes Board Indexes covering more than 25 countries around the world. The majority of these Board Indexes are published annually, with a few appearing on alternate years.



We have compiled key data from all these countries into our **Boards Around the World** feature — an interactive data exploration tool.

Compare nationally aggregated data from leading companies from North and South America, Europe and Asia Pacific across a wide range of measures.

Our more detailed **International Comparison** data set, previously published in printed editions of our Board Indexes, is now available online only.

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