



NEWS RELEASE

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Cable Industry Salaries Continue to Rise, Bonuses Exceed Targets

NAPERVILLE, ILL., December 17, 2013 — Despite the continued uncertainty in the U.S. economy, the Cable and Telecommunications Human Resources Association's (CTHRA) 2013 Annual Compensation Surveys found that overall, multiple systems operators (MSOs) and programmers increased their compensation packages this year. According to Pamela Williams, CAE, CTHRA's executive director, this fact isn't surprising given that retaining talent is a strategic business initiative for many industry employers.

"Overall, it was a strong year for compensation among programmers and MSOs with steady salary growth, bonuses that met or exceeded target and strong stock awards and performance," said Hali Croner, chief executive officer of The Croner Company, the firm that conducted the survey.

Sixty-three companies participated in the survey, and results show that for the third year in a row, cable salaries grew at a pace consistent with the national average. In general, steady growth in base salary drove most of the compensation increases for non-executives at both programmers and cable operators. Selected executives at MSOs and programmers saw strong performance of short-term incentives (STIs) and in some cases, large long-term incentive (LTI) awards.

Even with flattening subscriber bases, MSO growth was fueled by higher rates from expanded services, higher-speed broadband offerings, increases in broadband subscribers and rising affiliate fees. Programmers were bolstered by increased advertising revenues — up 3% to \$66 billion in 2013 and expected to reach \$75 billion by 2017.¹ The media industry's recent strong performance has helped produce the best risk-adjusted stock return of the top S&P 500 industry categories.²

Salary Adjustment Budgets Consistent with National Average

CTHRA's analysis revealed that 2013 salary adjustment budgets (which include pay raises delivered through merit increase, promotional increase and market or cost of living adjustment) rose at nearly the same rate as last year. Cable operators reported an average salary adjustment budget of 3.0%, while programmer salary budgets grew by 2.9%. Nationwide, 2013 salary adjustment budgets averaged a 2.9% increase (see Table 1).³

¹ eMarketer, Media Buyer & Planner Today, 4/3/13

² Bloomberg, Bloomberg.com, 4/2/13

³ Aon Hewitt, 2012–2013 U.S. Salary Increase Survey Highlights

MSOs Increase Base Salaries, Executives Reap Large LTI Awards

Table 1. Average Salary Adjustment Budget

	2013	2012	2011
MSO	3.0%	3.1%	3.0%
Programmer	2.9%	3.0%	3.2%
General Industry³	2.9%	2.8%	2.7%

Among cable operators, base salaries grew consistently across all job categories — 3% — with the exception of corporate management, which saw base salaries rise by 5% in 2013. Another notable exception was the robust gain in total direct compensation (TDC) for MSO executives — jumping 28% in 2013 — fueled by large LTI awards for selected executives (see Table 2). This spike was

powered by MSOs’ rising market capitalization as well as by increases in shares awarded.

The other significant, positive trend in MSO compensation was the strong performance of STI awards versus target. In 2013, bonuses exceeded targets to a greater extent than last year and outpaced last year in all categories — ranging from 3% above target for corporate and salaried employees to 10% above target for sales (see Table 3).

“Short-term incentives against target are a great bellwether for company performance,” shared CTHRA board member Lisa Kaye who is president and CEO of greenlightjobs.

Table 2. MSO Compensation 2013 vs. 2012

	Base	TCC	TDC
Corporate	105%	111%	128%
Field Management	103%	103%	102%
Salaried	103%	102%	102%
Hourly	103%	102%	
Sales	103%	99%	98%

TCC: Total cash compensation (base salary and bonus/STI)

TDC: Total direct compensation (base salary, bonus/STI and annualized LTIs)

Table 3. MSO STI Awards Above Target

Actual STI Award vs. Target	2013	2012
Corporate	3%	-3%
Field Management	7%	-7%
Salaried	3%	-3%
Hourly	4%	-1%
Sales	10%	9%

Programmers See Increases in Base Salary, Bonuses and Robust Growth for Ad Executives

Base salaries for non-sales positions also rose among programmers, with increases ranging from 1% to 4% (see Table 4). These increases drove most compensation growth for non-sales positions. The exception — executives — for whom STI increases, and in selected cases LTI awards, boosted pay.

A bright spot for programmers was the robust compensation surge for nearly all sales positions, particularly ad sales. Base salaries for sales jobs rose from 1% to 10%, with ad sales account executives (AEs) seeing the biggest gains. Bonuses drove compensation still higher for many in this sector, especially ad sales AEs who experienced a 17% increase in TCC in 2013 (see Table 5).

Table 4. Programmer Non-Sales Compensation 2013 vs. 2012			
	Base	TCC	TDC
C Level/Top/EVP	104%	111%	110%
SVP	101%	104%	102%
VP	103%	105%	105%
Director	101%	102%	101%
Manager	101%	101%	101%
Journey/Professional IC	102%	102%	102%
Operator IC	103%	103%	103%

TCC: Total cash compensation (base salary and bonus/STI)

TDC: Total direct compensation (base salary, bonus/STI and annualized LTIs)

Table 5. Programmer Sales Compensation 2013 vs. 2012			
	Base	TCC	TDC
Top/EVP	105%	103%	106%
SVP	102%	96%	97%
VP	101%	107%	105%
Director	103%	107%	108%
Senior Ad Sales AE	103%	106%	106%
Ad Sales AE	110%	117%	117%

TCC: Total cash compensation (base salary and bonus/STI)

TDC: Total direct compensation (base salary, bonus/STI and annualized LTIs)

Incentives Popular, Full-Value Shares Prevail

Incentives continue to be important components of compensation in the cable industry. Among CTHRA’s MSO survey respondents, 92% offer short-term incentive (STI) plans to managers and above. Cable operators continue to fine-tune their bonus programs, with 42% increasing eligibility, reducing the number of measures and increasing the frequency of awards.

Long-term incentives (LTIs), such as stock options, shares and long-term cash awards, are also valuable tools. These awards are linked to a company’s financial performance and value creation over multiple years. Some 92% of MSO participants offer LTIs to directors and above, with a quarter of those reducing eligibility, lowering targets and eliminating restricted stock units. Of note, 76% of MSOs that offer LTIs offer full-value shares.

STIs are also popular with programmers: 85% of respondents offer bonuses to directors and above. A few, 13%, tinkered with their plans, both increasing and decreasing eligibility, increasing the weight of company measures and raising caps. A smaller number, 68%, offer LTIs to vice presidents and above. About a quarter revised their LTI plans, raising and lowering award opportunities, reducing thresholds and modifying vehicles to eliminate stock options. Similar to MSOs, 85% of programmers that offer LTIs offer full-value shares.

“CTHRA’s 2013 Compensation Survey reveals that the cable industry continues to use the full array of compensation tools available to attract and retain employees,” said CTHRA’s executive director, Pamela Williams, CAE. “Cable’s strong performance this year helped boost the value of bonuses and long-term incentives.”

New Industry Jobs Identified

Keeping pace with industry changes, CTHRA fine-tuned the 2013 survey to reflect emerging jobs in cable and to add titles to existing job families to provide employees an internal promotion path. The MSO survey assessed 236 positions, including 33 new positions, and excluded 23 titles. Eight new job families were added: instructional design, digital marketing, web analytics, regulatory affairs and government relations, customer care account services/billing, commercial general management, channel sales management, and embedded retail sales. Jobs in digital marketing and web analytics reflect the growing importance of analyzing real-time web-usage data and developing consumer

marketing based on that data.

The 2013 programmer survey assessed 315 positions, including 19 new titles, and deleted one job title. Four new job families were added: international operations, assignment editing, editorial graphics producing and media planning.

Methodology

Participation in CTHRA's 2013 Compensation Surveys increased this year to 63 companies (13 MSOs and 50 programmers) from 60 in 2012 (see attached 2013 participant list). Participants represented the majority of the industry's employers, including all of the top 25 national cable networks, five national broadcast networks, 10 of the 11 largest cable operators (including two satellite delivery companies) and two regional MSOs. The survey results are industry-specific, providing an in-depth analysis of pay practices for more than 165,000 incumbents, including both exempt and nonexempt positions ranging from technicians to top executives.

The 63 participants submitted data reflecting 2013 budgets and base compensation figures. The Croner Company, a leading compensation consulting firm specializing in compensation plan design, compensation surveys and organizational design, developed the surveys, and collected and analyzed the data, separating results into two participant categories: MSOs and programmers. Given the highly confidential survey data, the results from any given company cannot be seen. Only summary information pertaining to all participants is available. This reporting approach complies with Federal Trade Commission (FTC) regulation and encourages participation without fear of exposing proprietary information to the public.

For more information about CTHRA's surveys, please visit www.cthra.com/surveys.

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About CTHRA

The Cable and Telecommunications Human Resources Association (CTHRA) is the premier human capital resource for the industry and a growing nonprofit organization with more than 1,500 members spanning 80 companies. CTHRA provides industry-specific benchmarks, information and resources, as well as networking and educational opportunities. Its groundbreaking initiatives include compensation, employee benefits, and human capital metrics surveys, an Annual HR Symposium, roundtables and webinars. For more information, visit www.cthra.com.

[2013 survey participants are listed on the next page.]



2013 OPERATOR SURVEY PARTICIPANTS

Bright House Networks
Cablevision Systems Corporation
Charter Communications, Inc.
Comcast Cable Communications, Inc.
Cox Communications, Inc.
DIRECTV, Inc.
DISH Network Corporation
General Communication, Inc.
Hughes Network Systems, LLC
Mediacom Communications Corporation
Time Warner Cable, Inc.
ViaSat, Inc.
WOW! Internet – Cable – Phone

2013 PROGRAMMER SURVEY PARTICIPANTS

A&E Television Networks
Al Jazeera Media Network
Amazon.com
AMC Networks, Inc.
AT&T
Cablevision Systems Corporation
CBS Corporation
CBS Corporation – Showtime Networks, Inc.
Charter Communications, Inc.
Clear Channel Communications, Inc.
Crown Media Holdings, Inc.
C-SPAN
Cybernet Entertainment, LLC
DIRECTV, Inc.
Discovery Communications, Inc.
Disney ABC Television Group – National Broadcast Network
Disney ABC Television Group – Disney ABC Cable Networks Group
DLA, Inc.
ESPN, Inc.
Fox Networks Group – Fox Broadcasting Company
Fox Networks Group – Fox Cable Networks Group
Harpo Studios, Inc.

Hasbro, Inc.
HBO Latin America Production Services
Home Box Office, Inc.
ION Media Networks, Inc.
Jet Propulsion Laboratory
Madison Square Garden
Major League Baseball
Microsoft Corporation
MLB Network, LLC
National Basketball Association
National Football League
NBCUniversal Media LLC – Cable Networks,
Comcast Programming Group
NBCUniversal Media LLC – National Broadcast Networks
nuvoTV
Public Broadcasting Service
Scripps Networks Interactive, Inc.
Sony Pictures Entertainment
Starz Entertainment, LLC
The Inspiration Networks
The Tribune Company
Time Warner Cable, Inc.
Turner Broadcasting System, Inc.
Univision Communications, Inc.
Viacom Media Networks
Warner Bros. Entertainment – The CW Television Network
Warner Bros. Entertainment
World Wrestling Entertainment, Inc.
YES Network, LLC

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