

The logo for SpencerStuart, featuring the company name in a dark blue, serif font. The background of the entire page is a close-up photograph of dried, golden-brown grasses with numerous small, clear water droplets clinging to them. The lighting is soft and warm, creating a bokeh effect with out-of-focus droplets in the background.

SpencerStuart

2015

Hospitality & Leisure
Corporate Governance
Snapshot

Introduction

Spencer Stuart is pleased to present this year's *Hospitality & Leisure Corporate Governance Snapshot*, highlighting the latest data and trends in board composition, board practices and director compensation for 18 U.S. hospitality and leisure companies. In addition, we examine how hospitality companies compare to the broader S&P 500 index. Our analysis is based on the most recent proxy statements filed as of May 15, 2015, from the following companies:

- > Carnival Corporation
- > Chipotle Mexican Grill
- > Darden Restaurants
- > Expedia
- > Marriott International
- > McDonald's Corporation
- > Royal Caribbean Cruises
- > Starbucks Corporation
- > Starwood Hotels & Resorts Worldwide¹
- > The Priceline Group
- > TripAdvisor
- > Wyndham Worldwide Corporation
- > Yum! Brands
- > Caesars Entertainment Corporation
- > Hilton Worldwide
- > Host Hotels & Resorts
- > Hyatt Hotels Corporation
- > Wynn Resorts

¹ In November 2015, Marriott International announced that it planned to acquire Starwood Hotels & Resorts Worldwide.

Director Recruiting and Board Composition

Hospitality and leisure company boards have 10.2 members on average, roughly the same size as S&P 500 company boards, which have an average of 10.8 members. Independent directors represent 74% of all directors on hospitality and leisure company boards, compared with 84% of S&P 500 directors.

INDEPENDENT DIRECTORS



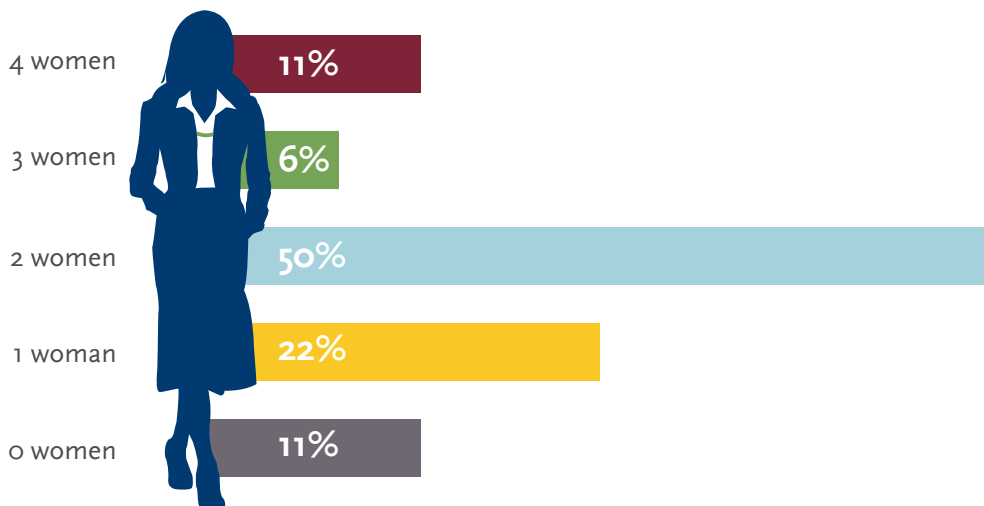
The average age of hospitality and leisure independent directors is 61.5, almost two years younger than the S&P 500 average, 63.1. The youngest hospitality board has an average age of 46.3 (TripAdvisor) and the oldest has an average age of 67 (Wynn Resorts). The oldest average board age among S&P 500 companies is 75.

The average tenure of hospitality company boards is slightly longer than the S&P 500 average, 8.9 years versus 8.5. The longest average tenure is 13.2 years (McDonald's) and the shortest is 2.8 years (TripAdvisor). Three of the four companies with the shortest board tenure went public since 2011 and the fourth went public in 2009.

FEMALE DIRECTORS

89% of hospitality & leisure boards have at least one female director – down by five percentage points from last year.

Number of women directors



NEW DIRECTORS

Six new independent directors were added during the 2015 proxy year.

Half of the new independent directors on hospitality company boards are women, compared with 31% of new independent directors on S&P 500 boards.

New director profiles

Employment Status:

- > the 3 new male directors are retired
- > the 3 new female directors are active executives

Industry Backgrounds:

- > 2 high tech/telecommunications
- > 2 consumer goods & services
- > 1 financial services
- > 1 non-for-profit/academics

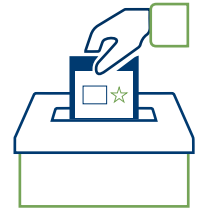
BOARD LEADERSHIP

67% of hospitality company boards have a separate chairman and CEO, compared with 48% of S&P 500 boards. Three companies have an independent chairman and do not have a lead or presiding director.

61% have a lead or presiding director, versus 98% of the S&P 500.

Eleven hospitality company boards have lead or presiding directors. Among companies where the CEO is also the chairman, all but one have either a lead or presiding director.

Board Organization and Processes



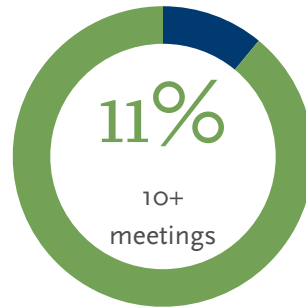
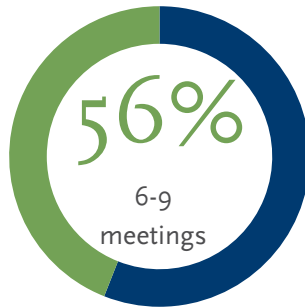
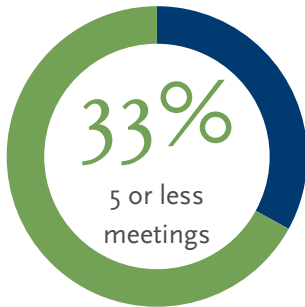
ANNUAL DIRECTOR ELECTIONS

83% of hospitality company boards have annual director elections, and the remaining 17% have three-year terms. The average term length is 1.3 years.



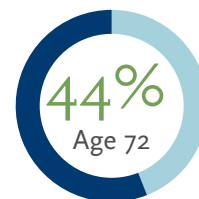
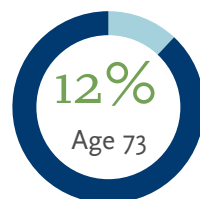
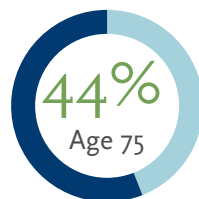
BOARD MEETINGS

Hospitality company boards met an average of 7.4 times, compared with the S&P 500 average of 8.1.



MANDATORY RETIREMENT

Only 50% of hospitality company boards report having a mandatory retirement age compared with 73% of S&P 500 companies.

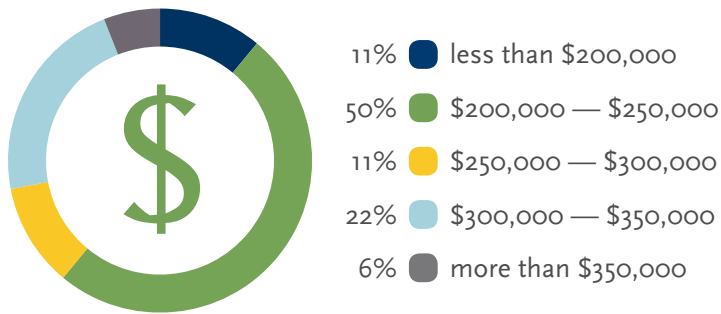


Among those that do, four (44%) set their retirement age at 75 and another four set it at 72. One company has a mandatory retirement age of 73.

Compensation

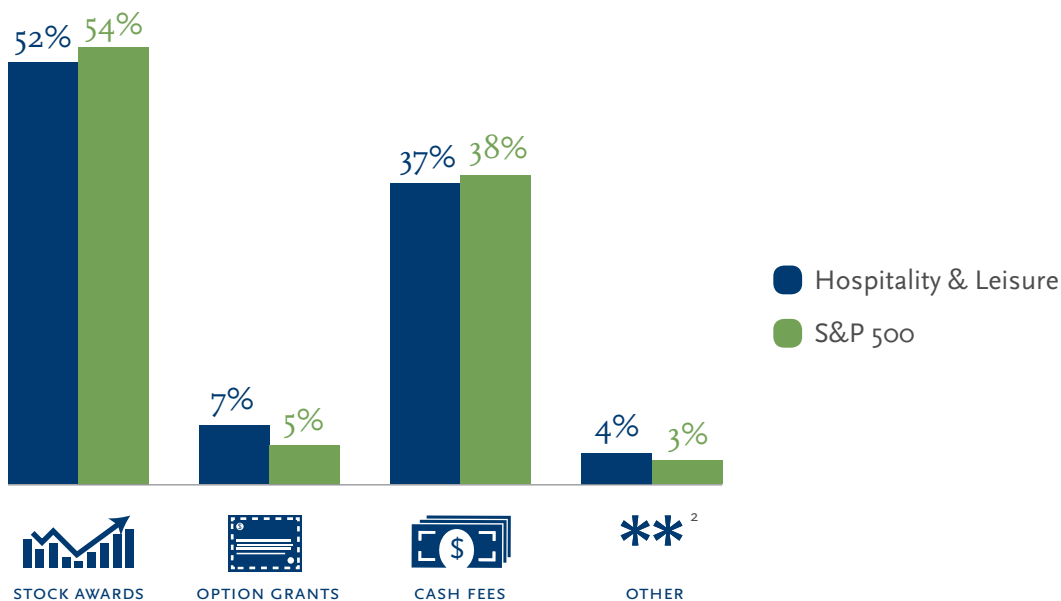
TOTAL DIRECTOR COMPENSATION

The total average per-director compensation for hospitality company directors is \$258,992, 7% less than the S&P 500 average of \$277,237. Half of hospitality companies pay directors between \$200,000 and \$250,000.



Nearly 60% of average director compensation comes in the form of stock awards or option grants. When looking at individual companies, stock grants represent as much as 78% of director compensation, while some companies do not provide stock grants at all. Three companies provide stock options. Cash compensation represents as much as 100% of director compensation at individual companies and as little as 4%.

BREAKDOWN OF DIRECTOR COMPENSATION



² Includes, for example, insurance premiums, charitable award programs and incremental cost to company of products provided.

Amsterdam
Atlanta
Bangalore
Barcelona
Beijing
Bogota
Boston
Brussels
Buenos Aires
Calgary
Chicago
Copenhagen
Dallas
Dubai
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
Sao Paulo
Seattle
Shanghai
Silicon Valley
Singapore
Stamford
Stockholm
Sydney
Tokyo
Toronto
Vienna
Warsaw
Washington, D.C.
Zurich

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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.

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