exechange news

We determine the Push-out Score™

1.2019

Hard end of the year for CEOs

- **CEO Push-out Index climbs to 8.3 in December from 7 in November**
- **Unceremonious move: Bunge CEO Soren Schroder steps down**
- **Lackluster exit: Akorn CEO Raj Rai retires**
- **Double-edged departure: Gannett CEO Bob Dickey retires**
- **In-depth analysis of 250 CEO departures in the U.S. from the past 12 months**

(exechange) -- January 2, 2019 -- Bunge Ltd., Akorn Inc. and Gannett Co. are among the U.S. companies that announced a major leadership change in December 2018.

Obviously, not all of the top managers leave the position entirely on their own initiative.

Research using the Push-out Score analysis model shows that the pressure on CEOs continues to rise, reaching a 12-month high in the first winter month.

Every management change is different. The move of Bunge CEO Soren Schroder seems unceremonious, the exit of Akorn CEO Raj Rai appears lackluster, and the departure of Gannett CEO Bob Dickey looks double-edged.

A more detailed insight is provided by research firm exechange, which has analyzed more than 200 CEO departures of publicly traded companies in the U.S. from the past 12 months (see Exhibit 1).

exechange uses a scoring system with a scale of 0 to 10 to measure the pressure on the departing executive and to determine the likelihood of a forced executive change. A Push-out Score™ of 0 indicates a completely voluntary management change, and a score of 10 indicates an overtly forced departure. Push-out Scores above 5 mean that the red flags cannot be counted on the fingers of one hand, suggesting strong pressure.

The Push-out Score incorporates facts from company announcements and other publicly available data. It considers not only the official reason given for the departure, but also additional evidence that weighs on the credibility of that reason. The system also interprets the sometimes-cryptic language in corporate communications, using a proprietary algorithm (see Exhibit 2).

The Push-out Score indicates how many of the following nine criteria are met: unusual age, short notice, short tenure, poor share price performance, non-transparent reason, challenging circumstances, succession issues, formal anomalies and linguistic peculiarities in the announcement. When the manager is openly pushed out (e.g., "terminated for cause"), then 10 points are given.

CEO Push-out Index climbs to 8.3

The CEO Push-out Index™, which reflects the average Push-out Score for CEO departures in the U.S., rose to 8.3 in December 2018 from 7 in November 2018 (see Exhibit 3). The index reached its highest level in 12 months. The index surged for the third consecutive month.

For the third month in a row it was above the critical value of 5.

In December, the index was influenced by many obviously forced turnover events and leadership changes with high Push-out Scores, including the announced CEO departures at Lam Research Corp., Bunge Ltd., Acadia Healthcare Co., QEP Resources Inc. and Medicines Co. In November, the index had also been dominated by a flood of bumpy management changes.

The average Push-out Score for CEO departures in the 12-month period from January 2018 to December 2018 was 6.

Around 55 percent of the Push-out Scores of CEO departures in the U.S. from the past 12 months reached values between 6 and 10 (see Exhibit 4).

More than one in two CEOs stepped down under pressure.

The Push-out Score analysis model is presented below using three current case studies.

Unceremonious move: Bunge CEO Soren Schroder steps down

With a Push-out Score of 7, the CEO departure at Bunge Ltd. is in the upper range of the scale and appears unceremonious.

As announced on December 10, 2018, Soren W. Schroder will step down from his CEO post at the agribusiness and food company after approximately five and a half years in the role.

His time in office is appropriate, and in the announcement from the White Plains, New York-based Bunge, Schroder receives accolades and praise.

But a successor is not yet in sight. That's the first point for the Push-out Score.

Schroder is 57 years old. His low age raises questions, and precise information regarding his future plans was not immediately available. Point number 2.

The announcement follows a decline in Bunge's share price of 35 percent since June 2015. Point number 3.

Bunge did not explicitly explain the reason for Schroder's departure. Schroder's own statement does not help much either. He states: "We are making solid progress, and it is the right time to turn over the leadership reins." The right time? In the given context, this statement seems somewhat contradictory, and it remains open as to why he is leaving now and what exactly triggered his move. Point number 4.

At the same time, it is obvious that the circumstances of the change are challenging. Point number 5.

The CEO departure announcement comes five weeks after activist shareholders D.E. Shaw and Continental Grain reached a settlement with Bunge that added four directors and triggered a strategic review of the company.

The two-century-old commodities trader is vulnerable to takeover attempts by rivals Archer-Daniels-Midland Co. and Glencore Plc.

The form and language of the announcement provide further signals for pressure on Schroder, resulting in points 6 and 7.

In the announcement, the departing chief executive receives no explicit word of thanks, no word of regret and no good wishes.

Kathleen Hyle, 60, who became Chair of the Board, effective immediately, released 19 words regarding the long-standing chief executive Schroder: "The company is well positioned for long-term growth with the strong foundation that has been established under Soren's leadership."

That may sound nice, but it can also be understood as poisoned praise. It is at least ambiguous because it can hardly be read differently in the given context, as if Bunge, in Hyle's eyes, now requires a manager with different skills to build on the foundation.

Conclusion: Succession issues, low age, poor share price development, non-transparent reason, critical time, formal anomalies and linguistic peculiarities in the announcement are seven red flags.

It is not completely certain what forces eventually triggered Soren Schroder's move, but the change shows the typical pattern of a forced departure. There are more red flags than one can count on the fingers of one hand.

Lackluster exit: Akorn CEO Raj Rai retires

With a Push-out Score of 10, the CEO departure at Akorn Inc. is at the top of the scale and looks lackluster.

As announced on December 7, 2018, Rajat (Raj) Rai "has decided to retire" from the specialty generic pharmaceutical company.

Officially, it is clearly his own decision to leave the company after a long tenure as CEO of almost nine years. Furthermore, it speaks for him that he will "assist the board to ensure a smooth transition and remain in his role until the hiring date of the new chief executive."

On the other hand, the circumstances surrounding his planned departure leave no reasonable doubt that he was forced to leave the CEO post.

Let's first look at the hard facts.

At the age of 51, he seems quite young to retire. That's the first point for the Push-out Score.

The change follows a decline in Akorn's share price of 82 percent since February 2018. Point number 2.

Akorn does not explicitly provide a reason for Raj Rai's move. Point number 3.

He leaves at a critical time. The announcement comes after the Delaware Supreme Court ruled that a rapid downturn in Akorn's business was grounds for Fresenius SE to walk away from a $4.3 billion buyout of the company. Point number 4.

A permanent successor is not immediately available. Point number 5.

The form and language of the announcement provide points number 6 and 7.

In the announcement from the Lake Forest, Illinois-based Akorn, Raj Rai receives praise and thanks, but no accolades for concrete and quantified successes, no word of regret and no good wishes.

Chairman Alan Weinstein kept it short and issued 26 words regarding Raj Rai's imminent exit: "We thank Raj for his years of service with Akorn and his success in building the company into a leading organization in a highly competitive industry."

In the announcement from Akorn, Raj Rai remains silent.

Akorn stated in a regulatory filing: "The Board of Directors of the Company … and Mr. Rai have agreed that, for purposes of Mr. Rai's employment agreement, his departure from the Company will be treated as a resignation for good reason."

Generally speaking, for an employee to terminate the employment relationship for good reason, the employer must have taken action that results in a material negative change in the conditions under which the employee serves the company.

The conditions of Rai's departure finally make it clear that he saw himself as being forced to leave, and the Push-out Score is 10.

Double-edged departure: Gannett CEO Bob Dickey retires

With a Push-out Score of 6, the CEO departure at Gannett Co. is in the upper range of the scale and seems double-edged.

As announced on December 5, 2018, Robert J. (Bob) Dickey "has informed the company's board of directors of his intention to retire" from the media company. He has agreed to stay on until May 7, 2019, or, if earlier, until a successor is named.

At 61 years, Dickey is at the normal retirement age. The lead time of up to 153 days is acceptable. His tenure of three years and 10 months (as at May 7, 2019) is still appropriate, and in the announcement from the McLean, Virginia-based Gannett, Dickey receives praise and thanks.

At the same time, six of nine warning lamps light up.

A successor for the CEO position has yet to be found. That's the first point for the Push-out Score.

The announcement follows a decline in Gannett's share price of 40 percent since April 2016. The shares have decreased 11 percent since the beginning of the year, while the Standard & Poor's 500 index has climbed 5 percent. Point number 2.

A reason for Dickey's planned departure from the CEO post is not explicitly provided. Point number 3.

The circumstances of the change are challenging. Point number 4.

Similar to other newspaper publishers, Gannett faces the challenge of finding new sources of revenue.

On November 8, Gannett reported third-quarter results that missed profit and revenue expectations.

The form and language of the announcement provide points number 5 and 6.

In the announcement, the departing chief executive receives no accolades for concrete and quantified successes, no word of regret and no good wishes.

Dickey makes a lengthy statement (183 words) and apparently considers it necessary to highlight concrete and quantified successes during his tenure himself. He says: "In October, for example, the USA Today Network reached more than 129 million unique visitors with over 40 percent between the ages of 21-44, positioning us as a leader across all age groups, while on the digital marketing side our client base and average revenue per client continue to grow."

The statement of Chairman J.Jeffry Louis sounds a little less euphoric. While acknowledging that Dickey has positioned Gannett "at the forefront of the digital transformation through key acquisitions such as ReachLocal, SweetIQ and WordStream," he concludes: "We thank Bob for his 29 years of service to Gannett and are grateful for his continuing leadership in creating value for our customers and shareholders as we work to select his successor."

At the same time, Dickey states: "While the board undertakes its duty to plan for the future, I will continue working hard." That does not sound like he is excessively happy to leave office soon. Precise information regarding his future plans was not immediately available.

Conclusion: Succession issues, poor share price development, non-transparent reason, critical time, formal anomalies and linguistic peculiarities in the announcement are six red flags.

There are thus several indications that he is leaving the post under pressure.

In-depth analysis of 250 CEO departures

In the period from January 1, 2018 to December 31, 2018, around 33.6 percent of the CEOs in the U.S. left their post with no reason given in the announcement.

Around 7.6 percent departed "to pursue other opportunities" and around 2 percent "to spend time with their family," statements that are sometimes taken as code for firings.

Around 2.4 percent left for "personal reasons," and around 5.2 percent have been ousted with a specific reference to misconduct (see Exhibit 5).

CEOs who departed "to pursue other opportunities" received an average score of 7.7. CEOs who left "to spend time with their family" received an average score of 7.6, and CEOs who stepped down for "personal reasons" received an average score of 7.8.

Companies are, within certain limits, not necessarily required to reveal the reason for a CEO departure (see Exhibit 6). However, if they consider it appropriate, they may give a reason for the move, for example to curb speculation.

In the past 12 months, exechange recorded the following CEO changes in the Russell 3000 index that were openly linked in the departure announcement to alleged or actual conduct issues.

- **Kemet** Corp. CEO Per Loof resigned in December 2018 following "an investigation overseen by certain independent members of the Kemet board, with the assistance of an external law firm, of the facts and circumstances surrounding a consensual personal relationship between Mr. Loof and an employee of the company and related actions which were inconsistent with the company's policies."
- **Lam Research** Corp. CEO Martin Anstice resigned in December 2018 "as the company investigates allegations of misconduct in the workplace and conduct inconsistent with the company's core values, including allegations about Mr. Anstice."
- **Abeona Therapeutics** Inc. CEO Carsten Thiel was terminated in November 2018 "due to personal misconduct that violated the company's code of business conduct and ethics."
- **Axalta Coating Systems** Ltd. CEO Terrence Hahn resigned in October 2018 "by mutual agreement with the Board, following an investigation by outside counsel into conduct by Mr. Hahn unrelated to financial matters that Axalta believes was inconsistent with company policies."
- **CBS** Corp. CEO Les Moonves resigned in September 2018 following allegations of sexual misconduct, while CBS and Moonves will donate $20 million "to one or more charitable organizations that support the #MeToo movement and equality for women in the workplace."
- **Texas Instruments** Inc. CEO Brian Crutcher resigned in July 2018 due to "violations of the company's code of conduct."
- **Barnes & Noble** Inc. CEO Demos Parneros was terminated in July 2018 for "violations of the company's policies."
- **Rambus** Inc. CEO Ron Black was terminated in June 2018 after his "conduct fell short of the company's standards."
- **Intel** Corp. CEO Brian Krzanich resigned in June 2018 after a "violation of Intel's non-fraternization policy" and after a "past consensual relationship with an Intel employee."
- **Avid Technology** Inc. CEO Louis Hernandez was terminated in February 2018 due to "violations of company policies related to workplace conduct."
- **Wynn Resorts** Ltd. CEO Steve Wynn resigned in February 2018 because he found himself "the focus of an avalanche of negative publicity" after the "Wall Street Journal" reported in January 2018 that Wynn had engaged in a pattern of sexual misconduct.
- **Lululemon Athletica** Inc. CEO Laurent Potdevin left in February 2018 because "Lululemon expects all employees to exemplify the highest levels of integrity and respect for one another, and Mr. Potdevin fell short of these standards of conduct."
- **Equinix** Inc. CEO Steve Smith resigned in January 2018 after exercising "poor judgment with respect to an employee matter."

In 2017, exechange recorded only one comparable case.

In the U.S., the average tenure of departing CEOs in the 12-month period from January 2018 to December 2018 was 8.8 years (see Exhibit 7).

The average CEO retirement age in the U.S. was 60.7 (see Exhibit 8).

In the past 12 months, the highest average Push-out Scores in the U.S. were determined in the consumer sector with 7 and in the technology sector with 7.

The lowest Push-out Scores were determined in the financial sector with 4.2 and the services sector with 4.8.

In the healthcare sector, the average Push-out Score was 6.6, in the basic materials sector it was 5.5, and in the industrial sector it was 5.3.

These results were calculated from 250 individual CEO departures of companies listed in the Russell 3000 index, which provide a homogenous and wide data pool for the analysis of CEO departures.

The Russell 3000 seeks to be a benchmark of the entire U.S. stock market and encompasses the 3,000 largest U.S.-traded stocks, in which the underlying companies are all incorporated in the U.S.

The exechange study monthly documents and analyzes CEO departure events of Russell 3000 companies, updating a database first introduced in 2017.

Corporate governance experts from Stanford University (David Larcker and Brian Tayan) and Harvard University (Ian Gow, now University of Melbourne) have investigated exechange's analysis model and found that Push-out Scores are positively correlated with stock market volatility. See https://ssrn.com/abstract=2975805

This report, including exhibits, is available at https://exechange.com/research-news

About exechange

exechange is an independent research provider widely recognized as an important voice on executive changes. exechange determines the Push-out Score and was featured by *The Wall Street Journal, Harvard Business Review* and *Stanford University.* For more information, visit exechange.com.

Chief point:

Companies seeking growth need to look hard at their top team

*By Jo Whitehead **

In our research into 10 years of corporate stumbles, in which the CEO leaves under a cloud after a significant drop in share price, we find a common feature -- the mis-management of growth strategies.

Sometimes this strategy is forced upon companies -- for example, Nokia had to grow into smart phones to preserve its market position; Yahoo had to reposition itself as Google eroded its position as a leading search engine.

Sometimes the strategy is a management decision -- for example, British Telecom's expansion into international markets, or the many financial institutions who chased the higher returns on offer by investing in sub-prime derivatives.

Why is growth difficult?

Because it often requires extending into "adjacent" markets that, in reality, require different skills and expertise. Such strategies require a change in the composition of the senior team and board that many public companies appear to find difficult.

Also, there are a lot of positive feelings about growth -- feelings that can translate into a range of biases.

** The writer is a director of Ashridge Strategic Management Centre.*

Editor's note: This is a guest post.

By the numbers:

100 icy words

- **Frosty CEO change at Aurubis**
- **Push-out Score of 10 indicates forced departure**

Aurubis CEO Jürgen Schachler will turn 65 at the end of July 2019 and will leave the largest copper producer in Europe when his contract expires on June 30, 2019.

A glorious retirement? For now, it looks like an ice-cold farewell. The Push-out Score of 10, which was determined by the research firm exechange, suggests an overtly forced departure.

Why must that be? First, Schachler has reached the normal retirement age. Second, he is leaving with a comfortable lead time of up to 202 days. Third, his term of office of three years (as at June 30, 2019) is still acceptable. Fourth, the copper company officially states that he "has made an important contribution to the Aurubis Group's strategic development and has earned the company's recognition for his work."

On closer inspection, the warning signals cannot be overlooked.

First, it is striking that the share price has roughly halved since the beginning of the year 2018.

Second, it casts an oblique light upon the forthcoming CEO change that the news came one day prior to the planned release of Aurubis' annual results. It is also significant that Aurubis had acknowledged on November 1, 2018, that "the preliminary result of € 63 million for Q4 of the fiscal year (previous year: € 87 million) was weaker than the market expected" and that the reason for this result was "smaller, unscheduled shutdowns at the Hamburg and Lünen production sites, which negatively affected the result for the quarter."

Third, it raises probing questions related to why the Hamburg, Germany-based Aurubis has only just begun the search for a successor "in a structured process."

Fourth and fifth, the extremely cold language, even by northern German standards, and the peculiar form of the announcement of December 10, 2018, leave a weird impression. The communication consists of barely 100 words.

These words are to be read carefully, particularly those numbered 6 to 14. They leave no doubt as to who initiated the separation. It was the supervisory board, not the CEO, who took the initiative to separate. The first sentence reads: "During its regular meeting today, the Supervisory Board of Aurubis AG passed a resolution stating that Mr. Jürgen Schachler, who will turn 65 at the end of July 2019, will leave the company when his contract expires on June 30, 2019."

To put it quite clearly: There are cases in which a CEO at the age of 64 is no longer available for an extension of their contract. The situation seems to be completely different if a supervisory board formally passes a resolution 202 days before the CEO's contract expires that the CEO will leave the company.

Is there a disagreement? At any rate, the penultimate sentence of the announcement provides deep insight in this regard: "Now is the right moment to set the course for the future with a focus on operating excellence and strategic growth."

Setting the course for the future, operating excellence, strategic growth: The nameless author of the sentence in the corporate announcement puts his finger exactly on sore spots. This statement makes clear regarding what the supervisory board, headed by Fritz Vahrenholt since March 1, 2018, obviously no longer expects the outgoing CEO (who remains silent in the announcement) can do.

Does this interpretation go too far? This assumption can never be completely ruled out.

The entire story is contained not only in the hard facts, but also in the coded messages, the noisy signals and the gaps. What is not said and who does not speak is always part of the whole story.

Malte Blombach, senior communications manager at Aurubis AG, sent the following responses (A) to an exechange inquiry (Q) by email.

Q: Can you give more information about Jürgen Schachler's concrete future plans?

A: Jürgen Schachler is considering various professional and private options, but first he will especially focus on a good amount of quality time with his family to compensate for the sacrifices they made during the last few years during his tenure at Aurubis.

Q: Does the company consider both internal and external candidates to find a permanent successor?

A: The search for a successor has begun in a structured process. The supervisory board is looking for the best manager -- so there is no special requirement about internal or external.

Q: Will the company engage an executive search firm to select Jürgen Schachler's permanent successor?

A: The supervisory board is responsible for finding a new candidate. We cannot comment on their way of proceeding.

Q: When does the company want to present the permanent successor?

A: The schedule foresees a seamless transition for the CEO post.

Q: In the announcement from Aurubis, Jürgen Schachler does not get a chance to speak. If possible, please provide a statement from Jürgen Schachler regarding the move.

A: "When I first arrived at Aurubis we immediately after a short analysis phase launched a much needed transformation process that now is already delivering important operational and financial improvements. Without the relentless efforts and the high motivation of the Aurubis employees and the core leadership team this early and outstanding achievement would not have been realized. Nevertheless a transformation program stabilizes not before four to five years after its launch. I am happy to have had the chance to guide the team up to this very good achievement and I hope, the journey will successfully continue without my leadership."

Q: Why was it necessary for the supervisory board to pass a resolution stating that Jürgen Schachler will leave the company when his contract expires? (If his contract expires anyway on June 30, 2019, it is not understandable why a resolution of the supervisory board is needed to make him leave on June 30.)

A: There was a decision by the supervisory board not to renew the contract. As listed company we are legally obliged to inform the markets via ad-hoc release about this decision. The contract was limited in time, as all contracts of members of the board are in AG companies. And, at a certain point, the supervisory board has to decide if it wants to extend the contract or not. This was done during the supervisory board meeting on December 10.

Standpoint:

Why the language is cryptic when CEOs leave

*By Daniel Schauber **

Who? What? Where? When? How? Why?

When CEOs leave, the first five questions are quickly answered.

Question six is tricky.

The reason for the change is often described in cryptic language.

Bosses leave their posts "to spend more time with their families," "to pursue other opportunities" or for "personal reasons."

This is because, first, listed companies are free, within certain limits, to give a reason for a leadership change. Second, there is often more than one reason. Third, legal restrictions apply.

A leader's moment of exit is crucial, because it carries a message.

If possible, the company emphasizes continuity.

If necessary, it will strive to distance itself from a disgraced leader -- for example, in the event of performance problems, disputes over strategy or misconduct.

Such information is sometimes linguistically coded, also for legal reasons.

But codes are made to be decrypted, and the Push-out Score can help in this regard.

** The writer is the owner of the research firm exechange.*

Exhibit 1

Selected CEO departures			
Announced	**Company**	**Name**	**Push-out Score ***
10-Dec-18	Bunge Ltd.	Soren Schroder	7
7-Dec-18	Akorn Inc.	Raj Rai	10
5-Dec-18	Gannett Co.	Bob Dickey	6
12-Nov-18	Coty Inc.	Camillo Pane	9
1-Nov-18	McKesson Corp.	John Hammergren	4
1-Nov-18	Caesars Entertainment Corp.	Mark Frissora	10
17-Oct-18	Constellation Brands Inc.	Rob Sands	4
1-Oct-18	General Electric Co.	John Flannery	9
1-Oct-18	Pfizer Inc.	Ian Read	0
19-Sep-18	AutoNation Inc.	Mike Jackson	5
17-Sep-18	Tyson Foods Inc.	Tom Hayes	8
10-Sep-18	HCA Healthcare Inc.	Milton Johnson	1
22-Aug-18	Calyxt Inc.	Federico Tripodi	9
6-Aug-18	PepsiCo Inc.	Indra Nooyi	5
2-Aug-18	ITT Inc.	Denise Ramos	0
17-Jul-18	Goldman Sachs Group Inc.	Lloyd Blankfein	3
12-Jul-18	Northrop Grumman Corp.	Wes Bush	6
11-Jul-18	Dunkin' Brands Group Inc.	Nigel Travis	2
8-Jun-18	Verizon Communications Inc.	Lowell McAdam	4
6-Jun-18	Ameris Bancorp	Ed Hortman	1
6-Jun-18	Athenahealth Inc.	Jonathan Bush	10
22-May-18	J.C. Penney Co.	Marvin Ellison	5
18-May-18	Heartland Financial USA Inc.	Butch Fuller	1
18-May-18	Campbell Soup Co.	Denise Morrison	10
19-Apr-18	Mattel Inc.	Margo Georgiadis	9
12-Apr-18	Lennar Corp.	Stuart Miller	5
2-Apr-18	Commerce Bancshares Inc.	David Kemper	0
20-Mar-18	Dover Corp.	Bob Livingston	5
12-Mar-18	Lattice Semiconductor Corp.	Darin Billerbeck	8
5-Mar-18	3M Co.	Inge Thulin	0
21-Feb-18	Tupperware Brands Corp.	Rick Goings	4
12-Feb-18	Dun & Bradstreet Corp.	Bob Carrigan	10
1-Feb-18	Altria Group Inc.	Marty Barrington	4
18-Jan-18	Texas Instruments Inc.	Rich Templeton	0
9-Jan-18	Domino's Pizza Inc.	Patrick Doyle	2
5-Jan-18	Gentex Corp.	Fred Bauer	5

* The Push-out Score on a scale of 0 to 10 is a measure of the pressure on the departing CEO. Push-out Scores above 5 suggest strong pressure. Source: exechange

Exhibit 2

Push-out Score: Examples of factors considered

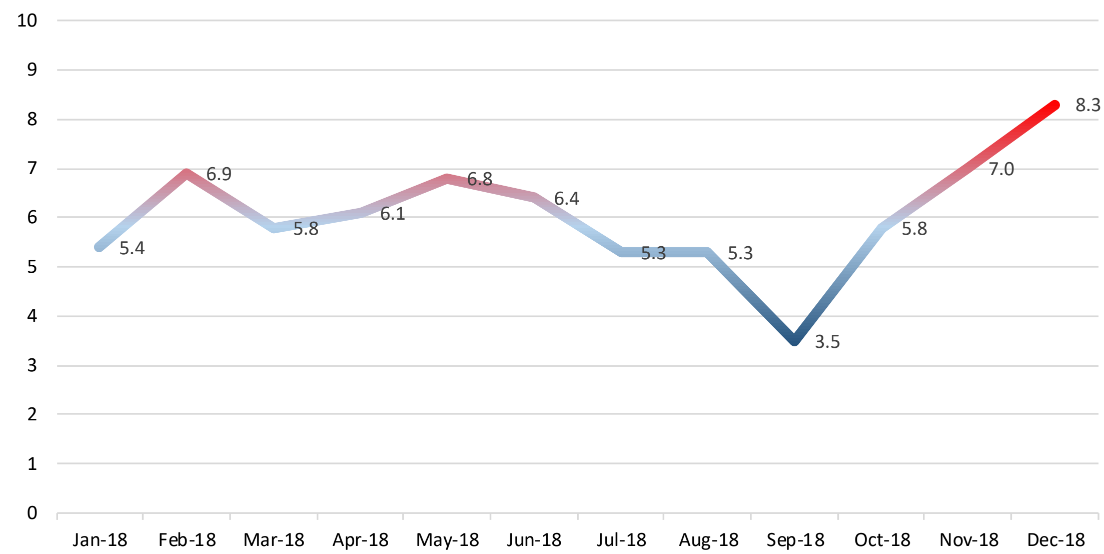
Dimension	Selected factors
Form	Dedicated press release (yes or no)
	Placement (top of release or buried in other news, such as earnings release)
	Length of disclosure (e.g., excessively short or long, omissions)
Language	Tone of announcement (warm, neutral, cold)
	Language used in quotations (e.g., poisoned praise, hidden criticism)
	Clarity of language
Age	Age of departing executive relative to typical retirement age
Notice period	Length of time between announcement and last day
Tenure	Length of time in post (reasonable or excessively short)
Share price	Recent share price performance
	Significant positive or negative relative performance
Official reason	Official reason given (yes or no)
	Clarity of official reason (ambiguous or understandable)
	Stated post-employment activity
Circumstances	Industry performance
	Peer group performance
	Governance factors (controversy, restatements, lawsuits)
	Severance payments made (yes or no)
Succession	Signs of continuity
	Successor identified (yes or no)
	Internal vs. external successor
	Interim or permanent replacement
	Successor added to corporate website (yes or no)

Source: exechange

Exhibit 3

How strong the pressure is: CEO Push-out Index

Average Push-out Score in the 12-month period from
January 1, 2018 to December 31, 2018 in the U.S. stock index Russell 3000

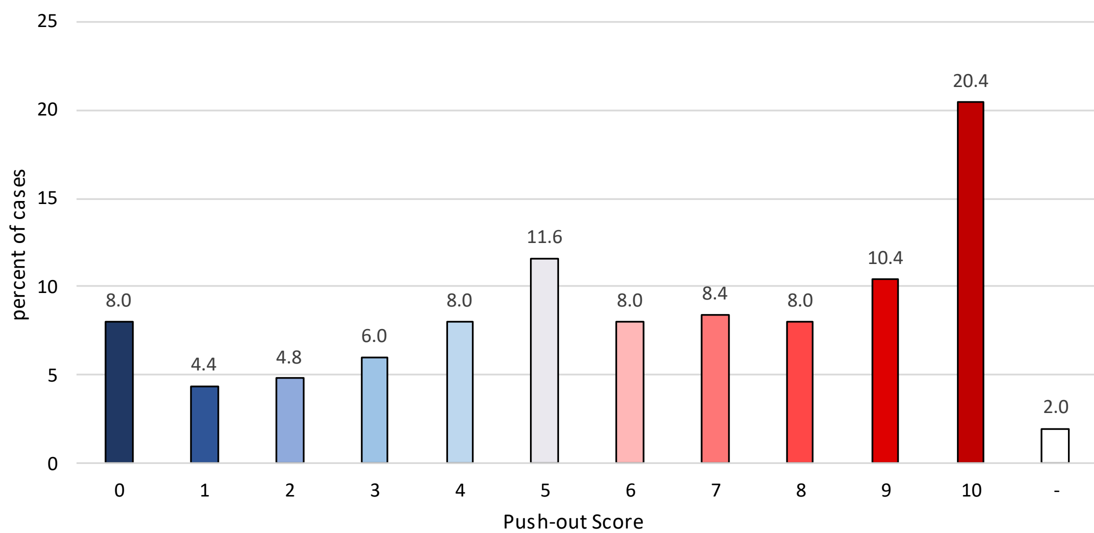


Legend: The Push-out Score on a scale of 0 to 10 is a measure of the pressure on the departing CEO.
Values above 5 suggest strong pressure. Sample includes 250 observations. Source: exechange

Exhibit 4

How the pressure on CEOs is distributed

Percentage distribution of Push-out Scores in the 12-month period from January 1, 2018 to December 31, 2018 in the U.S. stock index Russell 3000

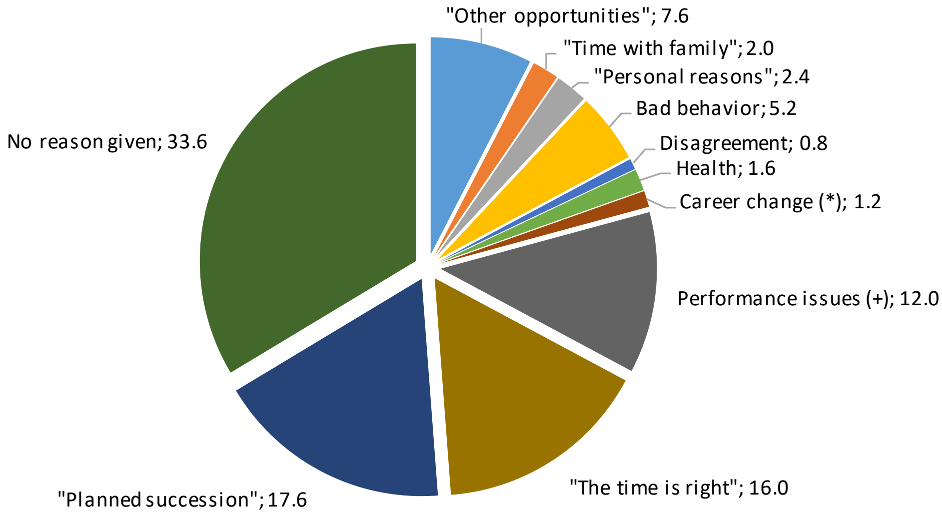


Legend: Around 8 percent of the CEOs received a Push-out Score of 0. Cases in which a score is not determined (e.g., death) are summarized under '-'. Sample includes 250 observations. Figures may not total to 100 due to rounding. Source: exechange

Exhibit 5

Why they leave: CEO departure reasons

Percentage distribution of departure reasons in corporate announcements in the 12-month period from January 1, 2018 to December 31, 2018 in the U.S. stock index Russell 3000



(*) if precise information about the new position is available immediately after the departure announcement; (+) if explicitly mentioned; Sample includes 250 observations. Figures may not total to 100 due to rounding. Source: exechange

Exhibit 6

SEC requirements

Companies are, within certain limits, not necessarily required to reveal the reason for a CEO departure. However, if they consider it appropriate, they may give a reason for the move, for example to curb speculation.

The Securities and Exchange Commission requires that public companies must issue a securities filing called an 8-K within four business days if a major event relevant to shareholders occurs (see https://www.sec.gov/files/form8-k.pdf).

While Item 5.02(b) of Form 8-K requires companies to disclose when a principal executive officer "retires, resigns or is terminated from that position," companies only need to "disclose the fact that the event has occurred and the date of the event."

When companies make statements, they must act responsibly, including endeavoring to ensure the statements are not false or misleading and do not omit information a reasonable investor would consider important in making an investment decision.

If the CEO is also a director, which a CEO often is, and departs in their capacity as a director because of a disagreement with the company "on any matter relating to the company's operations, policies or practices," or has been removed for cause from the board of directors, item 5.02(a) of Form 8-K requires the company to disclose "a brief description of the circumstances representing the disagreement that the registrant believes caused, in whole or in part, the director's resignation, refusal to stand for re-election or removal."

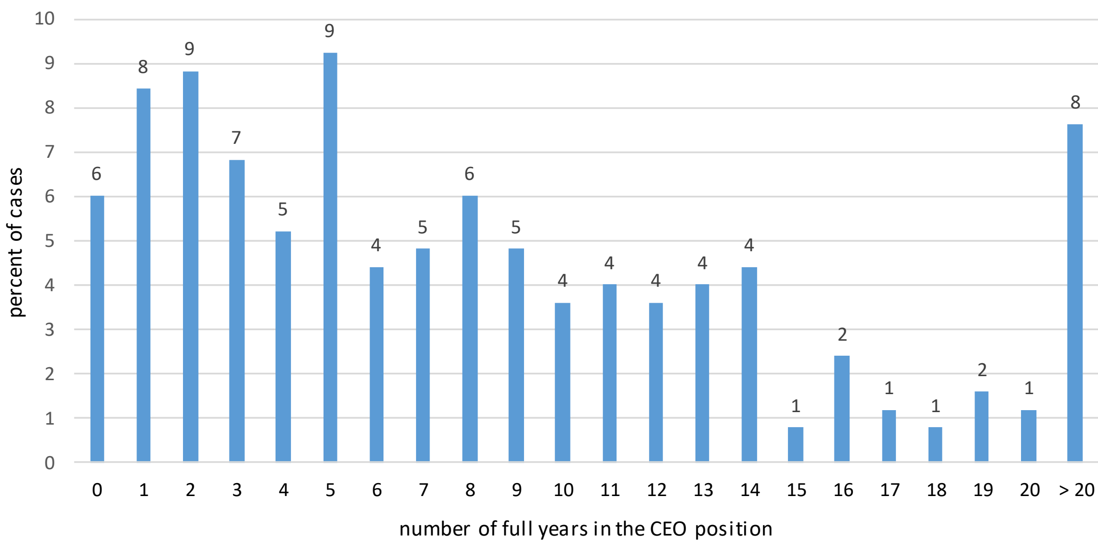
The SEC does not detail how specific that description must be.

While statements must not be misleading, companies sometimes give vague reasons for a CEO's departure. This approach may be sensible because an investigation has not yet been completed, due to privacy concerns for the CEO, in order to prevent a defamation action by the departing CEO against the company, or to have more flexibility in case a CEO tries to litigate a "for cause" departure or the elimination of severance payments.

Exhibit 7

How long they stay: Departing CEO tenure

Percentage distribution in the 12-month period from
January 1, 2018 to December 31, 2018 in the U.S. stock index Russell 3000

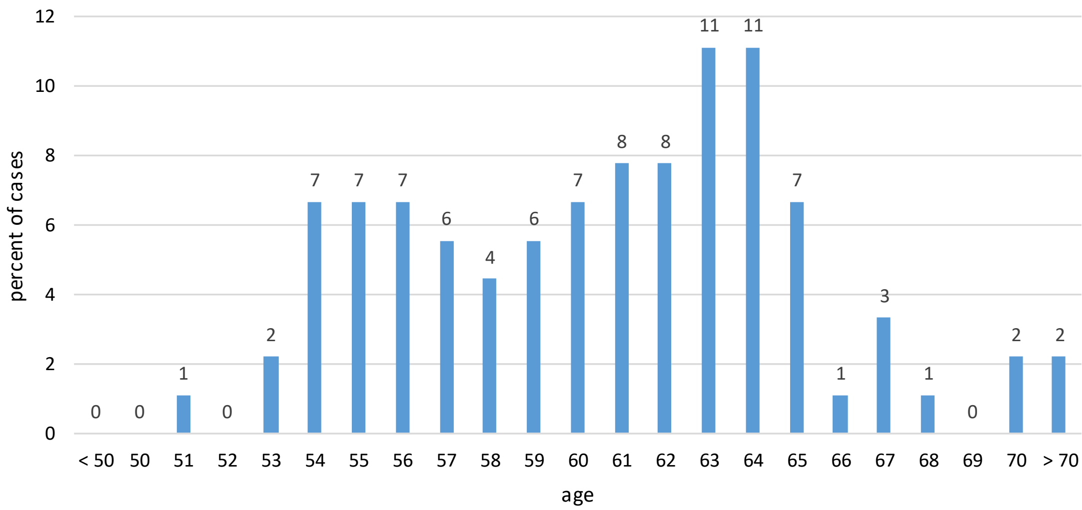


Legend: Around 8 percent of the CEOs who announced their departure within the above mentioned period left their post after 1 full year in the position. Sample includes 250 observations. Figures may not total to 100 due to rounding. Source: exechange

Exhibit 8

When they come to rest: CEO retirement age

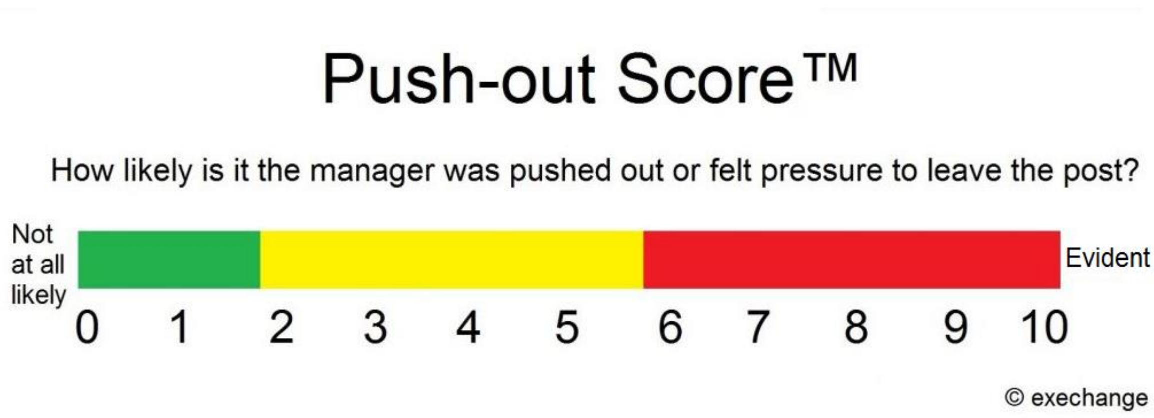
Percentage distribution in the 12-month period from
January 1, 2018 to December 31, 2018 in the U.S. stock index Russell 3000



Legend: Around 11 percent of the CEOs who announced their retirement within the above mentioned period were 64 years old. Sample of all departing CEOs includes 250 observations. Figures may not total to 100 due to rounding. Source: exechange

Push-out Score™: The number you need to know

Forced or voluntary departure? The Push-out Score is the number you need to know.



How the scoring works

The Push-out Score is a measure of the pressure on the departing executive.

exechange's Push-out Scoring System™ is based on the assumption that management changes are triggered by pull-out forces and push-out forces.

The higher the score, the more likely the manager was pushed out or felt pressure to leave the position.

When the manager is openly pushed out (e.g., "terminated for cause") or when there is absolutely no doubt that the manager left the position due to pressure, then 10 points are given.

If the manager was not openly pushed out and the reason for the departure is not health-related, one point is given for each of the following parameters (proxy variables) when certain criteria are fulfilled.

1. Form of the announcement
2. Language in the announcement
3. Age
4. Notice period
5. Tenure
6. Share price development
7. Official reason given
8. Circumstances of the management change
9. Succession

A Push-out Score of **0 to 1** suggests no significant signs for push-out forces.

A Push-out Score of **2 to 5** suggests significant signs for push-out forces.

A Push-out Score of **6 to 9** suggests strong signs for push-out forces.

Who comes. Who leaves.
Who wants to go. Who has to go.
Who is praised. Who is blamed.
Who wins. Who loses.
Who's in. Who's out.
Who is good. Who is well.
Who recovers. Who is bad.
Who advises. Who is well advised.
Who steps back. Who kicks back.
Who is appointed. Who is disappointed.
Who signs. Who resigns.
Who separates amicably. Who separates mutually.
Who escapes. Who is a scapegoat.
Who fits. Who quits.
Who's old. Who's obsolete.
Who's number 1. Who's number 2.
Who goes ahead. Who goes behind.
Who is there. Who is gone.
Who is right. Who is left.
Who fights for honor. Who fights for money.
Who is selected. Who is sorted out.
Who is honored. Who is humbled.
Who benefits. Who suffers.
Who goes through hell. Who keeps going.
Who gets a golden hello. Who gets a golden handshake.
Who bows. Who bows out.
Who is host. Who is hostile.
Who is goodman. Who is badman.
Who is a friend. Who is an enemy.
Who is hired. Who is fired.
Who steps up. Who steps down.
Who chairs. Who presides.
Who is over. Who is under.
Who gives in. Who gives up.
Who says thanks. Who says No thanks.
Who wishes all the best. Who wishes the best of luck.
Who prompts. Who repeats.
Who leaves early. Who leaves late.
Who designs. Who resigns.
Who excites. Who exits.
Who is first. Who is last.
Who throws his hat. Who throws in the towel.
Who ranks first. Who is the first available.
Who is successful. Who is successor.
Who congratulates. Who wishes luck.
Who packs in. Who packs out.
Who reigns. Who serves.
Who retires from office. Who retires from the world.
Who is in seventh heaven. Who is on cloud nine.
Who speaks. Who is silent.
Who sits. Who lies.
Who heals. Who hurts.
Who sees green. Who sees red.
Who soothes. Who scolds.
Who is sorry. Who is sad.
Who is thrilled. Who mourns.
Who is up. Who is down.
Who helps. Who betrays.
Who is not named. Who is shamed.
Who is missed. Who is dismissed.
Who commands. Who obeys.
Who is a leader. Who is a follower.
Who accepts. Who regrets.
Who is at C-level. Who is at eye level.
Who feels pity. Who feels schadenfreude.
Who shows grace. Who falls from grace.
Who tells the story. Whose fate is unknown.
Who is hero. Who is zero.
Who is welcomed. Who is ousted.
Who is severe. Who gets severance.
Who quits at the right time. Who says the time is right.
Who decides. Who departs.
Who is groomed. Who is doomed.
Who is major. Who is minor.
Who assists. Who stands by.
Who is refunded. Who is replaced.
Who contributes. Who distributes.
Who is family. Who is familiar.
Who is confident. Who is confidant.
Who has tailwind. Who has headwind.
Who makes a big deal. Who makes a big fuss.
Who is in quest. Who is at rest.
Who does well. Who means well.
Who will be back. Who leaves for good.
Who stumbles. Who crumbles.
Who topples. Who tumbles.
Who is victor. Who is victim.
Who pays. Who pays back.
Who earns it. Who deserves it.
Who is vested. Who is invested.
Who gives the last shirt. Who gives the last penny.
Who is personal. Who takes it personally.
Who is a big wheel. Who is a bigwig.
Who is chief. Who is big kahuna.
Who is a personality. Who is a person.
Who is Who. Who says what.
Who has a vote. Who has a say.
Who has the last word. Who can say it?

exechange

We determine the Push-out Score™