

exexchange news

We determine the Push-out Score™

3.2019

Mixed winter's end for CEOs

- **CEO Push-out Index declines to 4.9 in February from 5.5 in January**
- **Honorable departure: Colgate-Palmolive CEO Ian Cook steps down**
- **Mysterious move: Cognizant CEO Frank D'Souza steps down**
- **Lackluster exit: Arconic CEO Chip Blankenship leaves**
- **In-depth analysis of 269 CEO departures in the U.S. from the past 12 months**

(exexchange) -- March 1, 2019 -- Colgate-Palmolive Co., Cognizant Technology Solutions Corp. and Arconic Inc. are among the U.S. companies that announced a major leadership change in February 2019.

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 fall, remaining at a medium level in the last winter month.

Every management change is different. The departure of Colgate-Palmolive CEO Ian Cook seems honorable, the move of Cognizant CEO Frank D'Souza appears mysterious, and the exit of Arconic CEO Chip Blankenship looks lackluster.

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

exexchange 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 declines to 4.9

The CEO Push-out Index™, which reflects the average Push-out Score for CEO departures in the U.S., fell to 4.9 in February 2019 from 5.5 in January 2019 (see Exhibit 3). The index dropped for the second consecutive month.

For the first time in five months, the index reached the lower half of the scale.

In February 2019, the index was influenced by many obviously voluntary turnover events and leadership changes with low Push-out Scores, including the announced CEO departures at Colgate-Palmolive Co., C.H. Robinson Worldwide Inc., Alliant Energy Corp., Nordson Corp., Flowers Foods Inc., Tandem Diabetes Care Inc. and Ensign Group Inc. In the month of February, the index is typically characterized by a seasonal pattern with a large number of low Push-out Scores. Carefully planned CEO successions are often implemented on the day of the company's annual meeting of stockholders and officially announced around 100 days in advance, that is, in January or February. As a result, the average Push-out Score generally drops significantly at the beginning of the year. Apparently forced leadership changes and events with high Push-out Scores were less frequent in February, among them the CEO changes at Pioneer Natural Resources Co., Arconic Inc. and Zillow Group Inc.

In January 2019, the index had been dominated by many obviously forced turnover events and leadership changes with high Push-out Scores, including the announced CEO departures at Herbalife Nutrition Ltd., USG Corp., PG&E Corp., Pandora Media Inc., Itron Inc., Ironwood Pharmaceuticals Inc. and Guess? Inc.

The average Push-out Score for CEO departures in the 12-month period from March 2018 to February 2019 was 5.8.

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).

One in two CEOs stepped down under high pressure.

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

Honorable departure: Colgate-Palmolive CEO Ian Cook steps down

With a Push-out Score of 2, the CEO departure at Colgate-Palmolive Co. is in the lower range of the scale and appears honorable.

As announced on February 11, 2019, Ian M. Cook leaves his post as CEO at the household, health care and personal care products company, effective April 2, 2019.

Almost all characteristics of his move indicate a smooth and voluntary change, but on closer inspection, there are some minor imperfections.

His age of 66 years is appropriate, and his tenure as CEO of around 12 years is immaculate.

Furthermore, the share price development seems satisfactory. The announcement follows an increase in Colgate-Palmolive's share price since the start of 2019 of nearly 11 percent, outpacing the market and the consumer staples sector. During Cook's tenure as CEO, the share price approximately doubled.

The succession plan points to a slick handover. Cook will serve as executive chairman for a period of up to 12 months in connection with the leadership transition, while his duties as CEO will be taken over by Noel R. Wallace, currently president and chief operating officer of Colgate-Palmolive -- "in line with the company's well-established long-term succession planning process."

The form and language of the announcement are still acceptable, with some minor blemishes.

In the announcement from the New York-based Colgate-Palmolive, Ian Cook receives praise and thanks, but it is striking that Lead Director Stephen Sadove points out that Cook's successor Wallace will bring "a sharp focus on accelerating growth," while Wallace reaffirms that "we enter a new phase

of growth, taking full advantage of our longstanding strengths and developing new ones to seize emerging opportunities."

It almost sounds as if Colgate-Palmolive has missed out on growth opportunities under the departing CEO.

At the same time, the circumstances of the change are somewhat challenging, and that's point one for the Push-out Score. On January 25, 2019, Colgate-Palmolive reported that its top line declined in the fourth quarter and that it expects earnings to fall in 2019 amid economic uncertainty.

Furthermore, Cook leaves his post at short notice (50 days after the announcement date). That's point number 2.

Conclusion: Challenging circumstances and short notice period are two red flags. The Push-out Score of 2 and the constellation of the data suggest that a carefully planned CEO change may have been slightly accelerated as the company might be looking for new ideas to drive growth.

Colgate-Palmolive did not respond to a message seeking comment on the score.

Mysterious move: Cognizant CEO Frank D'Souza steps down

With a Push-out Score of 5, the CEO departure at Cognizant Technology Solutions Corp. is in the middle of the scale and looks mysterious.

As announced on February 6, 2019, Francisco (Frank) D'Souza leaves his CEO post at the provider of IT services, effective April 1, 2019.

At first glance, many criteria point to a smooth change. During D'Souza's 12-year term as CEO, Cognizant's share price rose by 234 percent. The announcement of D'Souza's move is accompanied by good news. Cognizant posted a net income of \$648 million for the fourth quarter ended December compared with a net loss of \$18 million a year ago. In the announcement from the Teaneck, New Jersey-based company, D'Souza, who co-founded Cognizant, receives accolades, praise and thanks.

On closer examination, the planned CEO change raises several questions.

D'Souza's successor is brought in from outside. That's the first point for the Push-out Score. His duties will be taken over by Brian Humphries, currently CEO of Vodafone Business.

The reason for the change remains in the dark. Point number 2. Cognizant gives no reason, and D'Souza's own explanation is not very enlightening. He says: "I believe this is the right time for me to step aside and for the company to name a new leader."

D'Souza leaves his position at short notice (54 days after the announcement date). Point number 3.

At the age of 49 (as at the time the company filed its latest proxy statement), D'Souza seems quite young. Point 4.

His move comes five months after Michael Patsalos-Fox took over as chairman of Cognizant.

In September 2018, reports had emerged that Cognizant was evaluating candidates both within and outside the company to succeed D'Souza.

The form of the announcement provides point 5.

Chairman Patsalos-Fox introduces Brian Humphries before turning to Frank D'Souza.

In addition, Patsalos-Fox's statement gives some indirect indications of the possible reasons for the change.

The chairman says that "our industry is entering a dynamic new growth stage" and that the incoming CEO is a "broadly experienced technology executive with a proven track record of driving enterprise-wide transformation through focused execution, often in challenging and highly competitive market segments."

The statement suggests that the board may seek to stimulate change with fresh ideas and new initiatives. Cognizant competes with Accenture as well as with major Indian IT companies such as Infosys, Tata Consultancy Services and Wipro.

Conclusion: Succession issues, non-transparent reason, short notice period, low age and formal anomalies in the announcement are five red flags. The Push-out Score of 5 suggests that D'Souza may have decided to leave the CEO post after some encouragement. While D'Souza will remain on the board as vice chairman, his exact plans for the future are unknown.

Cognizant did not respond to a message seeking comment on the score.

Lackluster exit: Arconic CEO Chip Blankenship leaves

With a Push-out Score of 9, the CEO departure at Arconic Inc. is in the upper range of the scale and seems lackluster.

As announced on February 6, 2019, Charles P. (Chip) Blankenship ceased to serve as CEO at the aluminum-sheet and parts maker.

While the announcement does not explicitly state that he was ousted, all the criteria of the analysis model suggest that he had to leave under severe pressure.

Blankenship's duties were taken over by Chairman John C. Plant. It is expected that Plant will serve in the role of CEO for a period of one year. That's the first point for the Push-out Score. In addition, Arconic appointed board member Elmer L. Doty as chief operating officer, a newly created position.

Blankenship leaves in difficult times. Point number 2.

The management change comes two weeks after buyout negotiations with Apollo Global Management LLC suddenly collapsed. Arconic is under pressure from activist investor Elliott Management Corp. Arconic has delivered mostly lackluster results since its debut as a public company in 2016 after the breakup of aluminum producer Alcoa Inc. Arconic has had four CEOs in its short life: Klaus Kleinfeld, David Hess, Chip Blankenship, John Plant.

A reason for Blankenship's departure from the CEO post was not explicitly provided. Point number 3.

The announcement follows a decline in Arconic's share price of 38 percent since January 2018. Point number 4.

Blankenship's short tenure as CEO (one year), the fact that he leaves his post effective immediately and his low age of 51 years make for points number 5, 6 and 7.

The form and language of the announcement provide points 8 and 9.

In the announcement from the New York-based Arconic, Blankenship receives praise and thanks, but no accolades for concrete and quantified successes, no word of regret and no good wishes.

In the announcement, Arthur D. Collins, Jr., the newly appointed lead director, introduces John Plant, but does not say a word about Chip Blankenship.

Collins says that the board is focused on continuing to "identify and implement operational improvements and other potential strategic initiatives" and that Plant will bring "a strong track record of driving value for shareholders as we continue that effort."

In the announcement, Blankenship does not get a chance to speak.

Conclusion: Succession issues, challenging circumstances, non-transparent reason, poor share price development, short tenure, short notice period, low age, formal anomalies and linguistic peculiarities in the announcement are nine red flags.

Arconic did not respond to a message seeking comment on the score.

In-depth analysis of 269 CEO departures

In the period from March 1, 2018 to February 28, 2019, around 33.5 percent of the CEOs in the U.S. left their post with no reason given in the announcement.

Around 8.6 percent departed "to pursue other opportunities" and around 1.9 percent "to spend time with their family," statements that are sometimes taken as code for firings.

Around 2.2 percent left for "personal reasons," and around 3.7 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 7.5. CEOs who left "to spend time with their family" received an average score of 6.8, and CEOs who stepped down for "personal reasons" received an average score of 8.8.

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, exexchange recorded the following CEO changes in the Russell 3000 index that were openly linked in the departure announcement to alleged or actual conduct issues.

- **Herbalife Nutrition Ltd.** CEO Rich Goudis resigned in January 2019. His departure "pertains to comments which recently came to light, made by Mr. Goudis prior to his role as CEO, that are contrary to the company's expense-related policies and business practices. The comments made were inconsistent with Herbalife Nutrition's standards and do not reflect the company's culture."
- **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."

In the U.S., the average tenure of departing CEOs in the 12-month period from March 2018 to February 2019 was 8.2 years (see Exhibit 7).

The average CEO retirement age in the U.S. was 60.5 (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 6.9 and in the technology sector with 6.7.

The lowest Push-out Scores were determined in the financial sector with 3.8 and the services sector with 4.2.

In the healthcare sector, the average Push-out Score was 6.4, in the basic materials sector it was 5.6, and in the industrial sector it was 5.1.

These results were calculated from 269 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 exchange 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 exchange'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://exchange.com/research-news>

About exchange

exchange is the independent, privately held research provider that tracks executive changes and determines the Push-out Score™, a measure of pressure on departing CEOs on a scale of 0 to 10. The Push-out Score was featured by *The Wall Street Journal*, *Harvard Business Review* and *Stanford University*. For more information, visit exchange.com.

Chief point:

The Push-out Score and its relationship with stock performance

*By Dirk Schiereck **

Is the Push-out Score, indicating whether a CEO's departure is voluntary or forced by assessing a large amount of information, significantly influenced by a firm's stock performance prior to the CEO change, and can it forecast the stock price afterward?

By empirically analyzing 327 CEO departures of the firms in the Russell 3000 index, we find a significant negative relationship between Push-out Scores and the stock returns over two years prior to the departures, indicating that the likelihood of a forced CEO departure is associated with the bad stock performance.

For Push-out Scores greater than or equal to 8, a very high negative abnormal return of about minus 40 percent could be observed.

Upon the announcement of CEO changes, high Push-out Scores are correlated with strong stock volatility, large trading volumes, and stock price decreases.

Nevertheless, Push-out Scores have no forecasting power for the following six-month stock performance.

We interpret this finding as an indicator that the reason for a CEO dismissal is not a safe bet on the future.

** The writer is a professor of Corporate Finance at the Technische Universität Darmstadt.*

Editor's note: This is a guest post.

By the numbers:

Germany's most boring CEO change

- **Smooth exit at HeidelbergCement**
- **CEO Bernd Scheifele leaves with a Push-out Score of 0**

A wind of change is blowing for CEOs in Germany's blue-chip index Dax. No fewer than eight CEOs have announced their departure in the past 16 months.

The Push-out Scores determined by the research firm exexchange, which measures the pressure on outgoing CEOs, pointed in four cases to undoubtedly forced exits: Heinrich Hiesinger of Thyssenkrupp AG, Matthias Müller of Volkswagen AG, John Cryan of Deutsche Bank AG and Carsten Kengeter of Deutsche Börse AG had to leave under extreme pressure, each leading to Push-out Scores of 10.

Kurt Bock's departure from BASF SE (Push-out Score: 2) seemed smooth, while Dieter Zetsche's resignation from Daimler AG (Push-out Score: 4) and Stefan Heidenreich's exit from Beiersdorf AG (Push-out Score: 6) appeared ambivalent.

On February 19, 2019, Bernd Scheifele of HeidelbergCement AG announced his departure at the end of January 2020. What point value does the analysis model show for his retirement?

First, at the age of 60, Scheifele has reached the usual retirement age. Second, the notice period of 346 days is generous. Third, his tenure as CEO of 15 years is really long enough. Fourth, the succession plan is exemplary, as Scheifele hands over the baton to an internal successor, the 53-year-old Dominik von Achten, who has acted as Deputy CEO since 2015 and has thus been Crown Prince for a long time. Fifth, the official reason given by Supervisory Board Chairman Fritz-Jürgen Heckmann ("long-term succession planning") is valid.

Sixth and seventh, the form and language of the announcement are hard to criticize. It contains much praise for Scheifele and no signs of pressure on him to leave his post.

The two remaining criteria are the circumstances of the change and the share price performance. Both appear ambivalent, but do not justify a full point to the Push-out Score.

Similar to many other companies, HeidelbergCement issued a profit warning in October 2018. On the other hand, Scheifele's resignation announcement is accompanied by annual results that exceed market expectations.

The share price performance of the cyclical building materials maker is also not entirely flawless. While the Dax had lost around 9 percent in the previous 12 months, the HeidelbergCement share price fell by 23 percent. Major shareholder Ludwig Merckle (26.7 percent) should, however, take a relaxed view of this.

Thus the Push-out Score is 0 points. Scheifele is not only one of the highest paid CEOs in Germany's blue-chip index, but also the CEO with the smoothest -- and most boring -- departure in recent times.

Standpoint:

Why crocodile tears flow when CEOs say goodbye

*By Daniel Schaubert **

When a CEO announces their departure, questions arise: Who took the initiative? Is weak performance the cause? How strong was the pressure? Is there more than one reason for the change? The Push-out Score analysis model is designed to provide a robust assessment through the systematic analysis of facts and circumstantial evidence.

This can be helpful because managers in corner offices are rarely fired openly.

The intersection of what is written in departure announcements and what really happened is often small. CEOs seize the opportunity to retire voluntarily before being pushed out in disgrace.

Managers are also lured with money to leave "voluntarily" and quietly. A face-saving departure may also be in the interest of the shareholders and the board. In the end, the latter may shed crocodile tears if it serves the cause. An open firing could cause unrest and become more expensive for all stakeholders -- including non-monetary costs.

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

Exhibit 1

Selected CEO departures			
Announced	Company	Name	Push-out Score *
11-Feb-19	Colgate-Palmolive Co.	Ian Cook	2
6-Feb-19	Cognizant Technology Solutions Corp.	Frank D'Souza	5
6-Feb-19	Arconic Inc.	Chip Blankenship	9
13-Jan-19	PG&E Corp.	Geisha Williams	9
8-Jan-19	MetLife Inc.	Steve Kandarian	3
3-Jan-19	Owens Corning	Mike Thaman	5
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

* 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: exexchange

Exhibit 2

Push-out Score: Examples of factors considered

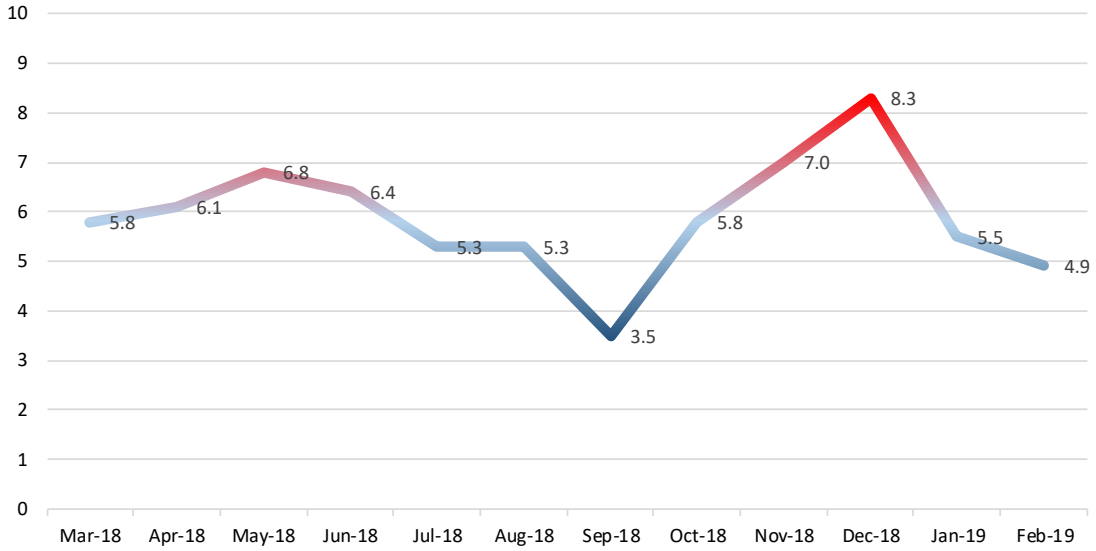
Dimension	Selected factors
Form	Dedicated press release (yes or no) Placement (top of release or buried in other news, such as earnings release) Length of disclosure (e.g., excessively short or long, omissions)
Language	Tone of announcement (warm, neutral, cold) Language used in quotations (e.g., poisoned 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: exchange

Exhibit 3

How strong the pressure is: CEO Push-out Index

Average Push-out Score in the 12-month period from
March 1, 2018 to February 28, 2019 in the U.S. stock index Russell 3000

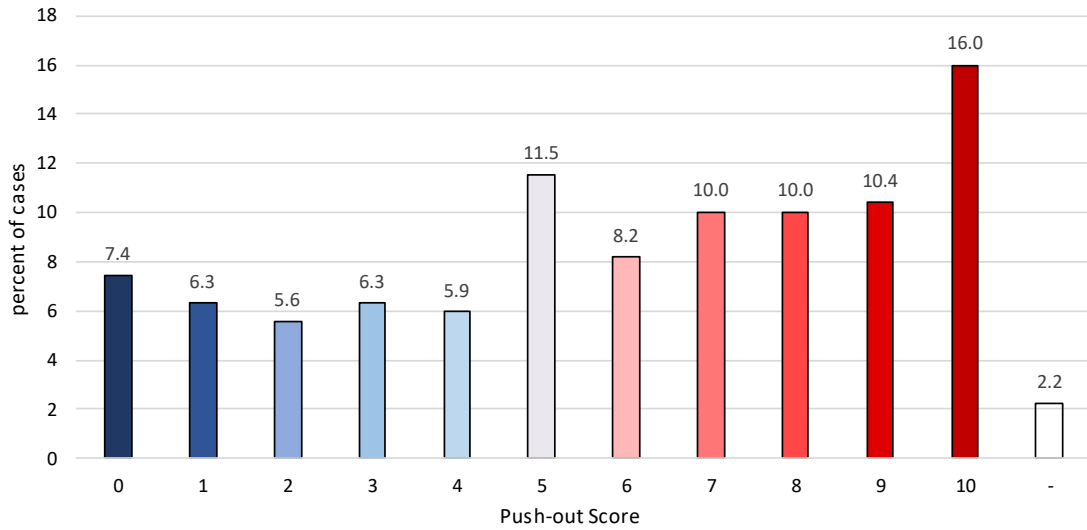


Legend: The Push-out Score on a scale of 0 to 10 is a measure of the pressure on the departing CEO. Values above 5 suggest strong pressure. Sample includes 269 observations. Source: exchange

Exhibit 4

How the pressure on CEOs is distributed

Percentage distribution of Push-out Scores in the 12-month period from March 1, 2018 to February 28, 2019 in the U.S. stock index Russell 3000

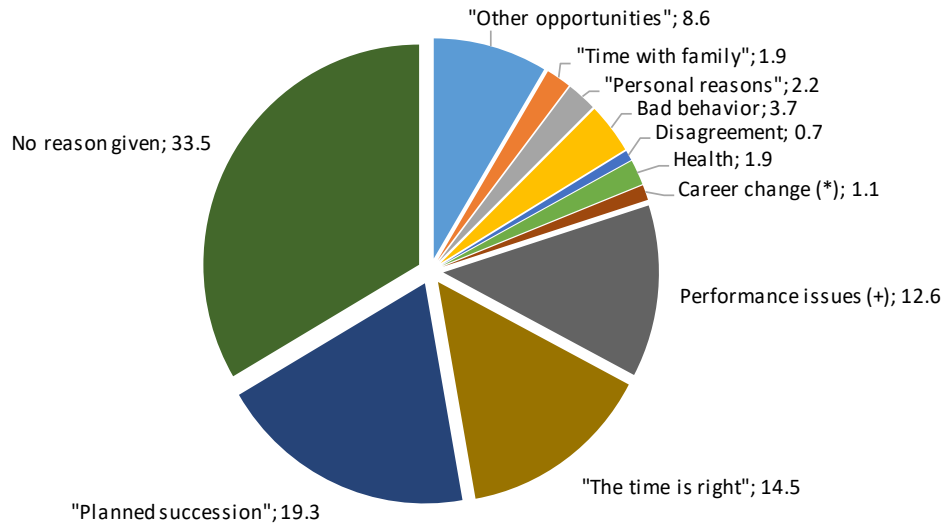


Legend: Around 7 percent of the CEOs received a Push-out Score of 0. Cases in which a score is not determined (e.g., death) are summarized under '-'. Sample includes 269 observations. Figures may not total to 100 due to rounding. Source: exchange

Exhibit 5

Why they leave: CEO departure reasons

Percentage distribution of departure reasons in corporate announcements in the 12-month period from March 1, 2018 to February 28, 2019 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 269 observations. Figures may not total to 100 due to rounding. Source: exchange

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."

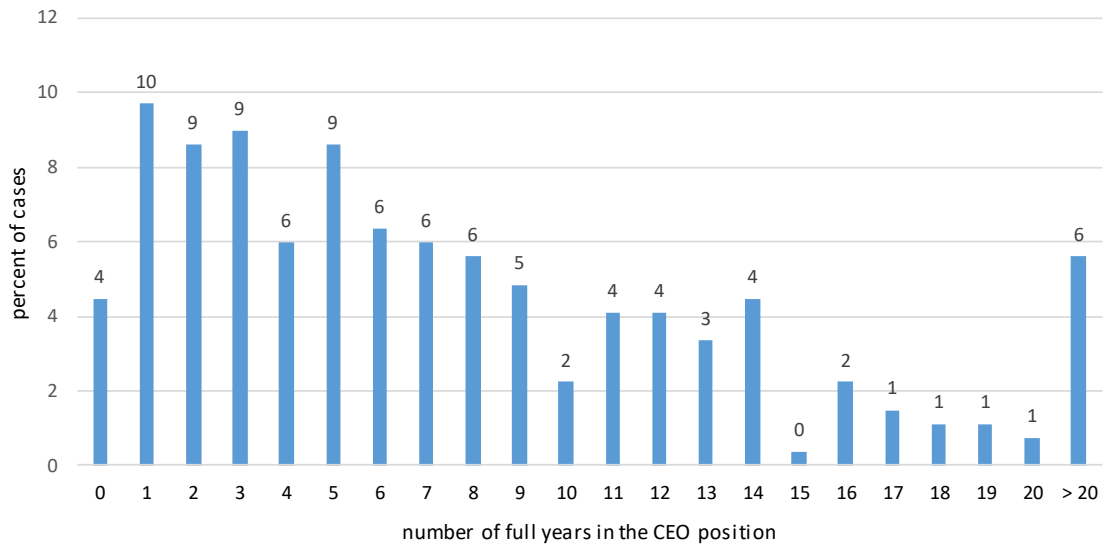
The SEC does not detail how specific that description must be.

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 March 1, 2018 to February 28, 2019 in the U.S. stock index Russell 3000

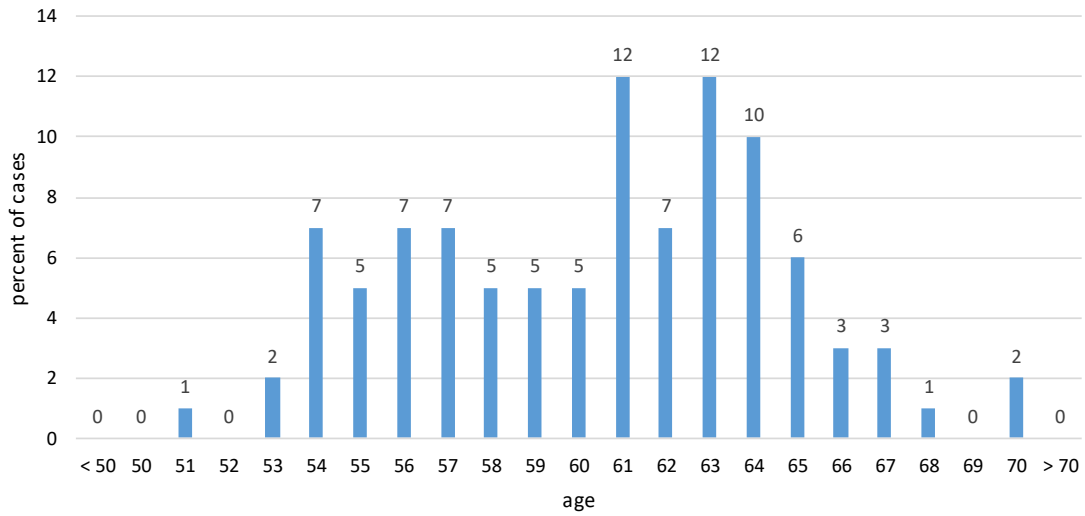


Legend: Around 10 percent of the CEOs who announced their departure within the above mentioned period left their post after 1 full year in the position. Sample includes 269 observations. Figures may not total to 100 due to rounding. Source: exchange

Exhibit 8

When they come to rest: CEO retirement age

Percentage distribution in the 12-month period from March 1, 2018 to February 28, 2019 in the U.S. stock index Russell 3000



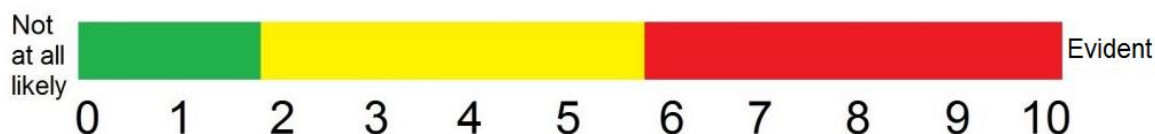
Legend: Around 10 percent of the CEOs who announced their retirement within the above mentioned period were 64 years old. Sample of all departing CEOs includes 269 observations. Figures may not total to 100 due to rounding. Source: exchange

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

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

Push-out Score™

How likely is it the manager was pushed out or felt pressure to leave the post?



© exexchange

How the scoring works

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

exexchange'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?

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