
exchange news

We determine the Push-out Score™

5.2019

Pressure on CEOs stabilizes at marginally elevated level

- **CEO Push-out Index declines to 5.2 in April from 6.1 in March**
- **Bitter exit: Kraft Heinz CEO Bernardo Hees leaves**
- **Clean departure: Paccar CEO Ron Armstrong retires**
- **Two-edged move: Celanese CEO Mark Rohr steps aside**
- **In-depth analysis of 266 CEO departures in the U.S. from the past 12 months**

(exchange) -- May 1, 2019 -- Kraft Heinz Co., Paccar Inc. and Celanese Corp. are among the U.S. companies that announced a major leadership change in April 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 falls significantly, reaching a marginally elevated level in the second spring month. In March, it was at a significantly elevated level.

Every management change is different. The exit of Kraft Heinz CEO Bernardo Hees seems bitter, the departure of Paccar CEO Ron Armstrong appears clean, and the move of Celanese CEO Mark Rohr looks two-edged.

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

exchange 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 5.2

The CEO Push-out Index™, which reflects the average Push-out Score for CEO departures in the U.S., fell to 5.2 in April 2019 from 6.1 in March 2019 (see Exhibit 3). The index fell the most in three months.

In April 2019, the barometer was influenced by many obviously forced turnover events and leadership changes with high Push-out Scores, including the announced CEO departures at Kraft Heinz Co., Verso Corp., Chico's FAS Inc., Red Robin Gourmet Burgers Inc., Insys Therapeutics Inc., Casi Pharmaceuticals Inc. and Clearside Biomedical Inc. Voluntary leadership changes and events with low Push-out Scores were marginally less frequent in April, among them the CEO changes at Paccar Inc., Best Buy Co., Celanese Corp., Comerica Inc. and Wabtec Corp.

In March 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 Wells Fargo & Co., Newell Brands Inc., Pilgrim's Pride Corp., Cantel Medical Corp., Synaptics Inc., Nevro Corp. and Rite Aid Corp.

The average Push-out Score for CEO departures in the 12-month period from May 2018 to April 2019 was 5.8, substantially above the long-term average of 5.

Around 53 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).

In other words, one in two CEOs stepped down under high pressure.

Bitter exit: Kraft Heinz CEO Bernardo Hees leaves

With a Push-out Score of 7, the CEO departure at Kraft Heinz Co. is in the upper third of the scale and appears bitter.

As announced on April 22, 2019, the day after Easter Sunday, Bernardo Hees leaves his post as chief executive officer at the food company, effective June 30, 2019.

The vast majority of the data points indicates that he was under strong pressure to go.

Hees's age of 49 years (according to unverified publicly available information) is very low. That's the first point for the Push-out Score.

The stock price performance is disappointing. The announcement follows a decline in Kraft Heinz's share price of 66 percent since February 2017. Point number 2.

The reason for the leadership change is not fully understandable. Point 3.

Kraft Heinz said that Hees will leave the company "to focus on other projects as a partner of 3G Capital."

Hees steps aside at a critical time. Point 4.

The maker of Heinz tomato ketchup and Kraft processed cheese took a \$15bn writedown in February due to a drop in the value of some of its biggest brands.

Following news of the writedown, Warren Buffett, whose Berkshire Hathaway has a large stake, admitted for the first time that he had overpaid for Kraft's merger with Heinz.

Buffett and 3G Capital bought Kraft in 2015 to merge with Heinz.

The succession raises questions. Point 5.

Hees's duties will be taken over by Miguel Patricio, currently chief of special global projects-marketing of Anheuser-Busch Inbev.

The fact that Hees's successor is brought in from outside suggests that the board may seek to stimulate change with fresh ideas and new initiatives.

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

In the announcement from Kraft Heinz, which is based in Pittsburgh, Pennsylvania, Hees receives accolades, praise and thanks, but no word of regret and no good wishes.

The new CEO receives plenty of advance praise.

Chairman Alex Behring states that the incoming CEO is "a proven business leader with a distinguished track record of building iconic consumer brands around the globe, driving top-line revenue growth through a focus on consumer-first marketing, innovation, and people development."

His statement can also be read as an indication of where the chairman sees deficits at Kraft Heinz: top-line revenue growth, consumer-first marketing, innovation, and people development.

Conclusion: Age, share price development, official reason, circumstances, succession plan, form of the announcement and language in the communication raise seven red flags. Only the inconspicuous notice period of 69 days and Hees's sufficiently long term of office as CEO of six years (as at June 30, 2019) prevented a greater increase in the score.

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

Clean departure: Paccar CEO Ron Armstrong retires

With a Push-out Score of 2, the CEO departure at Paccar Inc. is in the lower quarter of the scale and looks clean.

As announced on April 18, 2019, Ronald E. (Ron) Armstrong, chief executive officer, will retire from the maker of medium- and heavy-duty commercial vehicles and the board on June 30.

Almost all characteristics of Armstrong's move indicate a smooth and voluntary change, but on closer inspection, there are some minor imperfections. To begin with, we take a look at the numerous positive criteria.

First, Armstrong's age of 64 years (at the time the company filed its latest annual proxy statement) is appropriate to the move.

Second, the lead time of 73 days is adequate.

Third, Armstrong's term of office as CEO of five years and three months (as at June 30, 2019) is sufficiently long.

Fourth, the stock price performance is satisfactory. The announcement follows an increase in Paccar's share price of 33 percent since December 2018.

Fifth, the circumstances of the management change are broadly positive. On January 29, Paccar reported a fourth-quarter profit of \$578.1 million, exceeding market expectations.

Sixth, the succession plan is a sign of continuity.

Ron Armstrong's duties will be taken over by R.Preston Feight, age 51 and currently executive vice president of Paccar. Feight has been with Paccar for 21 years with leadership roles as president of DAF Trucks, vice president and general manager of Kenworth Truck Co. as well as assistant general manager sales and marketing and chief engineer at Kenworth.

Seventh, the language in the announcement is appropriate.

A closer look reveals some blemishes.

The reason for the leadership change is not fully transparent. That's the first point for the Push-out Score.

In the announcement, Paccar did not explicitly explain the reason for Armstrong's move, leaving room for speculation.

The form of the release shows anomalies. Point 2.

In the announcement from Paccar, which is based in Bellevue, Washington, Armstrong receives praise and thanks, but no accolades for concrete and quantified successes, no word of regret and no good wishes.

Mark Pigott, executive chairman, did not say many words regarding the long-standing chief executive Ron Armstrong: "On behalf of the Board and all Paccar employees, I would like to thank Ron Armstrong for his five excellent years of outstanding leadership and strategic vision as Paccar's chief executive officer."

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

Conclusion: Official reason and form of the announcement raise two red flags.

The Push-out Score of 2 and the constellation of the data indicate an apparently trouble-free departure, which, however, does not seem perfect.

Paccar declined to comment on the score.

Two-edged move: Celanese CEO Mark Rohr steps aside

With a Push-out Score of 4, the CEO departure at Celanese Corp. is in the lower half of the scale and seems two-edged.

As announced on April 8, 2019, Mark C. Rohr leaves his post as CEO at the chemical and specialty materials company, effective May 1.

At first glance, most factors suggest a smooth change.

First, Rohr's age of 67 years (at the time the company filed its latest annual proxy statement) is appropriate to the move. Rohr, current chairman and CEO, will assume the position of executive chairman.

Second, Rohr's term of office as CEO of seven years and one month (as at May 1, 2019) is impeccable.

Third, the stock price performance is strong. The announcement follows an increase in Celanese's share price of 116 percent since April 2012.

Fourth, the circumstances of the management change are broadly positive. The company's fundamentals appear to be sound.

Fifth, the language in the announcement is appropriate. In the communication from Celanese, which is based in Irving, Texas, Mark Rohr receives praise.

On closer examination, the management change raises several questions.

The notice period of 23 days is brief. That's the first point for the Push-out Score.

The reason for the leadership change is not fully transparent. Point number 2.

In the announcement, Celanese did not explicitly explain the reason for Rohr's imminent move, leaving room for speculation.

The succession plan raises questions. Point 3.

Rohr's successor is brought in from outside. His duties will be taken over by Lori J. Ryerkerk, age 56 and most recently executive vice president of global manufacturing of Royal Dutch Shell. On January 7, chief operating officer Scott M. Sutton resigned, effective February 28, "to pursue other interests."

The form of the announcement shows anomalies. Point 4.

In the news release, the departing chief executive receives no accolades for concrete and quantified successes. On January 28, Celanese reported fourth-quarter results that fell short of market expectations.

Conclusion: Notice period, official reason, succession plan and form of the announcement raise four red flags.

The Push-out Score of 4 takes into account that the leadership change does not appear to be entirely flawless.

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

In-depth analysis of 266 CEO departures

In the period from May 1, 2018 to April 30, 2019, around 31.2 percent of the CEOs in the U.S. left their post with no reason given in the announcement.

Around 9 percent departed "to pursue other opportunities" and around 2.3 percent "to spend time with their family," statements that are sometimes taken as code for firings.

Around 1.9 percent left for "personal reasons," and around 3.8 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 7.6. CEOs who left "to spend time with their family" received an average score of 6.5, and CEOs who stepped down for "personal reasons" received an average score of 8.6.

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."

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- **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 May 2018 to April 2019 was 7.7 years (see Exhibit 7).

The average CEO retirement age in the U.S. was 60.6 (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 6.8 and in the healthcare sector with 6.5 (see Exhibit 9).

The lowest Push-out Scores were determined in the utilities sector with 2.8 and the real estate sector with 3.8.

In the technology sector, the average Push-out Score was 6.5, in the energy sector it was 6.3, in the industrial sector it was 5.1, in the materials sector it was 5.1, in the communication services sector it was 4, and in the financial services sector it was 3.8.

These results were calculated from 266 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 exexchange 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 exexchange's analysis model and found that Push-out Scores are positively correlated with stock market volatility. See <https://ssrn.com/abstract=2975805>

About exexchange

exexchange 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 exexchange.com.

Chief point:

CEO pay -- The rewards of power

*By Harry Garretsen and Janka Stoker **

CEO pay is on the rise. For the [U.S.](#), CEO-to-worker compensation ratio in 1965 was 20 to 1, but has risen to a staggering 312 to 1 in 2017. Literature shows that CEO pay is typically not related to firm performance.

When selecting CEOs, boards only have limited information about their qualities. Once in the saddle, CEOs have the discretion to pursue their own interests.

Also, new [research](#) by Australian scholars shows that a pay gap between the CEO and the shop floor has negative effects on the motivation of workers.

So there is every reason to be critical about the current trend in CEO pay.

But change is unlikely to come from within.

The solution lies in organizing countervailing power at all levels: within firms by giving more and different stakeholders a greater voice, and also by external pressure from customers, unions and legislation.

Rising CEO pay seems to be mainly the result of a shift in power. Restoring the balance of power is therefore crucial, not only for employees but also for firms and their shareholders.

** The writers are professors at the University of Groningen.*

Editor's note: This is a guest post.

By the numbers:

Hot seat in Zurich

- **Seven CEOs sat on the ABB executive chair over the past two decades**
- **Five of them departed under pressure**

The ABB executive chair in Zurich is one of the hottest seats in Europe's industry. Over the past 20 years, ABB has had seven CEOs. Five of them stepped down under strong pressure. This is the result of the Push-out Score analysis model of the research firm exexchange, which measures the pressure on outgoing managers on a scale of 0 to 10.

The first ABB CEO after Percy Barnevik was Göran Lindahl. He departed in 2000 with a Push-out Score of 7.

The second was Jörgen Centerman. He resigned in 2002 with 10 points.

The third was Jürgen Dormann. He stabilized the group shortly before the impending collapse and stepped aside in 2004 with 0 points.

The fourth was Fred Kindle. He left ABB in 2008 with 10 points.

The fifth was Michel Demaré. He sat in the executive chair for a few months in 2008 on an interim basis.

The sixth was Joe Hogan. He said goodbye in 2013 with 7 points.

The seventh was Ulrich Spiesshofer. He stepped down on April 17, 2019 after five years and seven months as CEO. How much heat did he feel? The Push-out Score shall give the answer.

First, Spiesshofer's age of 55 years is quite low.

Second, the change is effective immediately.

Third, the stock price performance is disappointing. The announcement follows a decline in ABB's share price of 30 percent since January 2018.

Fourth, a reason for his move is not explicitly provided.

Fifth, Spiesshofer steps aside at a critical time. His departure comes after he announced the takeover of ABB's power grid division by Hitachi Ltd. for about \$11 billion last December. ABB is under strong pressure from major shareholder Investor AB (10.7%) and activist investors Cevian Capital (5.3%) and Artisan Partners (3%).

Sixth, the succession plan raises questions. Spiesshofer's duties will be taken over in the interim by Chairman Peter Voser. An official search to find a new CEO has been initiated.

Seventh and eighth, the form and language of the announcement show peculiarities. In the announcement, the departing chief executive receives no accolades for concrete and quantified successes and no word of regret.

Spiesshofer said: "I will now take some time out before deciding on the next chapter of my professional life."

Is Spiesshofer leaving voluntarily or is he being forced to go? The announcement leaves little room for interpretation. ABB said: "The board of directors of ABB and its CEO Ulrich Spiesshofer ... have mutually agreed for him to step down from his role."

In the given context, the wording leaves no reasonable doubt that Spiesshofer was under tremendous pressure to leave, and the Push-out Score is set to 10. He is the fifth ABB CEO to step down under strong pressure.

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

Standpoint:

Free will and personal constraints

*By Daniel Schaubert **

Voluntary or forced departure? Who can say that? The problem starts with defining "voluntary."

Human beings with free will also act under pressure. A "voluntary" resignation decision of a top manager often comes amid personal and factual constraints.

In academic research, however, it has become common practice to work with the binary coding "voluntary" and "forced" when a CEO departs.

The Push-out Score analysis model eludes this categorization and instead measures pressure on a scale of 0 to 10 on the basis of publicly available data.

After corporate governance experts from Stanford University published a paper on the model (ssrn.com/abstract=2975805), the Technical University of Darmstadt (Chair of Corporate Finance), the University of Munich (Institute for Capital Markets and Corporate Finance) and the Kent State University (Department of Management and Information Systems) also started conducting research with Push-out Scores.

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

Exhibit 1

Selected CEO departures			
Announced	Company	Name	Push-out Score *
22-Apr-19	Kraft Heinz Co.	Bernardo Hees	7
18-Apr-19	Paccar Inc.	Ron Armstrong	2
8-Apr-19	Celanese Corp.	Mark Rohr	4
28-Mar-19	Wells Fargo & Co.	Tim Sloan	9
22-Mar-19	Pilgrim's Pride Corp.	Bill Lovette	7
4-Mar-19	Eagle Materials Inc.	Dave Powers	0
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

* 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

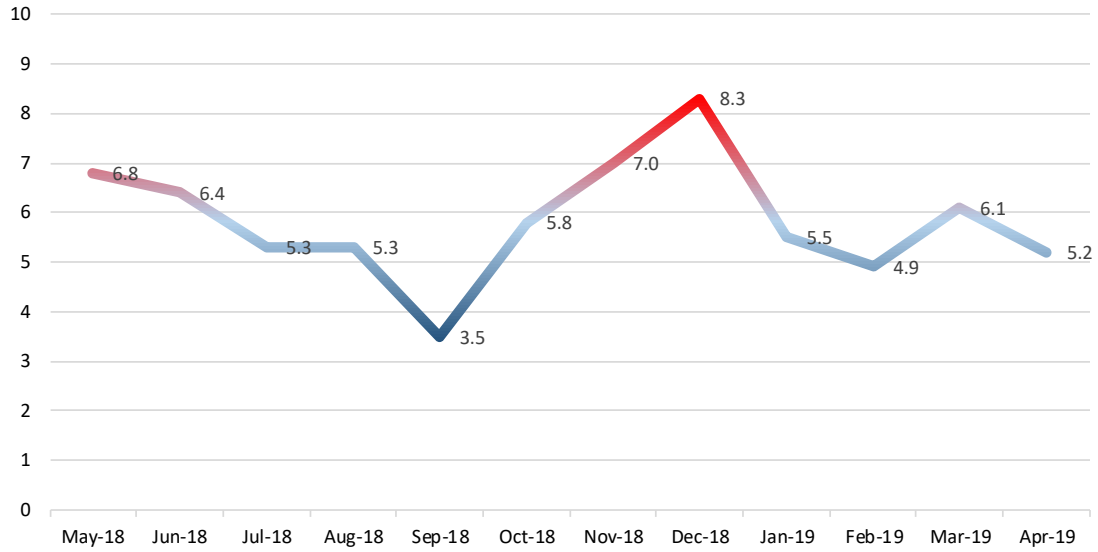
Dimension	Selected factors
Form	Dedicated press release (yes or no) Placement (top of release or buried in other news, such as earnings release) Length of disclosure (e.g., excessively short or long, omissions)
Language	Tone of announcement (warm, neutral, cold) Language used in quotations (e.g., poisoned 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
May 1, 2018 to April 30, 2019 in the U.S. stock index Russell 3000

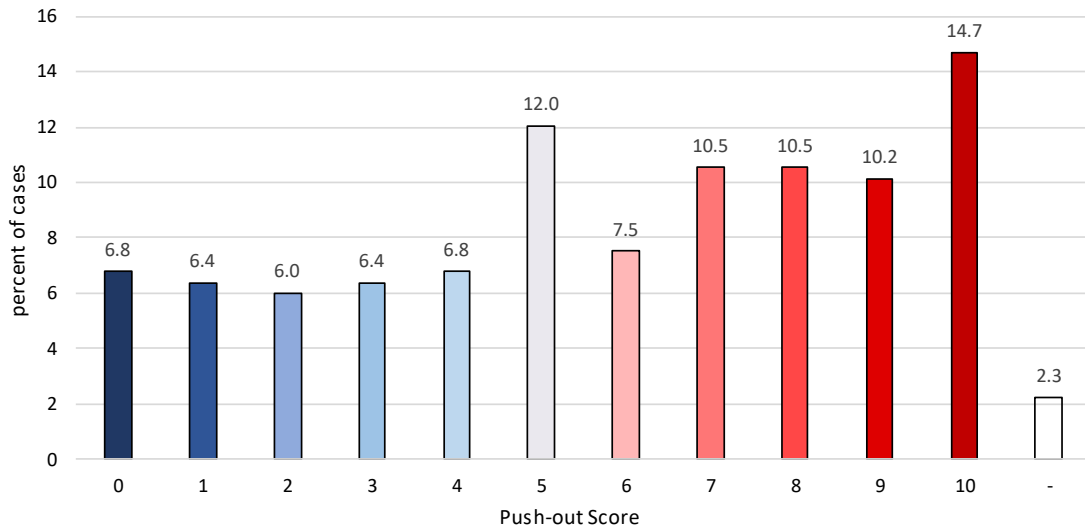


Legend: The Push-out Score on a scale of 0 to 10 is a measure of the pressure on the departing CEO. Values above 5 suggest strong pressure. Sample includes 266 observations. Source: exchange

Exhibit 4

How the pressure on CEOs is distributed

Percentage distribution of Push-out Scores in the 12-month period from May 1, 2018 to April 30, 2019 in the U.S. stock index Russell 3000

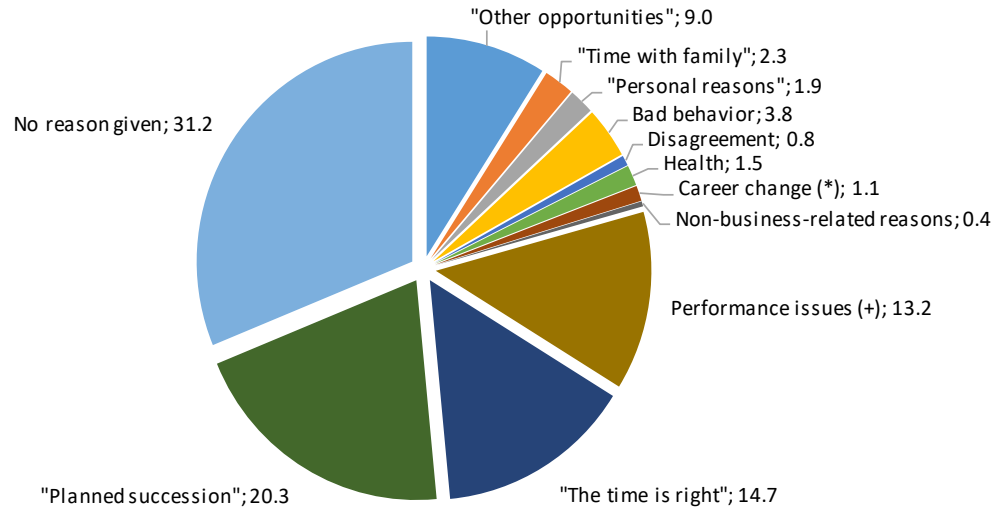


Legend: Around 7 percent of the CEOs received a Push-out Score of 0. Cases in which a score is not determined (e.g., death) are summarized under '-'. Sample includes 266 observations. Figures may not total to 100 due to rounding. Source: exchange

Exhibit 5

Why they leave: CEO departure reasons

Percentage distribution of departure reasons in corporate announcements in the 12-month period from May 1, 2018 to April 30, 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 266 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."

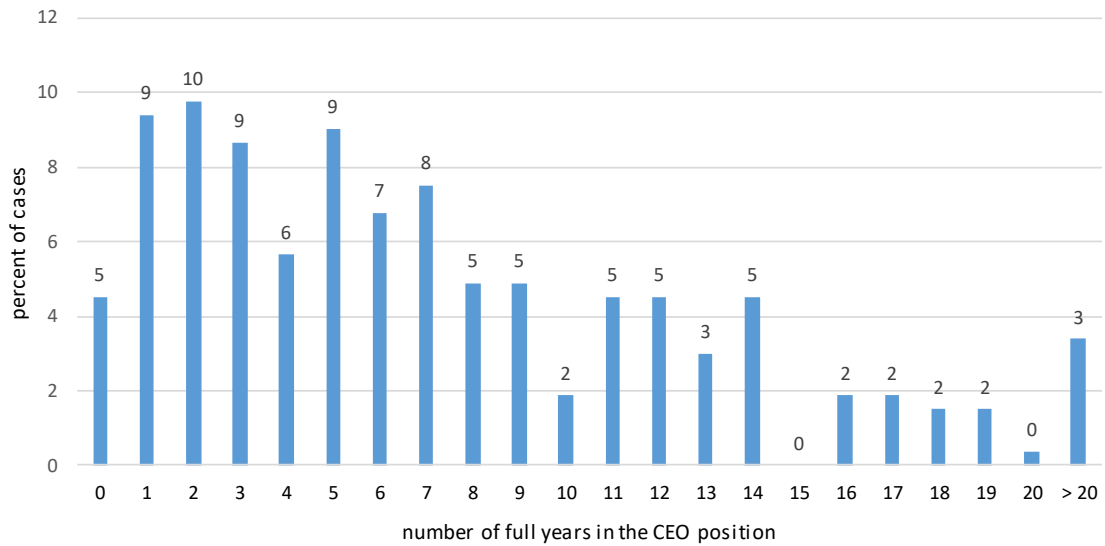
The SEC does not detail how specific that description must be.

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 May 1, 2018 to April 30, 2019 in the U.S. stock index Russell 3000

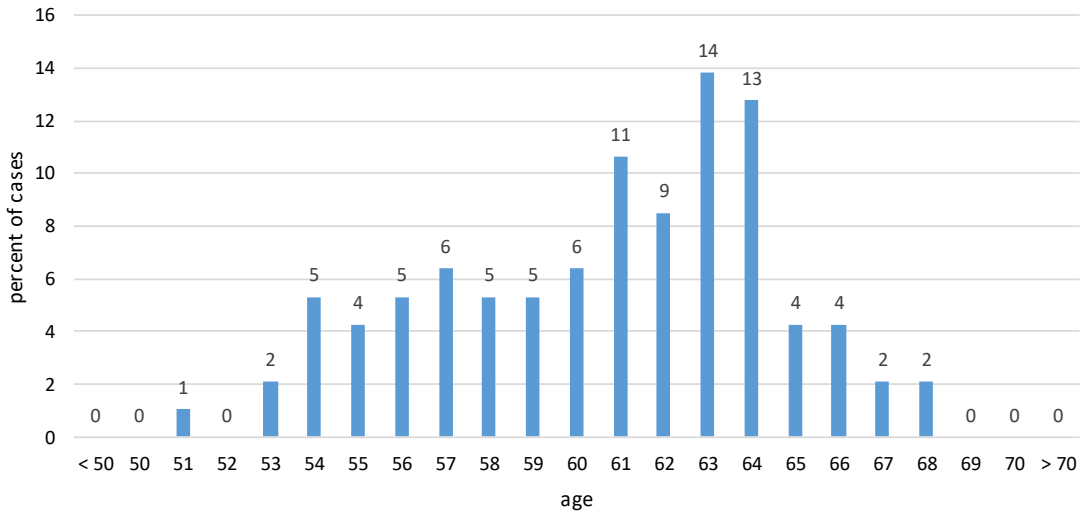


Legend: Around 9 percent of the CEOs who announced their departure within the above mentioned period left their post after 1 full year in the position. Sample includes 266 observations. Figures may not total to 100 due to rounding. Source: exchange

Exhibit 8

When they come to rest: CEO retirement age

Percentage distribution in the 12-month period from May 1, 2018 to April 30, 2019 in the U.S. stock index Russell 3000

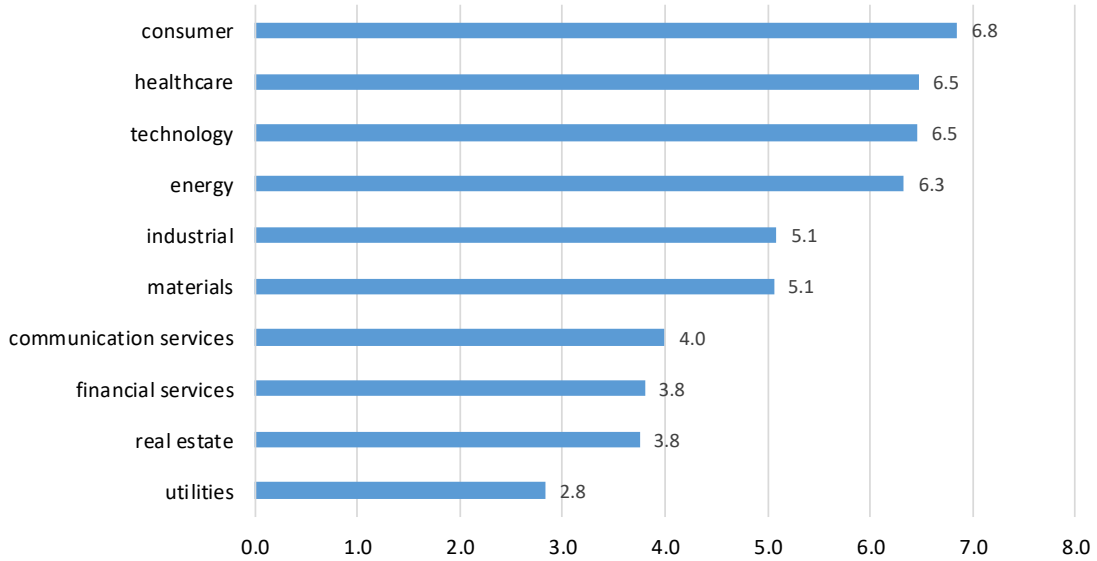


Legend: Around 13 percent of the CEOs who announced their retirement within the above mentioned period were 64 years old. Sample of all departing CEOs includes 266 observations. Figures may not total to 100 due to rounding. Source: exchange

Exhibit 9

Where the pressure on CEOs is high

Average Push-out Scores by sector in the 12-month period from May 1, 2018 to April 30, 2019 in the U.S. stock index Russell 3000



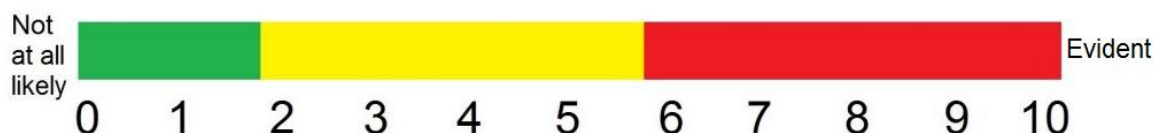
Legend: The Push-out Score on a scale of 0 to 10 is a measure of the pressure on the departing CEO. Values above 5 suggest strong pressure. Sample includes 266 observations. Source: exchange

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?



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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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