

exexchange news

We determine the Push-out Score™

9.2019

Tough end of summer for CEOs

- **CEO Push-out Index climbs to 5.8 in August from 5.2 in July**
- **Bumpy move: Aramark CEO Eric Foss retires**
- **Rough exit: E*Trade CEO Karl Roessner leaves**
- **Clean departure: Yum! Brands CEO Greg Creed retires**
- **In-depth analysis of 286 CEO departures in the U.S. from the past 12 months**

(exchange) -- September 1, 2019 -- Aramark, E*Trade Financial Corp. and Yum Brands Inc. are among the U.S. companies that announced a leadership change in August 2019.

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

Research using the Push-out Score analysis model shows that in the last summer month, forced CEO changes prevailed. The pressure on CEOs in the U.S. has risen significantly in August 2019, reaching a slightly elevated level. In July, it was at a marginally elevated level.

These are the results of a recent study by the research firm exexchange, which has analyzed 286 CEO departures from companies on the Russell 3000 index over the past 12 months (see Exhibit 1). The Russell 3000 index includes most public companies on major U.S. stock exchanges.

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 the executive's departure was almost certainly voluntary, while a score of 10 suggests an openly forced exit. Anything over 5 indicates there is strong reason to believe an executive may have been pushed out.

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.

For example, a CEO in his early 50s is likely to receive a high score if he steps down at short notice after a short tenure without a comprehensible explanation and if the company's stock price is weak, the succession plan remains unclear and the board's praise of him is lukewarm.

CEO Push-out Index climbs to 5.8

Tough end of summer for CEOs: The CEO Push-out Index™, which is calculated monthly and reflects the average Push-out Score for CEO departures in the U.S., rose to 5.8 in August 2019 from 5.2 in July 2019 (see Exhibit 3). The index rose the most in three months. For the sixth month in a row, it was above the critical level of 5. Index values over 5 signal that apparently involuntary CEO departures predominate.

In August 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 Aramark, E*Trade Financial Corp., Guidewire Software Inc., Papa John's International Inc., Amneal Pharmaceuticals Inc., Quotient Technology Inc. and Overstock.com Inc. Voluntary leadership changes and events with low Push-out Scores had a lower impact on the index in August, among them the CEO changes at Deere & Co., Yum Brands Inc., Regency Centers Corp., Pinnacle West Capital Corp. and PerkinElmer Inc.

In July 2019, the index had also been dominated by many obviously forced turnover events and leadership changes with high Push-out Scores, including the announced CEO departures at Schlumberger Ltd., TD Ameritrade Holding Corp., Molson Coors Brewing Co., AutoNation Inc., EQT Corp., Ameris Bancorp and Magellan Health Inc.

The average Push-out Score for CEO departures in the 12-month period from September 1, 2018 to August 31, 2019 was 5.8, somewhat above the long-term average of 5.

Around 57% 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, more than one in two CEOs stepped down under high pressure.

Bumpy move: Aramark CEO Eric Foss retires

With a Push-out Score of 10, the CEO departure at Aramark is at the top of the scale and appears bumpy.

As announced on August 26, 2019, Eric J. Foss has stepped down from his role as chairman, president and CEO at the food- and uniform-services giant, effective as of August 25, 2019.

While it is possible to find facts that speak for the outgoing executive, there is no reasonable doubt that Foss was under the utmost pressure to leave his post. Let's first look at the favorable factors.

First, Foss's age of 60 years (at the time the company filed its last annual proxy statement preceding the announcement) is appropriate to the move.

Second, Foss's time in office as CEO of seven years and four months (as of August 25, 2019) is impeccable.

At the same time, even a superficial observer can hardly overlook the multitude of warning signals.

The notice period is alarming. The change was implemented one day before the announcement date. That's the first point for the Push-out Score.

The stock price performance leaves room for improvement. The announcement follows a decline in Aramark's share price of 7% since January 2018. Point number 2.

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

A reason for Eric Foss's departure from the CEO post was not explicitly provided. Lead independent director Stephen Sadove, who has been named non-executive chairman of the board of directors, stated: "As a board, we are committed to conducting a comprehensive search, including seeking input, to identify the next chief executive officer to execute on our growth strategy and lead our 270,000 team members, for the benefit of all of our shareholders."

Precise information regarding Eric Foss's future plans was not immediately available.

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

Foss's departure comes less than two weeks after Mantle Ridge, the activist fund run by Paul Hilal, disclosed a 20% stake in Aramark. Mantle Ridge said in a regulatory filing it planned to hold talks with Aramark about its strategic direction, governance, board and management composition, among other matters.

The succession raises questions. Point 5.

Aramark's board has established an office of the chairman, whose members will oversee the company's day-to-day operations and engage with the board on a regular basis until a successor to Foss is named.

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

In the announcement from Aramark, which is based in Philadelphia, Pennsylvania, Eric Foss receives accolades, praise and thanks, but no word of regret and no good wishes.

In strictly formal terms, Eric Foss "is retiring" as chairman, president and CEO.

Meanwhile, Foss's separation from service is being treated as a termination without "cause."

The constellation of all the aforementioned warning signals leaves little room for interpretation and indicates that Foss was under enormous pressure to leave.

According to the Push-out Scoring System, 10 points are given when the manager was openly pushed out or when there is no reasonable doubt that the manager left the position under tremendous pressure.

Therefore, the Push-out Score is increased to 10.

Isolated from the present case, it is irrelevant for the Push-out Score whether a manager was forced to leave or quit under pressure.

Furthermore, independent from the present case, a Push-out Score of 10, an honorable departure and a formally voluntary resignation are not mutually exclusive.

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

Rough exit: E*Trade CEO Karl Roessner leaves

With a Push-out Score of 8, the CEO departure at E*Trade Financial Corp. is in the upper quarter of the scale and looks rough.

As announced on August 14, 2019, Karl A. Roessner left his post as CEO at the online brokerage firm.

Roessner's duties as CEO will be taken over by Michael A. (Mike) Pizzi, most recently chief operating officer of E*Trade.

In strictly formal terms, Roessner left his post voluntarily. E*Trade stated that Roessner "advised the company of his decision to leave, following 10 years of service."

At the same time, almost all criteria of the analysis model suggest that Roessner was under intense pressure to leave his post.

The age of Roessner of 51 years (at the time the company filed its last annual proxy statement preceding the announcement) is quite low. That's the first point for the Push-out Score.

The change is effective immediately. Point number 2.

The term of office of Roessner as CEO of three years (as of August 14, 2019) is short. Point 3.

The stock price performance is relatively poor. The announcement follows a decline in E*Trade's share price of 31% since July 2018. Point 4.

The reason for the leadership change is not fully transparent. Point 5.

A reason for Roessner's departure was not explicitly provided. Roessner said: "With our fantastic team and Mike Pizzi at the helm, E*Trade could not be in a better place to achieve its next leg of growth, which affords me the opportunity to hand over the baton."

Precise information regarding Karl Roessner's future plans was not immediately available.

The circumstances of the management change are challenging. Point 6.

Recently there has been increased speculation about a potential M&A deal between TD Ameritrade Holding Corp. and E*Trade.

As announced by TD Ameritrade on July 22, 2019, Timothy D. (Tim) Hockey, chief executive officer, leaves the online brokerage after less than three years in the role, effective upon the appointment of a new leader.

The form and language of the announcement provide points 7 and 8.

In the announcement from E*Trade, which is based in New York, Karl Roessner receives praise, thanks and good wishes, but no accolades for concrete and quantified successes and no word of regret.

Rodger A. Lawson, chairman of the board of E*Trade, said, regarding Karl Roessner: "I am grateful for his service to our firm, and I wish him the very best."

Roessner will remain as an employee of E*Trade in an advisory capacity until December 31, 2019. E*Trade has entered into a transition agreement with Roessner under which he is eligible to receive (i) \$3,500,000 in cash (which is the sum of one times his base salary and annual target bonus); (ii) his annual cash bonus for 2019; and (iii) continued vesting of his outstanding equity awards, subject to his continued compliance with customary non-competition, non-solicitation, confidentiality and non-disparagement covenants. In addition, he is entitled to receive continued payment of his base salary at the current rate of \$1 million per year through December 31, 2019 in respect of his advisory services.

Conclusion: Age, notice period, tenure, share price development, official reason, circumstances, form of the announcement and language in the communication raise eight red flags. Only the succession plan prevented the score from climbing higher.

E*Trade did not respond to a message seeking comment on the score.

Clean departure: Yum! Brands CEO Greg Creed retires

With a Push-out Score of 1, the CEO departure at Yum Brands Inc. is near the bottom of the scale and seems clean.

As announced on August 12, 2019, Greg Creed leaves his post as CEO at the world's largest fast-food-chain operator by store count.

Creed "has announced his decision to retire at the end of 2019 after a successful 25-year career with the company."

Creed's move meets all the criteria for an ideal leadership changes, with one exception.

First, Creed's age of 62 years (at the announcement date) is appropriate to the move.

Second, the lead time of 141 days is adequate.

Third, Creed's term of office as CEO of five years (as of December 31, 2019) is sufficiently long.

Fourth, the stock price performance is strong. The announcement follows an increase in Yum! Brands's share price of 125% since January 2015.

Fifth, the circumstances of the management change are broadly positive. The company's fundamentals appear to be sound. Yum reported one of its strongest quarters in years earlier in August, beating expectations for sales and profits.

Sixth, the succession plan points to a slick handover.

Greg Creed's duties as CEO will be taken over by David W. Gibbs, currently president and chief operating officer of Yum! Brands.

Seventh and eighth, the form and language of the announcement are hardly to be criticized.

In the announcement from Yum! Brands, which is based in Louisville, Kentucky, Greg Creed receives accolades, praise and thanks.

Brian Cornell, non-executive chairman of the Yum! Brands board of directors, said: "Greg Creed is one of the most talented and passionate brand builders in the restaurant industry today."

David Gibbs said that he is "honored to follow in Greg's footsteps" and stated that "we're now in the best position we've ever been in to accelerate growth and improve franchise unit economics, but we still have more to achieve."

Creed speaks highly of his successor: "The best of Yum! is still to come and I'm delighted we have an exceptional leader like David who will drive the next wave of growth for our company."

The announcement of Greg Creed's move came nine months after Brian Cornell took over as Chairman of Yum! Brands.

Conclusion: Age, notice period, tenure, share price development, circumstances, succession plan, form of the announcement and language in the communication are consistent, reasonable and free of red flags. The Push-out Score is 1 because the reason for the leadership change is not fully transparent. According to the Push-out Scoring System, one sign alone is not significant and can be ignored.

Yum! Brands did not respond to a message seeking comment on the score.

In-depth analysis of 286 CEO departures

In the 12-month period from September 1, 2018 to August 31, 2019, around 31.5% of the CEOs in the U.S. left their post with no reason given in the announcement.

Around 5.9% departed "to pursue other opportunities" and around 3.1% "to spend time with their family," statements that are sometimes taken as code for firings.

Around 2.4% left for "personal reasons," and around 2.1% departed with a specific reference to misconduct allegations (see Exhibit 5).

CEOs who departed "to pursue other opportunities" received an average score of 7.9. CEOs who left "to spend time with their family" received an average score of 6.2, and CEOs who stepped down for "personal reasons" received an average score of 7.6.

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 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."

Female CEOs are obviously more likely to be pushed out than male CEOs. Over the past 12 months, outgoing female CEOs have received an average Push-out Score of 6.9, substantially above the average Push-out Score of 5.7 for outgoing male CEOs.

In the U.S., the average tenure of departing CEOs in the 12-month period from September 1, 2018 to August 31, 2019 was 7.4 years (see Exhibit 7).

The average CEO retirement age in the U.S. was 61.1 years. The average CEO departure age (including CEOs who resigned, stepped down or retired) in the U.S. was 58 years (see Exhibit 8).

Over the past 12 months, the average Push-out Scores in eight out of 11 sectors have been above the critical threshold of 5. The highest average Push-out Scores in the U.S. were determined in the communication sector with 7.9, in the consumer discretionary sector with 7 and in the energy sector with 7 (see Exhibit 9). Telecommunications and media companies are in the midst of digital change. The consumer discretionary sector includes many brick-and-mortar stores that face fierce competition from online retailers such as Amazon.com. Oil companies are under pressure from consumers, governments and investors to transition to greener energy sources.

The lowest Push-out Scores were determined in the real estate sector with 1.1, in the utilities sector with 2.2 and in the financials sector with 4.7.

In the consumer staples sector, the average Push-out Score was 6.9, in the health care sector it was 6.2, in the information technology sector it was 5.7, in the industrials sector it was 5.3, and in the materials sector it was 5.3.

These results were calculated from 286 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 and other reports, including exhibits, are available at <https://exchange.com/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 role of gender

*By Chris Groening **

A recent analysis of CEO departures by exchange has revealed that female CEOs were more likely to be pushed out than their male counterparts (1).

Studies provide some evidence that this occurrence may be due to the appointment of female CEOs when situations are riskier or where success is less likely (2).

In other words, there is evidence that women are more often set up to fail than men.

A recent paper I wrote examines an Italian law that mandated the appointment of women to boards (3).

What was novel about my study was investors did not know which specific women would be appointed to the board, only that the board had to appoint (more) women.

Investors were more receptive to the enactment of this law for firms that were more likely to benefit from diversity.

Specifically, firms that had low levels of women on their boards increased in value if their boards had low levels of women on board committees, if the CEO was also chair of the board (and thus difference of opinions is minimized) or if the firm was in an industry that had more competition.

This value increase occurred with the law's enactment, not with the appointment of the women.

The take-home message from my study is that perhaps female CEOs might fare better if they were not placed in firms that are sinking ships but rather in firms where the diversity they bring is valued.

(1) <https://exexchange.com/9a2019/>

(2) <https://www.researchgate.net/publication/327708683>

(3) <https://doi.org/10.1108/CG-01-2018-0012>

** The writer is an Associate Professor of Marketing at Kent State University. He researches the financial impacts of corporate social responsibility. cgroenin@kent.edu.*

Editor's note: This is a guest post.

By the numbers:

Why the CEO of HSBC is sad to leave

- **Push-out Score of 9 suggests extreme pressure**
- **The CEOs of RBS, Wells Fargo and Deutsche Bank also left amid pressure**

(exchange) -- The times are uncomfortable for leaders of major global banks. Over the past 16 months, the following financial services companies, among others, have announced a CEO change: ABN Amro Group NV, Royal Bank of Scotland Group Plc, Wells Fargo & Co., Goldman Sachs Group Inc. and Deutsche Bank AG.

On August 5, 2019, HSBC Holdings Plc announced that John Flint has stepped down as CEO and as a director "by mutual agreement with the board."

Flint will be a "good leaver," which rules out any idea his departure is linked to misconduct.

How strong was the pressure on him to step down?

The Push-out Score of the research firm exchange, which gauges the pressure on outgoing CEOs on a scale of 0 to 10, shows a value of 9 for Flint's move, indicating particularly high pressure and a bumpy exit.

The age of Flint of 51 years (at the announcement date) is quite low. That's the first point for the Push-out Score.

The change is effective immediately. Point number 2.

The term of office of Flint as CEO of one year and five months is substantially short. Point 3.

The announcement follows a decline in HSBC's share price of 17% since August 2018. Point 4.

The reason for the leadership change is not fully transparent. Point 5.

While a reason for John Flint's departure was not explicitly provided, Mark Tucker, chairman of HSBC, stated that "the board believes a change is needed to meet the challenges that we face and to capture the very significant opportunities before us."

The circumstances of the management change are indeed challenging. Point 6.

HSBC, which generates 80% of its profits in Asia, must navigate escalating tensions between the U.S. and China as well as protests in Hong Kong, its largest market.

HSBC disclosed the departure of Flint alongside its half-year results as it forecast a gloomier outlook for its business.

The succession raises questions. Point 7.

A permanent successor is not immediately available.

John Flint's duties as CEO will be taken over in the interim by Noel Quinn, the head of HSBC's global commercial banking unit, as interim CEO.

The HSBC board has initiated a process to find a new CEO, and the board will be considering internal and external candidates.

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

In the announcement from HSBC, which is based in London, United Kingdom, John Flint receives accolades, praise and thanks, but no word of regret and no good wishes.

Flint said that after almost 30 years with HSBC, he "will be sad to leave."

Conclusion: Age, notice period, tenure, share price development, official reason, circumstances, succession plan, form of the announcement and language in the communication raise nine red flags.

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

Many CEOs of major global banks had to relinquish their posts amid pressure.

ABN Amro CEO Kees van Dijkhuizen announced his upcoming departure in June 2019, and the Push-out Score was 5.

Royal Bank of Scotland CEO Ross McEwan resigned in April 2019, and the Push-out Score was 6.

Wells Fargo CEO Tim Sloan stepped down in March 2019, and the Push-out Score was 9.

Goldman Sachs CEO Lloyd Blankfein announced his retirement in July 2018, and the Push-out Score was 3.

Deutsche Bank CEO John Cryan left his post in April 2018, and the Push-out Score was 10.

Standpoint:

When the CEO says: "I'm off then"

*By Daniel Schauber **

Some CEOs leave their posts at short notice. This is usually an alarm signal. Apart from health issues and death, speedy transitions often indicate that something might be wrong.

Therefore, in the Push-out Score analysis model of the research firm exchange, one in ten points is reserved for the notice period (i.e. the time between announcement and implementation of the executive change).

The Push-out Score analysis model aims to measure deviations from ideal values. Such deviations can indicate pressure on the outgoing manager. According to exchange data, smooth CEO changes are announced on average about 100 days before the actual execution.

A separation with less than 60 days lead time often raises questions. Why is the CEO in such a hurry? Was there a dispute? Has the CEO found a better job elsewhere? Does the CEO have compelling private reasons for leaving?

Finding the right balance regarding the notice period is crucial for both the company and the outgoing CEO. An excessively long lead time makes the outgoing CEO a "lame duck."

On the other hand, an abrupt departure according to the motto "I'm off then" never makes a good impression.

Sometimes, the departure announcement even comes several days after the actual departure.

In such cases at least one of 10 warning lights in the Push-out Score analysis model glows dark red.

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

Exhibit 1

| Selected CEO departures | | | |
|--------------------------------|--------------------------------------|------------------|-------------------------|
| Announced | Company | Name | Push-out Score * |
| 26-Aug-19 | Aramark | Eric Foss | 10 |
| 14-Aug-19 | E*Trade Financial Corp. | Karl Roessner | 8 |
| 12-Aug-19 | Yum Brands Inc. | Greg Creed | 1 |
| 31-Jul-19 | Molson Coors Brewing Co. | Mark Hunter | 7 |
| 22-Jul-19 | TD Ameritrade Holding Corp. | Tim Hockey | 10 |
| 19-Jul-19 | Schlumberger Ltd. | Paal Kibsgaard | 7 |
| 7-Jun-19 | Alliance Data Systems Corp. | Ed Heffernan | 7 |
| 5-Jun-19 | Laboratory Corp. of America Holdings | Dave King | 2 |
| 5-Jun-19 | Casey's General Stores Inc. | Terry Handley | 6 |
| 13-May-19 | Bed Bath & Beyond Inc. | Steven Temares | 10 |
| 9-May-19 | Symantec Corp. | Greg Clark | 9 |
| 2-May-19 | Fluor Corp. | David Seaton | 8 |
| 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 |

* 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

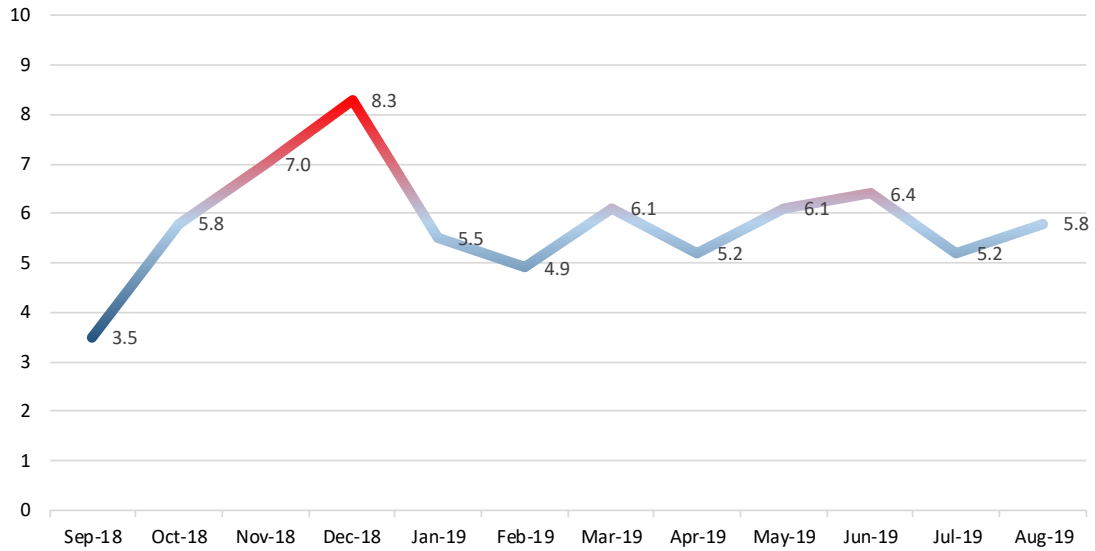
| Dimension | Selected factors |
|------------------|--|
| Form | Dedicated press release (yes or no) Placement (top of release or buried in other news, such as earnings release) Length of disclosure (e.g., excessively short or long, omissions) |
| Language | Tone of announcement (warm, neutral, cold) 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 September 1, 2018 to August 31, 2019 in the U.S. stock index Russell 3000

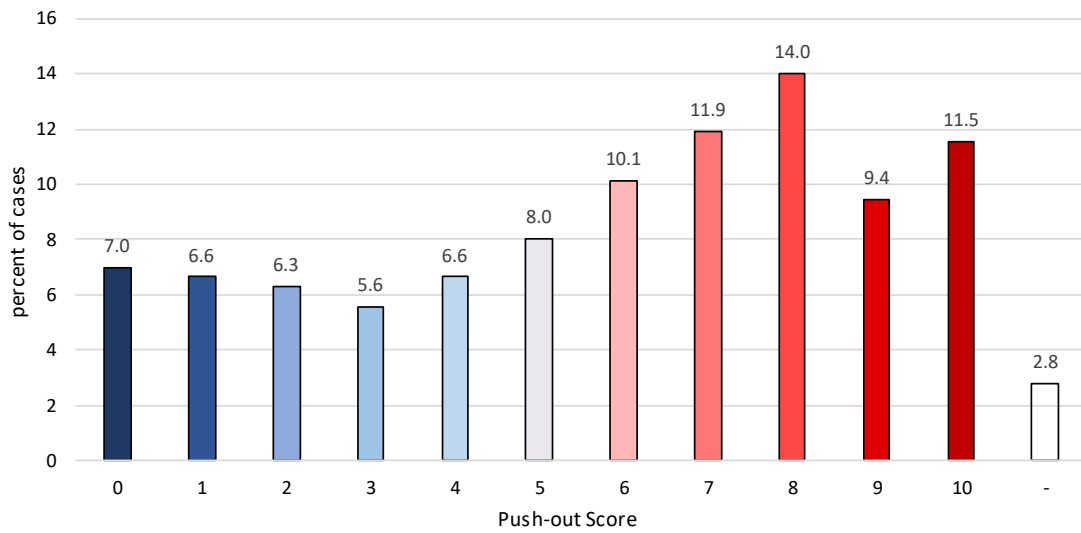


Legend: The Push-out Score on a scale of 0 to 10 is a measure of the pressure on the departing CEO. Values above 5 suggest strong pressure. Sample includes 286 observations. Source: exchange

Exhibit 4

How the pressure on CEOs is distributed

Percentage distribution of Push-out Scores in the 12-month period from September 1, 2018 to August 31, 2019 in the U.S. stock index Russell 3000

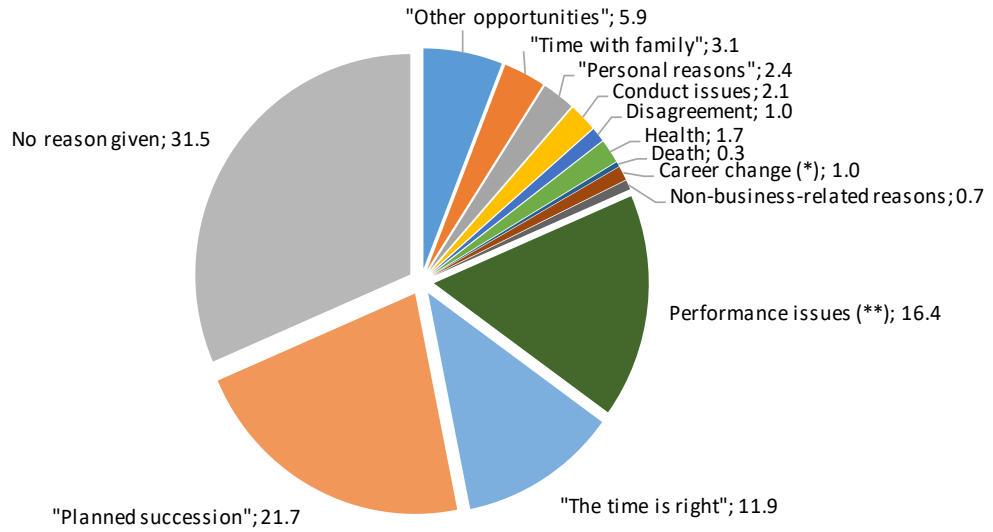


Legend: Around 7% of the CEOs received a Push-out Score of 0. Cases in which a score is not determined (e.g., death) are summarized under '-'. Sample includes 286 observations. Figures may not total to 100 due to rounding. Source: exchange

Exhibit 5

Why they leave: CEO departure reasons

Percentage distribution of departure reasons in corporate announcements in the 12-month period from September 1, 2018 to August 31, 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 286 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."

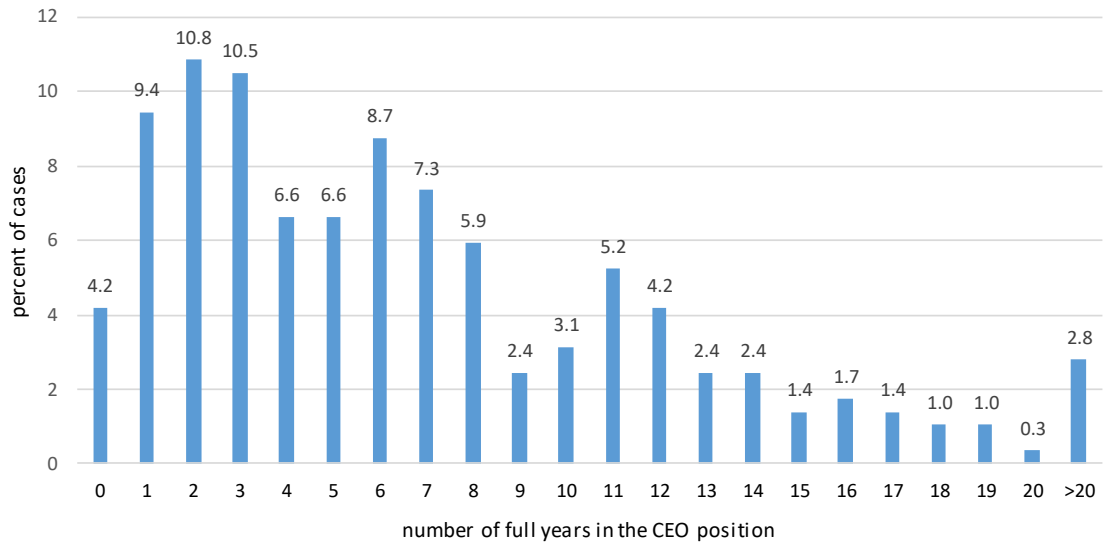
The SEC does not detail how specific that description must be.

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 September 1, 2018 to August 31, 2019 in the U.S. stock index Russell 3000

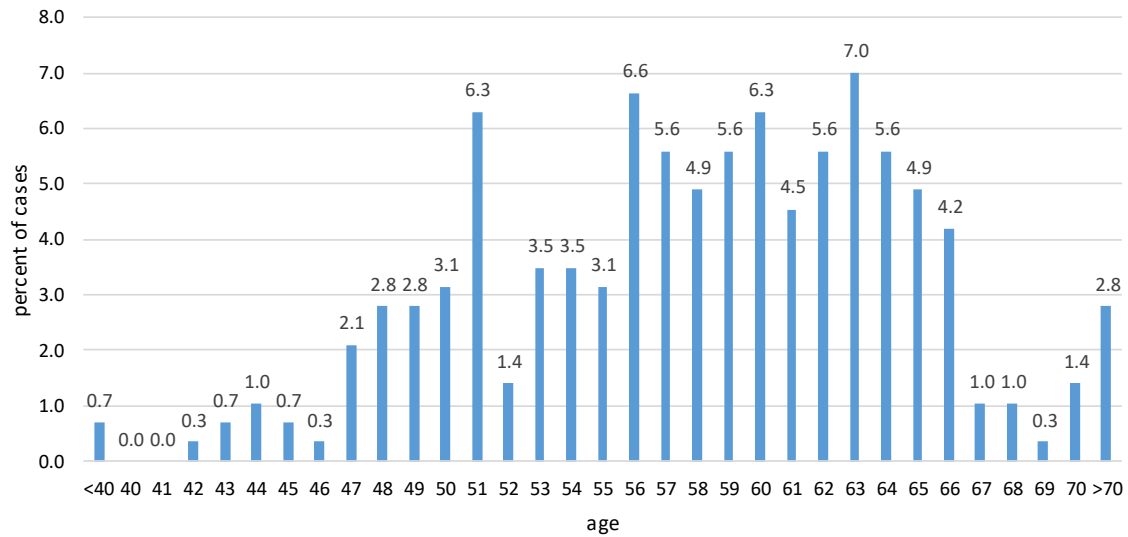


Legend: Around 9% of the CEOs who announced their departure within the above mentioned period left their post after 1 full year in the position. Sample includes 286 observations. Figures may not total to 100 due to rounding. Source: exchange

Exhibit 8

When they go: CEO departure age

Percentage distribution in the 12-month period from September 1, 2018 to August 31, 2019 in the U.S. stock index Russell 3000

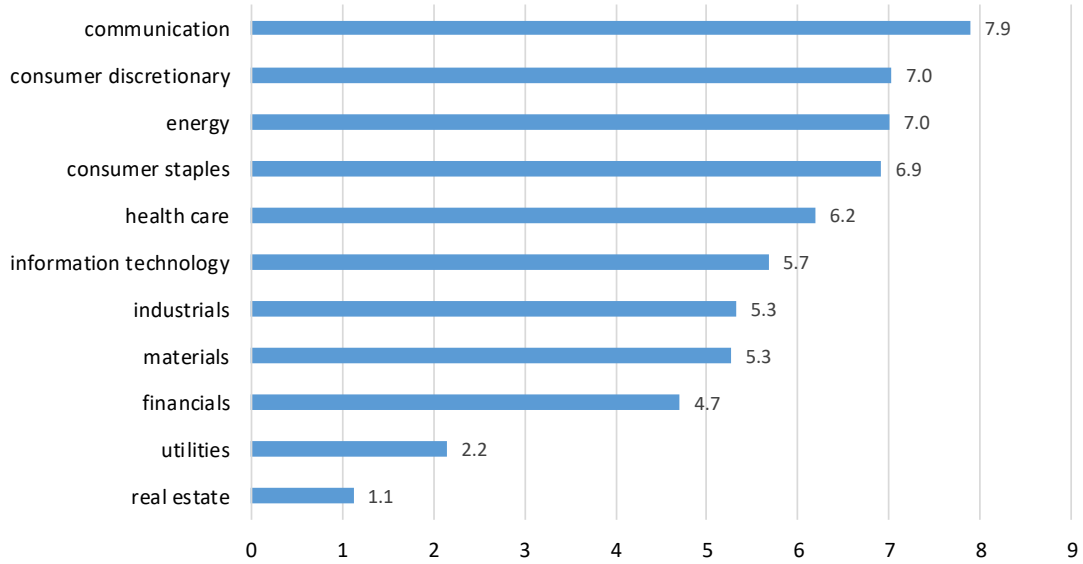


Legend: Around 6% of the CEOs who announced their departure within the above mentioned period were 64 years old. Sample includes 286 observations. Figures may not total to 100 due to rounding.
 Source: exchange

Exhibit 9

Where the pressure on CEOs is high

Average Push-out Scores by sector in the 12-month period from September 1, 2018 to August 31, 2019 in the U.S. stock index Russell 3000



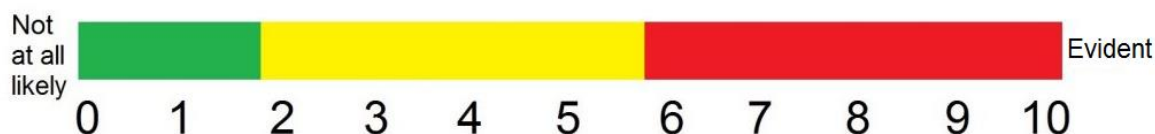
Legend: The Push-out Score on a scale of 0 to 10 is a measure of the pressure on the departing CEO. Values above 5 suggest strong pressure. Sample includes 286 observations. Source: exchange

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?



© 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?

Copyright © exexchange. All rights reserved.

This report is not a recommendation or solicitation to buy or sell any of the securities referred to in this report. Information herein has been obtained from sources believed to be reliable, but we do not warrant its accuracy, timeliness and completeness. The content is provided on an "as is" basis. exexchange is not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of the content. Analyses, including the Push-out Score™, and statements in the content are statements of opinion as of the date they are expressed and not statements of fact. exexchange assumes no obligation to update the content following publication in any form or format.

exexchange and the exexchange.com website are owned and operated by daniel schauber media.
Mailing address is

daniel schauber media
Eschersheimer Landstraße 42
60322 Frankfurt
Germany

daniel.schauber@exexchange.com