FEIGEN ADVISORS

NEW CEO REPORT®

JANUARY - DECEMBER 2018

5th Edition

FEIGEN ADVISORS

JUNE 2019

The Feigen Advisors 2018 New CEO Report

Feigen Advisors is pleased to share our fifth annual New CEO Report, profiling the 23 new chief executives in the top 250 companies in the S&P and the three new CEOs in the FTSE 30, and providing a unique view into the leadership transitions of our largest and most valuable enterprises.

In section two, you can see profiles of each new CEO. We also include the three new CEOs in the FTSE 30. In section three, we provide five years of data on CEO transition, an invaluable resource for those who exercise sway over CEO succession.

As in the past, we have invited eminent leaders to share their thinking with us in the first section of our report, "Advice to the New CEO."

Lynn de Rothschild is in the vanguard of corporate citizenship and sustainable capitalism. Lynn founded the Coalition for Inclusive Capitalism. Lynn's signature initiative is to develop one single ESG standard (there are a dozen competing variants—a tower of Babel today). This work is important, and Lynn shares her perspective with us in The New CEO Report.

Each new CEO in our report will become the leader of an organization in transformation. This level of change is unprecendented, perhaps since the beginning of modern times.

Bill Janeway, who built the incredibly successful technology practice for Warburg Pincus, author and professor at Princeton and Cambridge, provides invaluable advice in these pages to every CEO, new or current, and every leader, of businesses large or small. Bill is a technologist with four decades of experience—an entire eon in the technology space. As a result, he has his finger on the pulse of technology. He knows more players and has more stories than almost anyone I know.

The CEOs in these pages lead companies with nearly two million employees. They take charge of our most important enterprises at a critical time in the world.

Our economic future depends on their success. Please join me in congratulating the 26 new CEOs profiled in the following pages.

Marc A. Feigen
Chief Executive Officer
Feigen Advisors LLC
June 2019

Inclusive Capitalism: Now is the Time

By Lynn Forester de Rothschild
Founder & CEO, Coalition for Inclusive Capitalism; CEO, E.L. Rothschild LLC

In today's political environment, companies are targeted—too often viewed as taking from the planet and not paying for it. We are viewed as hoarding returns for owners of capital and not sharing enough with employees and other stakeholders.

But many of our largest companies are actually leaders in social change. As Tyler Cowen in *The Washington Post* pointed out recently, McDonald's, GE, P&G and many big tech companies offered health care and other legal benefits for same-sex partners well before the Supreme Court legalized gay marriage in 2015—putting a "mainstream stamp of approval" on the issue. Our biggest companies have led the way in hiring women (although the gender pay gap remains, and certainly too few women make it to the CEO's chair.) And many companies today are committed to the Paris climate accords.

CEOs today understand that their reputation and workforces are their greatest assets. Most are committed to social progress.

However, not all. Tensions exist when management teams are too focused on hitting short-term financial targets, too easily driven by what is measurable in the short term rather than by what truly matters in the long term.

As a new CEO, join other CEOs who are in the lead, working to renew trust in our system and provide "value for all" in a dynamic and sustainable way.

As a new CEO, you will stretch your growth and profit plans. You will invest. This is the moment to leverage all the good work you do and further embed ESG in a serious and measureable way into your new strategy. Make ESG goals as important as financial goals, because the two are inextricably linked. Make ESG a regular and real subject for your board. Companies that do so will win with customers who demand that companies do the right thing, and with employees who vote with their feet. We will all be better off, as individual companies and as a society, if we act collectively and inclusively.

It starts with goal setting and with measurements. Today, Environmental, Social, and Governance (ESG) measures differ. Companies are inundated with ESG questionnaires.

"We must restore trust in what companies do. We have to prove that our work provides value for everyone and takes care of our planet."

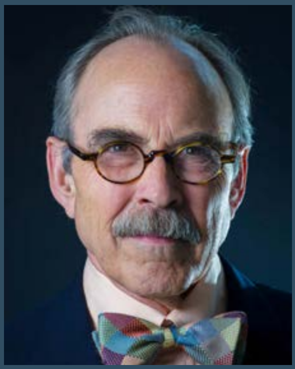
Scores are not comparable. Metrics are opaque.

To address this challenge, The Coalition of Inclusive Capitalism and Ernst and Young lead an ongoing effort with 30 leaders from nine global companies (Aetna, BASF, DowDuPont, Ecolab, J&J, Nestle, Novartis, PepsiCo, and Unilever); 11 Asset Managers including BlackRock, Fidelity, JP Morgan, Vanguard and State Street; and 11 leading asset owners (including MetLife, CalPERS, and the Government Pension Investment Fund of Japan) to create a market-led set of key drivers of long-term value that are not captured on traditional financial statements. The group agreed that talent, corporate governance, innovation and societal and environmental impact are the pillars of the framework, and we continue to work with others to establish standardized, comparable and material metrics to measure and articulate these drivers. We invite your involvement in advancing this critical effort. Here is a link: https://www.epic-value.com

It is too easy to pay lip service to sustainability. But there is peril in this road. The capitalist model is stressed in a way we have not seen since the 1930's. No company's long-term survival is secure if young people do not support the profit motive—and some studies suggest that up to two thirds of youth question capitalism itself. Arguably, little is more important in the long term than building support for inclusive capitalism. Doing so will take leadership, example-setting, and courage.

The courage to take some stances that turn some heads. The courage to forego short-term gain to invest in the environment, or in training your workforce. The courage to change the balance of rewards to fairly value all stakeholders, not just shareholders. We have seen the dangers of populism and the resulting political instability around the globe. Now is the time to show that our system of capitalism can evolve and lead. We must restore trust in what companies do. We have to prove that our work provides value for everyone and takes care of our planet. This work starts in the CEO's chair.

I invite your comments and suggestions. Please contact me at lynn@inc-cap.com



Disruption from Within

By William H. Janeway
Member of Faculty of Economics, University of Cambridge; Special Limited Partner, Warburg Pincus; Author of Doing Capitalism in the Innovation Economy: Markets, Speculation and the State.

Clayton Christensen of the Harvard Business School established a widespread and useful meme with his book *The Innovator's Dilemma*. Central to his message was the way that intense focus on serving existing customers with existing products could blind corporate leadership to the "destructive innovation" emerging beyond its current scope.

There is a financial dimension to this challenge that reinforces and amplifies the crippling threat of current success. I witnessed this phenomenon at two of the iconic technological leaders of the second half of the 20th century: Xerox and IBM, and the lessons are instructive for every CEO today.

At the start of the 1980s, I had the privilege of establishing a lifelong friendship with Dr. John Seely Brown, on his way to becoming head of Xerox' fabled Palo Alto Research Center (PARC) and Chief Scientist of Xerox. John invited me into PARC on an informal basis. There I had the opportunity to play with the future of computing—networked workstations optimized for intuitive human interaction through a graphical user interface and mouse, years in advance of their successful commercialization. But they were commercialized by Steve Jobs, not by PARC, who invented them.

Why? The dominant mood at PARC was frustration, as creative engineers one by one proposed innovative startups to headquarters back east in Stamford, Connecticut, only to see their business plans rejected. Again and again, from John Warnock of Adobe to Bob Metcalfe of 3Com, they departed to receive backing from venture capitalists and to create hugely successful, disruptive companies. Xerox' failure was a function of the arithmetic that dominated the thinking of the finance staff in Stamford who had come to exert excessive control over corporate strategy.

When a proposal hit their desks from PARC, it would come with a request to provide an allocation of capital to a project whose future returns were necessarily uncertain, dependent on overcoming technological and market risks, requiring a high rate of discount on projections of future revenues and eventual profits to compensate for these

"There is a financial dimension to this challenge that reinforces and amplifies the crippling threat of current success. I witnessed this phenomenon at two of the iconic technological leaders of the second half of the 20th century: Xerox and IBM."

risks. As anyone who had taken a finance course in business school (and they all had) knew, any such allocation of capital had to be weighed against alternative uses. And making a comparable investment in Xerox' established copier business, with its dominant market share and patent-protected profit margins, always seemed a far better investment than putting capital behind the high risk, uncertain returns from the start-ups generated by PARC's amazing technical staff.

Eventually, Xerox management learned the lesson and began to sponsor spin-outs of new technology ventures, taking a minority share of equity in return for the intellectual property it had funded. But by then it was too late: the company had wasted the option it had earned to lead the emergence of distributed computing—from the PC to the internet—that had energized the Digital Revolution in which we all now are learning to live.

We can see the same phenomenum at IBM. IBM was the dominant force in the commercial data processing marketplace whose business was radically disrupted by distributed computing. Its version of the financial dimension of The Innovator's Dilemma was exemplified by the contest between two computer offerings that met circa 1990: the RS6000 and the AS400.

The RS6000 was a high-powered compute-server designed and developed at IBM's Austin, Texas research center. Unlike any previous machine from IBM, it ran on a version of the open, standard operating system, UNIX, which was in process of driving to the margins the host of closed, proprietary architectures that had populated the first generation of the computer age. The AS400 was the last, triumphant exemplar of that generation.

Andy Heller, lead engineer of the RS6000, was invited to Armonk headquarters to present his business plan, an aggressive one that forecast that over several years IBM

"The lessons from Xerox and IBM are clear: never let current profitability blind you to the persistent, appropriately paranoid imperative need to scan the world for the disrupters, challenge them at their own game..."

could successfully challenge Sun Microsystem as leader of this emergent market segment, projecting $100s of millions of revenues in record time. But he was pitted against the team from Rochester, Minnesota responsible for the AS400. In the previous 12 months, that product had generated no less than $14 billion of revenue and $10 billion of free cash flow. The RS6000 was dead on arrival.

The paralysis induced in IBM by the profitability of its established businesses opened the door to a host of disruptive innovators at every level of the stack, from hardware to software, and drove its retreat to the low-margin, slow-growth services business. It's not clear IBM has recovered.

The lessons from Xerox and IBM are clear: never let current profitability blind you to the persistent, appropriately paranoid imperative need to scan the world for the disrupters, challenge them at their own game, and invest even if the financial model says not to.

Dr. William Janeway is a member of the Economics Faculty at the University of Cambridge, having built and led the Technology Investing Team at Warburg Pincus. He is the author of Doing Capitalism in the Innovation Economy: Reconfiguring the Three-Player Game between Markets, Speculators and the State*, published by Cambridge University Press in 2018.*

The S&P 250 New CEO Class of 2018

S&P 250 Company	*CEO*	*Market Cap*[1]	*Page*
Verizon Communications Inc.	Hans Vestberg	$ 232.2	12
Chevron Corporation	Michael (Mike) Wirth	207.9	13
PepsiCo, Inc.	Ramon Laguarta	156.0	14
3M Company	Michael (Mike) Roman	110.9	15
Salesforce.com, Inc.	Keith Block	104.8	16
Altria Group, Inc.	Howard Willard III	92.8	17
American Express Company	Stephen (Steve) Squeri	81.4	18
Lowe's Companies, Inc.	Marvin Ellison	74.2	19
General Electric Company	H. Lawrence (Larry) Culp, Jr.	65.8	20
The Goldman Sachs Group, Inc.	David Solomon	62.1	21
Prudential Financial, Inc.	Charles (Charlie) Lowrey, Jr.	33.7	22
Sysco Corporation	Thomas (Tom) Bené	32.6	23
Sempra Energy	Jeffrey (Jeff) Martin	29.6	24
Lam Research Corporation	Timothy (Tim) Archer	21.1	25
Tyson Foods, Inc.	Noel White	19.5	26
Hewlett Packard Enterprise Company	Antonio Neri	18.5	27
CenturyLink, Inc.	Jeffrey (Jeff) Storey	16.4	28
L3 Technologies, Inc.	Christopher (Chris) Kubasik	13.7	29
Cardinal Health, Inc.	Michael (Mike) Kaufmann	13.3	30
Lennar Corporation	Richard (Rick) Beckwitt	12.6	31
Kohl's Corporation	Michelle Gass	11.0	32
BorgWarner Inc.	Frederic (Fred) Lissalde	7.2	33
Xerox Corporation	Giovanni (John) Visentin	4.7	34

FTSE 30 Company	*CEO*	*Market Cap*[1]	*Page*
HSBC Holdings PLC	John Flint	$ 129.4	36
Vodafone Group PLC	Nicholas (Nick) Read	40.9	37
Compass Group PLC	Dominic Blakemore	26.2	38

1. Market Capitalization in billions of dollars as of December 31st, 2018.

"The Board has been impressed not only by Hans' performance and vision leading one of the largest organizations within Verizon, but also by his depth of experience, track record of operational success and passion for innovation. Hans is uniquely qualified to step into this role and to continue to drive growth and innovation across Verizon's platforms."

– M. Frances Keeth, Lead Director, Verizon

Hans Vestberg

Appointed	August 1, 2018
Age at Appt.	53
Succeeded	Lowell McAdam
Previous Role	EVP, CTO and President, Global Networks
Education	BBA, Uppsala University

Road to the Top

Telecommunications industry veteran, joined Verizon in 2017 after 26 years at Ericsson.

Track Record Highlights

Hans Vestberg began his career at Ericsson, a multinational networking and telecommunications equipment and services company headquartered in Sweden in 1991. At Ericsson, he gained broad international experience, with leadership positions on four continents. He was instrumental in developing Ericsson's industry-leading services organization, which grew three-fold during his five years of management. In 2007 he became Ericsson's CFO, and he was named CEO in 2009. Vestberg joined Verizon in April 2017, rising to EVP, chief technology officer and president of Global Networks before being named CEO. As CTO of Verizon, he was the architect of the company's 4G LTE rollout and its plans to build a 5G wireless broadband network.

Core Challenges

Convert Verizon's network to 5G technology; shed costs and find new pockets of growth while defending wireless-customer base of more than 116 million subscribers; develop a competitive streaming service to address threats to FiOS TV segment posed by cord-cutting.

Michael (Mike) Wirth

Appointed	February 1, 2018
Age at Appt.	57
Succeeded	John Watson
Previous Role	EVP, Midstream and Development
Education	BS, Chem. Eng., University of Colorado

"I appreciate the confidence that John and the board have placed in me. Chevron has a proud 138-year history of developing the energy that improves lives and powers the world forward. I am honored to have been selected to carry on that tradition."

– Michael Wirth

Road to the Top

Thirty-six year Chevron veteran.

Track Record Highlights

Mike Wirth joined Chevron in 1982 as a design engineer and advanced through engineering, construction and operations positions. He has served as president of Global Supply and Trading and president of Marketing for Chevron's Asia, Middle East, and Africa business. He was EVP of Downstream and Chemicals for nearly a decade. In 2016 he was named EVP of Midstream and Development, where he was responsible for supply and trading, shipping, pipeline and power operating units, as well as corporate strategy, business development, and policy, government, and public affairs.

Core Challenges

Address cost overruns at two Australian liquefied natural gas (LNG) projects; contend with growing uncertainty about Chevron's operations in Venezuela, where it is the only remaining major U.S. oil producer; manage increased scrutiny over climate change; plan for possible peak for global oil demand due to electric cars, increased fuel efficiency, and efforts to ban gasoline and diesel cars.

Ramon Laguarta

Appointed	October 3, 2018
Age at Appt.	54
Succeeded	Indra Nooyi
Previous Role	President
Education	MBA, ESADE Business School MIM, Arizona State University

"Ramon Laguarta is exactly the right person to build on our success. He is a terrific executive with a long and proven track record of growing businesses. He has a deep understanding of the changing preferences of consumers and other critical trends unfolding around the world, and he has demonstrated that he knows how to navigate them successfully."

– Indra Nooyi, Former CEO, PepsiCo

Road to the Top

Twenty-two year PepsiCo veteran, joined the company in 1996 from Chupa Chups, S.A., a leading Spanish confectionery company.

Track Record Highlights

From 1987 to 1996, Ramon Laguarta worked for Chupa Chups, S.A., a leading Spanish confectionery company, where he held a number of international roles. He joined PepsiCo in 1996, and has held a variety of positions since then. He served as Commercial VP of Europe from 2006 to 2008. Following that, Laguarta served as CEO, Europe Sub-Saharan Africa (ESSA), one of PepsiCo's most complex businesses. In that role, he successfully transformed ESSA's beverage portfolio, developed the company's juice business, and led the acquisition and successful integration of the company's dairy business in Russia. Under his leadership, ESSA generated $10 billion in revenue in 2016. Ramon served as President of PepsiCo from September 2017 until his appointment as CEO.

Core Challenges

Continue to adapt to shifting consumer tastes, particularly towards healthier products; compete for shelf space with private-label store brands and start-up snack companies in an increasingly fragmented market; adapt marketing to millennial consumers, particularly online.

Michael (Mike) Roman

Appointed	July 1, 2018
Age at Appt.	58
Succeeded	Inge Thulin
Previous Role	COO and EVP
Education	BS, EE, University of Minnesota
	MS, EE, University of Southern California

Road to the Top

Thirty-year 3M veteran, joined 3M in 1988 after five years with the Hughes Aircraft Company.

Track Record Highlights

Mike Roman joined 3M in 1988 as a senior design engineer, after five years with the Hughes Aircraft Company. Throughout his 30-year career at 3M, he has led businesses around the world, including in the United States, Europe and Asia, and has held several key leadership roles at the company. He served as 3M's chief strategist, where he worked closely with Inge Thulin to develop 3M's strategic roadmap. In 2014, he assumed leadership of 3M's largest business group, Industrial, which accounts for one-third of 3M's global sales. Roman served as COO and EVP from July 2017 until his appointment as CEO, with direct responsibility for 3M's five business groups, along with the company's international operations.

Core Challenges

Manage litigation from military veterans seeking damages for permanent ear damage allegedly sustained while using 3M's earplugs; address growing concerns about the possible health effects of per- and polyfluoroalkyl substances (PFAS), which 3M has produced since the 1950s.

"We are focused on driving growth, being relentless in putting our customers first and continuing to transform 3M to deliver greater productivity … we will continue to work to optimize our portfolio, prioritizing resources to our most attractive opportunities. We will strengthen our innovation model and continue to invest in research and development, which enables us to create unique solutions … for our customers."

– Michael Roman

“Keith has been my trusted partner in running Salesforce for the past five years, and I’m thrilled to welcome him as co-CEO. Keith has outstanding operational expertise and corporate leadership experience, and I could not be happier for his promotion and this next level of our partnership.”

– Marc Benioff, Founder, Chairman and Co-CEO, Salesforce

Keith Block

Appointed August 7, 2018
Age at Appt. 57
Succeeded Marc Benioff *(continues as co-CEO)*
Previous Role President and COO
Education BS, Info. Systems, Carnegie-Mellon University
MSPPM, Carnegie-Mellon University

Road to the Top

Twenty-six year Oracle veteran, joined Salesforce in 2013.

Track Record Highlights

Keith Block began his career at Booz Allen Hamilton as a senior consultant in 1984. From 1986 to 2012, he served in various capacities at Oracle, ultimately as Oracle’s EVP of North America Sales and Consulting, leading a multi-billion dollar sales and services business unit that achieved record revenue and margin during his tenure. Since joining Salesforce in 2013, Block has served as the company’s president, and additionally served as the company’s COO since February 2016. As president and COO, he oversaw the company’s rapidly growing, multi-billion dollar global sales and services business, alliances and channels, industry strategy, corporate development, corporate affairs, marketing and business operations.

Core Challenges

Continue to aggressively move Salesforce into new geographies and industry verticals, particularly the financial services and health industries.

Howard Willard III

Appointed	May 17, 2018
Age at Appt.	54
Succeeded	Martin (Marty) Barrington
Previous Role	EVP and COO
Education	BA, Econ. & Comp. Sci., Colgate University MBA, University of Chicago

Road to the Top

Twenty-five year Altria veteran, joined the company in 1992.

Track Record Highlights

Before joining the Altria family of companies, Howard Willard worked at Bain & Company and Salomon Brothers Inc. Since joining Philip Morris USA in 1992, Willard has held senior roles, across finance, sales, information services, quality and compliance, corporate responsibility and strategy and business development. He has also served as a director of SAB Miller. Willard has led the company as COO, CFO and EVP of Strategy and Business Development. Immediately prior to being appointed CEO, he served as the COO.

Core Challenges

Maximize Altria's core tobacco business while realizing its aspiration to be the U.S. leader in authorized, non-combustible, reduced-risk products; adapt to pressures on the tobacco industry, such as increasing indoor smoking bans and declining cigarette consumption, in part by lowering Altria's dependence on cigarettes; gain FDA approval to start selling its heat-not-burn tobacco device called iQOS with a reduced risk claim in the US; leverage recent $1.8 billion investment in Cronos (for 45%) and $12.8 billion investment in JUUL (for 35%).

"We remain confident in our ability to deliver long-term value to shareholders by maximizing our core tobacco businesses, pursuing innovative reduced-risk products and responsibly leading our industry forward through tobacco harm reduction."

– Howard Willard III

Stephen (Steve) Squeri

Appointed	February 1, 2018
Age at Appt.	58
Succeeded	Kenneth Chenault
Previous Role	Vice Chairman
Education	BS, Acct. & Comp. Sci., Manhattan College MBA, Manhattan College

Road to the Top

Thirty-two year veteran of American Express, joined the company in 1985.

Track Record Highlights

Steve Squeri began his career as a management consultant with Arthur Anderson. He joined American Express in 1985 as a manager in the Travellers Cheque Group. From 2000 to 2002, Squeri served as president of the Establishment Services group in the U.S. and Canada, and he was president of the Corporate Card group from 2002 to 2005, during which time he globalized the business. Squeri became the company's chief information officer in 2005 and also led the corporate development function, overseeing mergers and acquisitions. In 2009, he was named group president and led the formation of the Global Services Group, consolidating and globalizing the company's shared services functions. He was named vice chairman in 2015.

Core Challenges

Compete effectively in a payment landscape that is quickly shifting toward digital and mobile platforms; devote more attention and resources to new product development; reestablish leadership in the premium segment; strive for leadership in global markets; pursue loan growth from existing customers to minimize credit risk; find ways to reach millennials by offering platforms and rewards that appeal to them.

"From everything I've heard, he's absolutely the right person for the job. He knows the business, has a great track record and appreciates what makes American Express special. Ken and the board have picked someone who is going to build on a great legacy of service and success."

– Warren Buffett, Chairman and CEO, Berkshire Hathaway

Marvin Ellison

Appointed	July 2, 2018
Age at Appt.	53
Succeeded	Robert Niblock
Previous Role	CEO of J. C. Penney Company, Inc.
Education	BBA, University of Memphis
	MBA, Emory University

Road to the Top

Thirty-year retail industry veteran, joined Lowe's after a career at Target, Home Depot and J. C. Penney.

Track Record Highlights

From 1987 to 2002, Marvin Ellison served in a variety of operational roles at Target Corporation. From 2002, Ellison spent more than 12 years at The Home Depot, Inc., where he served as EVP of U.S. stores from 2008 to 2014 and was responsible for sales, profit and overall operations for 2,000 stores, more than 275,000 employees and $65 billion in annual sales volume. In 2014 he joined J. C. Penney, where he served as president and, from August 2015, CEO, until his appointment as CEO of Lowe's. At J. C. Penney, he led the turnaround that improved the company's balance sheet, increased store productivity, optimized operations, and grew key categories.

Core Challenges

Continue the integration of RONA, a Canada-based home improvement retailer, which Lowe's acquired in early 2016 for about $2.3 billion; improve penetration into the online market, where Lowe's trails its major rival, Home Depot; make better marketing use of customer data; simplify organizational structure; rationalize store inventory while improving in-stock position; implement more rigor into capital allocation process.

"Our short-term priorities at Lowe's are the following: We'll simplify our organizational structure, recruit outstanding leaders, improve our reset execution, rationalize store inventory while improving our in-stock position, invest in high-velocity SKUs for our Pro and DIY customers, implement more rigor into our capital allocation process, intensify our customer engagement and develop a true expense reduction culture."

– Marvin Ellison

"We will be working very hard in the coming weeks to drive superior execution, and we will move with urgency. We remain committed to strengthening the balance sheet including deleveraging. We have a lot of work ahead of us to unlock the value of GE. I am excited to get to work."

– H. Lawrence Culp, Jr.

H. Lawrence (Larry) Culp, Jr.

Appointed	September 30, 2018
Age at Appt.	55
Succeeded	John Flannery
Previous Role	CEO, Danaher
Education	BA, Econ., Washington College MBA, Harvard Business School

Road to the Top

Twenty-four year Danaher veteran, joined General Electric board in April 2018.

Track Record Highlights

Larry Culp joined Danaher in 1990. He was appointed group executive and corporate officer in 1995. He became EVP in 1999, rising to president and CEO by 2001. Culp served as CEO of Danaher from 2001 until 2014, starting in the job when he was only 37 years old. A devotee of lean manufacturing and deal making, he led the conglomerate through several major acquisitions. In his tenure, total shareholder return was 465%, compared with about 105% for the S&P 500 during the same period. Harvard Business Review named Culp one of the Top 50 CEOs in the world. Culp joined the General Electric board in April 2018.

Core Challenges

Restore investor confidence; execute strategy to spin off GE's health-care, transportation and oil and gas businesses and focus on its power and aviation units; address potential quality problems at GE Power suggested by recent blade failures; address a large pension shortfall caused by years of inattention and low interest rates; safely shrink GE Capital; stabilize the long-term care insurance portfolio that suffered a $6 billion loss in January 2018.

David Solomon

Appointed	October 1, 2018
Age at Appt.	56
Succeeded	Lloyd Blankfein
Previous Role	President and COO
Education	BA, Pol. Sci. & Gov., Hamilton College

Road to the Top

Financial industry veteran, joined Goldman Sachs in 1999 from Bear Stearns.

Track Record Highlights

From 1984 to 1991, David Solomon served in various positions in the financial industry, with Salomon Brothers, Drexel Burnham and others. From 1991 to 1999 Solomon was an investment banker with Bear Stearns, eventually leading its investment banking business. He joined Goldman Sachs as a partner in 1999, and served as the global head of the Financing Group, which includes all capital markets and derivative products for the firm's corporate clients. From July 2006 to December 2016 Solomon was co-head of the Goldman Sachs Investment Banking Division. He was named president and COO in January 2017 and CEO on October 1, 2018.

Core Challenges

Improve on recent disappointing results from Goldman's securities trading businesses, which have performed worse than other big banks in recent years; improve recruitment and retention of top talent in the face of competition from Silicon Valley; introduce smarter technology in stock trading and investment management; expand Goldman's nascent consumer bank, Marcus, into new areas.

"David is the right person to lead Goldman Sachs. He has demonstrated a proven ability to build and grow businesses, identified creative ways to enhance our culture and has put clients at the center of our strategy."

– Lloyd Blankfein, Former CEO, Goldman Sachs

Prudential

"Our goal is to meet our customers' needs when, where and how they want. By leveraging technology and our scale, we can significantly expand the addressable market, build deeper and longer lasting relationships with customers and clients, and make a meaningful difference in the financial wellness of their lives."

– Charles Lowrey, Jr.

Charles (Charlie) Lowrey, Jr.

Appointed	December 1, 2018
Age at Appt.	60
Succeeded	John Strangfeld
Previous Role	EVP and COO, International Businesses
Education	BA, Architecture, Princeton University MA, Architecture, Yale University MBA, Harvard University

Road to the Top

Thirty-year financial industry veteran, joined Prudential in 2001 from J.P. Morgan.

Track Record Highlights

In the mid-80s Charlie Lowrey spent four years as a managing partner of an architecture firm he founded in New York City. He began his investment banking career in 1988 at J.P. Morgan, where he rose to managing director and head of the Americas for its Real Estate and Lodging Investment Banking group. Lowrey joined Prudential in 2001 as president and then CEO of its real estate investment business. He subsequently served as president and CEO of PGIM, Prudential's global investment management business, then as EVP and COO of Prudential's U.S. businesses. From 2014 until his appointment as CEO, Lowrey served as EVP and COO of Prudential's international businesses.

Core Challenges

Ensure growth; respond to insurance technology disruptors; provide winning solutions in a highly competitive, low-growth market.

Thomas (Tom) Bené

Appointed	January 1, 2018
Age at Appt.	55
Succeeded	William DeLaney III
Previous Role	President and COO
Education	BS, University of Kansas

Road to the Top

Food service industry veteran, joined Sysco in 2013 after 23 years at PepsiCo.

Track Record Highlights

Tom Bené held a variety of positions of increasing responsibility in marketing, sales, operations, franchise development and general management during a 23-year career at PepsiCo, culminating with his role as president of PepsiCo Foodservice. Bené joined Sysco in 2013 as EVP and chief merchandising officer, leveraging his broad business experience to guide the merchandising, inbound supply chain and quality assurance functions. In 2014, he became EVP and chief commercial officer and took on responsibility for the company's commercial agenda. In 2015, he became EVP and president of Foodservice Operations, adding responsibility for all U.S. operations. Bené was promoted to president and COO in January 2016.

Core Challenges

Respond to industry demands for organic, healthier food; improve customer partnering; compete with online challengers; leverage technology to optimize service and costs.

"We continue to make the necessary investments in our people, technology and training that will lay the foundation for future growth."

– Thomas Bené

"Sempra's value proposition still holds true. Our team remains focused on pursuing strong growth with a utility light risk profile. We remain committed to maximizing shareholder returns through strategic disciplined investments and growing dividends."

– Jeffrey Martin

Jeffrey (Jeff) Martin

Appointed	May 1, 2018
Age at Appt.	56
Succeeded	Debra Reed
Previous Role	EVP and CFO
Education	BS, US Military Academy, West Point MPA, University of Texas, El Paso JD, University of Miami

Road to the Top

Industry veteran, joined Sempra Energy thirteen years prior to appointment.

Track Record Highlights

After graduating from West Point in 1984, Jeff Martin served as an officer in the U.S. Army, practiced law at the firm of Snell & Wilmer, served as corporate counsel at UniSource Energy, and was CFO of NewEnergy, Inc. He joined Sempra Energy in 2004, and in his 13 years with the company, Martin has held a variety of leadership positions of increasing responsibiliy. From 2010 through 2013, he was president and CEO of Sempra U.S. Gas & Power and Sempra Generation, Sempra Energy's renewable energy and midstream businesses. From 2014 through 2016, he was CEO of San Diego Gas & Electric (SDG&E), one of Sempra Energy's regulated utilities. From January 2017 until his appointment as CEO, he served as Sempra Energy's EVP and CFO.

Core Challenges

Plan for possible mandates for increased sources of renewable energy and related regulatory risks; address the potential for financial responsibility of its California utilities for wildfires linked to their equipment.

Timothy (Tim) Archer

Appointed	December 5, 2018
Age at Appt.	51
Succeeded	Martin Anstice
Previous Role	President and COO
Education	BS, App. Phys., California Institute of Technology Mgmt Dev. Program, Harvard Business School

Road to the Top

Technology industry veteran, joined Novellus in 1994, which was acquired by Lam Research in 2012.

Track Record Highlights

Tim Archer began his career in 1989 at Tektronix, where he was responsible for process development for high-speed bipolar ICs. He joined Novellus in 1994 and held a number of positions at that company, including EVP of Sales, Marketing, and Customer Satisfaction; EVP of the PECVD and Electrofill business units; and senior director of technology for Novellus Systems Japan. At the time of its acquisition by Lam Research in 2012, Archer was COO of Novellus. Upon that acquisition, he was appointed EVP and COO of Lam Research. In January 2018 he was promoted to president and COO.

Core Challenges

Manage or compensate for the cyclical nature of the semiconductor business; anticipate and adjust for possible adverse effects on business from trade tensions with China and the recent slowing of its growth.

"I am honored to lead Lam Research at a time of great opportunity for our company. Lam has industry-leading technologies and is well-positioned to capitalize on the multiple demand drivers for the semiconductor industry. We are committed to our long-term strategy of value creation for our customers, employees, business partners, and stockholders."

– Timothy Archer

Tyson

Noel White

Appointed	September 30, 2018
Age at Appt.	60
Succeeded	Tom Hayes
Previous Role	Group President, Beef, Pork and International
Education	Bemidji State University MBA, Oklahoma City University

"I look forward to accelerating the current trajectory of growth as a global modern food company through our operational excellence, innovative thinking and focus to sustainably feed the world."

– Noel White

Road to the Top

Industry and Tyson Food veteran, joined the company on its acquisition of IBP in 2001.

Track Record Highlights

Noel White has over 35 years of experience in the food industry and worked in sales and marketing at IBP for nearly two decades prior to its 2001 acquisition by Tyson Foods. He has served in various leadership roles throughout his career with Tyson Foods, including in sales, management, and company officer positions including COO, president of Poultry, senior group VP of Fresh Meats, SVP for Fresh Meat Sales and Marketing, senior vice president for Pork Product Management, and group president of Beef, Pork and International, where he was responsible for delivering top- and bottom-line growth for the company's beef and pork segments as well as the international business.

Core Challenges

Continue the strategy pivot from commoditized meats to prepared meals and branded consumer goods; navigate trade disputes that have led to tariffs on U.S. meat products in top export markets such as Mexico and China; expand globally to lessen the impact of tariffs and NAFTA changes.

Antonio Neri

Appointed	February 1, 2018
Age at Appt.	50
Succeeded	Meg Whitman
Previous Role	President
Education	BS, CE, Escuela Nacional de Educación Técnica Universidad Tecnólogica Nacional

Road to the Top

Twenty-three year company veteran, joined Hewlett-Packard in 1995.

Track Record Highlights

Antonio Neri joined HP in 1995 as a customer service engineer in the EMEA call center. He went on to hold various roles in HP's Printing business and then to run customer service for HP's Personal Systems unit. In 2011, Neri began running the company's Technology Services business, then its Server and Networking business units, before running all of Enterprise Group in 2015 when it split from HP. As the leader for HPE's largest business segment, comprising server, storage, networking and services solutions, Neri was responsible for setting the R&D agenda, bringing innovations to market, and go-to-market strategy and execution. Neri was appointed president of HPE in June 2017. In addition to leading the company's four primary lines of business, as president, Neri was responsible for HPE Next, a program to accelerate the company's core performance and competitiveness.

Core Challenges

Realize HPE's sizable investments in edge computing, a new type of computing architecture in which data is processed and analyzed on or near the device where it's generated; implement new strategy of selling more expensive hardware to conventional businesses rather than selling standard servers to cloud giants; counter moves by Amazon, Microsoft, and Google to expand aggressively into the market for infrastructure cloud services.

"As an employee of the company for over 20 years, I know every system and every process, [and] I have a unique opportunity to really transform the company."

– Antonio Neri

Jeffrey (Jeff) Storey

Appointed	May 23, 2018
Age at Appt.	57
Succeeded	Glen Post III
Previous Role	COO
Education	BS, Phys. & Math., Northeastern State University MS, Telecomm., Southern Methodist University

Road to the Top

Thirty-five year telecommunications industry veteran, joined CenturyLink upon its acquisition of Level 3 in 2017.

Track Record Highlights

Jeff Storey began his career with Southwestern Bell Telephone in 1983. From 1994 to 1999 he held senior executive positions at Cox Communications. He served in senior positions with WilTel Communications from 1999 to 2005, including as president and CEO from 2002, and was president of Leucadia Telecommunications Group from 2005 to 2008. From 2008 through 2013, Storey served as president and COO of Level 3 Communications, with global responsibility for Sales, Marketing, Customer and Network Operations, IT and Business Process Engineering. He served as president and CEO of Level 3 from April 2013 until its 2017 merger with CenturyLink, when he was named president and COO of CenturyLink.

Core Challenges

Realize expected savings from synergies following acquisition of Level 3; maintain attractive dividend while improving cash flow; resolve multiple class-action consumer fraud suits.

"We're focused on driving profitable growth, continuing to capture synergies and taking advantage of the cost and customer experience transformation opportunities we see. We will continue investing in the business to drive future growth and free cash flow per share."

– Jeffrey Storey

Christopher (Chris) Kubasik

Appointed	January 1, 2018
Age at Appt.	56
Succeeded	Michael Strianese
Previous Role	President and COO
Education	BA, Acc., University of Maryland

Road to the Top

Aerospace and defense industry veteran, joined L3 Technologies in 2015 after thirteen years at Lockheed Martin.

Track Record Highlights

Chris Kubasik began his career at Ernst & Young in 1983, where he was named partner in 1996. In 1999, he joined Lockheed Martin Corporation, where he held a number of senior executive and finance roles, including as president and COO from 2010 until 2012. Kubasik was president and CEO of the Seabury Advisory Group LLC, a leading aviation and A&D professional services firm, before joining L3 as president and chief operating officer in 2015. Kubasik is also a certified public account and attended the Executive Program at Northwestern University's Kellogg School of Business and completed the Systems Acquisition Management ourse for Flag Officers at the Defense Acquisition University.

Core Challenges

Transform L3 from a holding company to an operating company by becoming better integrated, more collaborative and more innovative; pursue the strategy to be the "non-traditional sixth prime" in a defense industry that has historically been dominated by five big "prime" contractors—Boeing, Lockheed Martin, General Dynamics, Raytheon, and Northrop Grumman.

"Looking ahead, we are executing our growth strategy by emphasizing program performance, investing in advanced technologies, enhancing business development, and continuing to identify opportunistic acquisitions that create value for our customers and our shareholders."

– Christopher Kubasik

"I look forward to working with [George Barrett] and our incredibly talented and dedicated team to build on the strong foundation we have in place and further enhance the value we provide to all of our stakeholders, while never losing sight of our ultimate goal of supporting our partners in the critical work they do serving patients and their families."

– Michael Kaufmann

Michael (Mike) Kaufmann

Appointed	January 1, 2018
Age at Appt.	55
Succeeded	George Barrett
Previous Role	CFO
Education	BBA, Ohio Northern University

Road to the Top

Twenty-seven-year Cardinal Health veteran, joined the company in 1990 from Arthur Andersen.

Track Record Highlights

Mike Kaufmann began his career at Arthur Andersen, before joining Cardinal Health in 1990. During his 27 years at Cardinal Health, Kaufmann served in a wide range of leadership positions across operations, sales and finance roles touching all areas of the business. He was instrumental in orchestrating the joint venture with CVS Health that formed Red Oak Sourcing and the creation of Fuse, the Cardinal Health technology innovation center. Kaufmann served as CFO of the company from 2014 until his appointment as CEO. During that time, he oversaw all of the financial activities for the company, including external reporting, investor relations, tax strategy/planning, and capital deployment as well as global sourcing for both the Pharmaceutical and Medical segments.

Core Challenges

Address loss of revenue from lower generic-drug prices; manage potential financial and reputational risks related to the U.S. opioid crisis and Cardinal Health's role as a distributor of opiate-based pharmaceuticals, particularly in light of related lawsuits and shareholder activism.

Richard (Rick) Beckwitt

Appointed	April 12, 2018
Age at Appt.	58
Succeeded	Stuart Miller
Previous Role	President
Education	BA, Econ. & Psych., Claremont McKenna College

Road to the Top

Homebuilding and construction industry veteran, joined Lennar in 2006.

Track Record Highlights

Rick Beckwitt has been involved in the homebuilding and construction industry for more than 30 years. From 1986 to 1993, Beckwitt worked in the Mergers and Acquisitions and Corporate Finance Departments at Lehman Brothers Inc., specializing in the homebuilding and building products industries. From 1993 to 2003 he held various executive positions, including president of D.R. Horton, Inc. Beckwitt joined Lennar as EVP in 2006, and was named president in 2011.

Core Challenges

Take advantage of expected synergies from the recent acquisition of the CalAtlantic Group; successfully compete for skilled construction labor; adapt to higher regulatory expenses that make building homes more costly.

"We are now the #1 builder in 20 markets and a top 3 builder in 32 markets … This critical mass will continue to increase our operating leverage."

– Richard Beckwitt

"The entire organization across our stores, distribution centers, call centers and corporate offices are executing at an incredible level with great discipline, speed and agility."

– Michelle Gass

Michelle Gass

Appointed	May 16, 2018
Age at Appt.	50
Succeeded	Kevin Mansell
Previous Role	Chief Merchandising and Customer Officer
Education	BS, Chem. Eng., Worcester Polytechnic Institute MBA, University of Washington

Road to the Top

Seventeen-year Starbucks veteran, joined Kohl's in 2013.

Track Record Highlights

Michelle Gass began her career with Procter & Gamble in 1990. Beginning in 1996, Gass spent nearly 17 years at Starbucks, where she held a variety of leadership roles. Most recently, she served as president of Starbucks Europe, Middle East and Africa. Gass joined Kohl's in 2013 as chief customer officer and was named chief merchandising and customer officer in 2015. She was promoted to CEO-elect in October 2017. She was an integral leader of the creation of Kohl's long-term strategic framework, the Greatness Agenda, in 2014. Gass also led the company's focus on becoming an active and wellness destination, launched Kohl's new loyalty program and was responsible for bringing in new categories, partners and brands.

Core Challenges

Become best-in-class as an omnichannel retailer; continue to increase speed to market to improve the performance of proprietary brands; pursue and expand digital initiatives, such as the Kohl's app.

Frederic (Fred) Lissalde

Appointed	August 1, 2018
Age at Appt.	50
Succeeded	James Verrier
Previous Role	EVP and COO
Education	MS, Mech. & General Eng., ENSAM MBA, HEC Paris

Road to the Top

Eighteen-year BorgWarner veteran, joined the company in 2000 from Valeo.

Track Record Highlights

Fred Lissalde began his career in 1993 at Valeo and ZF, holding various postions in program management, engineering, operations and sales in the United Kingdom, Japan and France. He joined BorgWarner in 2000, and has held positions of increasingly significant responsibility since then. Lissalde has served as president and general manager of BorgWarner Turbo Systems, the company's largest business, VP and general manager of BorgWarner Transmissions Systems and VP of Global Sales and Marketing of BorgWarner Drivetrain Systems. He also was the managing director of several operations in Europe for BorgWarner Drivetrain Systems. Before being appointed CEO, Lissalde served as EVP and COO.

Core Challenges

Maintain appropriate product balance across combustion, hybrid and electric vehicles to position the company to succeed regardless of the future mix of propulsion systems.

"We are in a position where we are kind of agnostic to whether combustion is going to go down faster or hybrid is going to go up faster or electric… so our biggest challenge is always the same thing. In this business, you have to have the right product at the right time."

– Frederic Lissalde

"I joined the company because I saw an opportunity to rebuild Xerox into a leading tech company. I've spent considerable time talking with customers, partners and employees. There is one common theme: they want us to succeed."

– Giovanni Visentin

Giovanni (John) Visentin

Appointed	May 15, 2018
Age at Appt.	55
Succeeded	Jeffrey (Jeff) Jacobson
Previous Role	Senior Advisor, Exela Technologies
Education	BComm, Concordia University

Road to the Top

Information technology industry veteran, joined Xerox after a long career at IBM.

Track Record Highlights

John Visentin began his career at IBM in 1984, where he served in various roles until 2011, eventually as a regional division general manager. In 2011 and 2012 he served at Hewlett-Packard, most recently as an EVP and General Manager. At both HP and IBM, he managed multibillion dollar business units in the IT services industry. From October 2013 through July 2017, Visentin served as the executive chairman and CEO of Novitex Enterprise Solutions. Before joining Xerox, Visentin was a senior advisor to the chairman of Exela Technologies and an operating partner for Advent International, where he assisted in the due diligence and evaluation of investment opportunities. He was also a consultant to Icahn Capital in connection with a proxy contest at Xerox from March 2018 to May 2018.

Core Challenges

Simplify the business to create greater focus, speed, accountability and effectiveness; improve revenue by simplifying the organizational structure and evaluating unprofitable contracts; drive long-term growth by increasing focus on software innovation to deliver differentiated value to customers and expand into adjacent markets.

The FTSE 30
New Class of 2018

HSBC

"After a period of restructuring, it is now time for HSBC to get back into growth mode. In the next phase of our strategy we will accelerate growth in areas of strength, in particular in Asia and from our international network … We are going to build a leading wealth management business to capture the growing wealth in Asia. The Asian middle class base and average household income are expected to more than double by 2030, but Asian high net worth financial income will double before that — by 2025."

– John Flint

John Flint

Appointed	February 21, 2018
Age at Appt.	49
Succeeded	Stuart Gulliver
Previous Role	Chief Executive, Retail Banking & Wealth Management
Education	BA, Econ., Portsmouth Polytechnic

Road to the Top

Twenty-nine year veteran of HSBC.

Track Record Highlights

John Flint joined HSBC as an international officer in October 1989, in Asia. He has held various roles across the group, with postings in Hong Kong, Singapore, Indonesia, Thailand, India, Bahrain, the United States and the United Kingdom. In 2006, Flint was appointed group treasurer and in 2008, he added the roles of deputy head of Global Markets and head of Global Markets, Europe, Middle East and Africa. In 2010, Flint was appointed chief executive of HSBC Global Asset Management and in 2012, he became chief of staff to the group chief executive and group head of Strategy and Planning. He was appointed as a group managing director in January 2013 and chief executive of Retail Banking and Wealth Management.

Core Challenges

Continue the "pivot to Asia" strategy, including plans to expand in Hong Kong and the Pearl River Delta region of southern China by redeploying capital from less profitable parts of the group; take advantage of China's relaxation of local ownership rules and its rising middle-class population to become a top-tier wealth manager in Asia; improve performance in the US and France and continue expanding market share in UK mortgages.

vodafone

Nicholas (Nick) Read

Appointed	October 1, 2018
Age at Appt.	54
Succeeded	Vittorio Colao
Previous Role	Group Chief Financial Officer
Education	BA, Acc. & Fin., Manchester Metropolitan University

Road to the Top

Seventeen-year Vodafone veteran, joined the company in 2001 from United Business Media.

Track Record Highlights

Prior to joining Vodafone, Nick Read held senior global finance positions with United Business Media and Federal Express Worldwide. He joined Vodafone in 2001 as Vodafone UK finance director before being appointed Vodafone UK chief commercial officer then Vodafone UK chief executive. He served as the Group's chief executive for the Africa, Middle East and Asia Pacific region and served as a board member of a number of Vodafone's emerging markets subsidiaries including Vodacom Group and Vodafone India. Read was appointed group chief financial officer and joined the Vodafone Group Board in April 2014.

Core Challenges

Drive greater consistency of commercial execution; accelerate digital transformation and improve digital interactions with customers; generate better returns from infrastructure assets by creating a virtual internal tower company across European operations; simplify operating model and reduce operating costs; manage roll out of 5G.

"Looking ahead, my new strategic priorities focus on driving greater consistency of commercial execution, accelerating digital transformation, radically simplifying our operating model and generating better returns from our infrastructure assets."

– Nicholas Read

COMPASS GROUP

Dominic Blakemore

Appointed	January 1, 2018
Age at Appt.	48
Succeeded	Richard Cousins
Previous Role	Deputy CEO
Education	BA, French, University College London

Road to the Top

Began his career in accounting and finance, joined Compass Group as CFO in 2012.

Track Record Highlights

Dominic Blakemore began his career at PricewaterhouseCoopers. Between 2004 and 2010 he held senior finance positions with Cadbury plc, and was the CFO of Iglo Foods from 2010 to 2012. Blakemore joined Compass Group in 2012 as CFO, a role which encompassed strategy, investor relations, IT and sector head of Defence, Offshore and Remote. He was appointed COO Europe in 2015.

Core Challenges

Identify and roll out best practices throughout the company in a systematic and disciplined way, with greater emphasis on common technology platforms; continuously improve core business, with an emphasis on quality and innovation; coordinate core food purchasing processes and systems across the group; manage labor costs by investing in systems to improve time and attendance, as well as use of overtime, agency and temporary labor.

"We have great people, a strong talent pipeline and a clear culture of performance and accountability. I believe that this ability to grow and use our scale gives us an advantage that is very hard to replicate."

– Dominic Blakemore

S&P 250 New CEO Succession: 2014 to 2018
A Five-Year View

134
New CEOs

From 2014 to 2018, 134 new CEOs took over companies in the S&P 250.

9 Years
as CEO

The average tenure of predecessor CEOs was 9.1 years.

54.6
Years Old

The average age of a new CEO was 54.6 years old.

84% Promoted
from Within

84% of CEOs were promoted from within.

21 Years
of Service

Insiders averaged over two decades of service at the companies they now lead.

Five Years of Data: New CEO Classes 2014 through 2018

Starting with our inaugural report in 2014, we have now gathered five years of data. Over this period, 134 new chief executive officers took over companies in the S&P 250[1], a turnover of roughly 11 percent per year.

Common themes clearly emerge: large cap CEO tenure is approximately nine years; new CEOs were generally insiders with long careers at their companies; they often led business units prior to their CEO appointment; they were predominantly male, well-educated, and averaged mid-50s in age. Female CEOs were underrepresented, with only nine female CEOs over five years. By comparison, ten CEOs had at one worked for PepsiCo. Additional findings include:

- Eighty-four percent of CEOs were promoted from within.
- Nearly half of all new CEOs have an MBA.
- Nearly three quarters of successions were attributed to planned retirement.
- The average age of a new CEO in the S&P 250 was 54.6 years old.
- The youngest CEO was 42 years old at appointment, and the oldest was 74 years old.
- The S&P 250 averaged roughly 27 new CEOs per year, ranging from a low of 23 in 2016 and 2018 to a high of 30 in 2017.

Promoting from Within versus Turning to the Outside

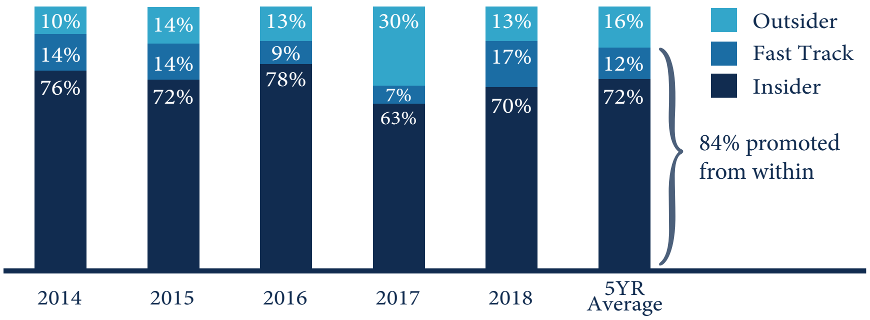
Most Promoted from Within

Eighty-four percent of CEOs were promoted from within (112 of 134). Most of these were long-tenured insiders (96 of 112), and a smaller group were fast-track CEOs, brought in at senior roles that later led to their promotion (16 of 112).

Insiders averaged over 21 years of service at their companies, and many joined their companies early in their careers—nearly 60% of insiders (56 of the 96) joined the companies they now lead before the age of 35. One-fifth of insiders (19 of 96) joined before the age of 25.

1. S&P 250 is determined as the top 250 companies ranked by revenues as of December 31st of the respective calendar year.

From 2014 - 2018, eighty-four percent of CEOs were promoted from within:



Only 16% Turned to the Outside

Collectively, outsiders accounted for only 16% of all CEOs over the past five years (22 of 134). These 22 outsiders have some shared attributes.

Outside successors shared at least one of four characteristics—and in all but one case, they had more than one of these:

1. **Industry Veterans**
   Nearly all (91%, or 20 of 22) were long-tenured veterans in their industry. Of the two who were not industry veterans, one (Jim Hackett) was already on the board of the company.

2. **CEO Experience**
   Eighty-six percent (19 of 22) had held a CEO title prior to appointment, at either public or private companies. Nearly two thirds of those with prior CEO experience (12 of 19) had been CEOs of public companies.

3. **Non-executive Board Members**
   More than a quarter (6 of 22) were serving as non-executive board members when they were tapped to become CEO.

4. **External CEO Candidates**
   If companies did not opt for an outsider with previous CEO experience, they looked towards the next-in-line from another company: 18% of outsiders (4 of 22) were candidates to become CEO at the companies they left, often in the same industry. Only one, Advance Auto Parts CEO Thomas Greco (Class of 2016), had no previous industry experience when he became CEO.

35 Years or Younger

Nearly 60% of Insiders joined the companies they now lead before the age of 35.

Industry Veterans

91% of outsiders had deep industry experience.

CEO Veterans

86% of outsiders had held the CEO title before—nearly two thirds had been public company CEOs.

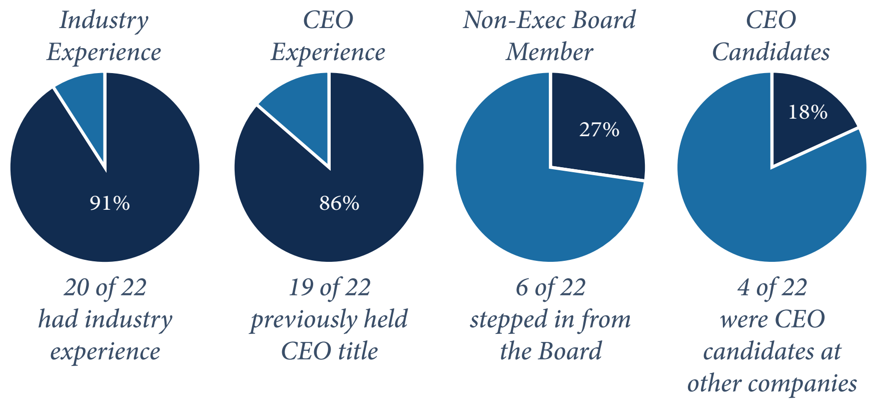
Turning to the Board

More than a quarter of outsiders had served on the company's board prior to appointment.

Four Criteria for Outsiders

Companies that chose outsiders opted for those with industry or CEO experience, board members, or CEO candidates elsewhere.

Of 22 outsiders, all belonged to at least one of four categories:



Shorter Tenures

Predecessors replaced by outsiders averaged six years in the role, compared to nearly 10 years when replaced by an internal successor.

Outsiders also tended to replace predecessors who had served for a shorter period of time. When succeeded by outsiders, predecessors averaged six years in the role versus nearly 10 years when replaced by an internal successor.

Predecessors replaced early in their tenure were more likely to be succeeded by an outsider: of those replaced in their first two years, 75% (three of four) were replaced by outsiders.

Role Prior to Becoming CEO: The Stepping Stones

Heir Roles

Fifty-six percent (75 of 134 CEOs) had held either the president or chief operating officer title, or both, before becoming CEO.

President & COO

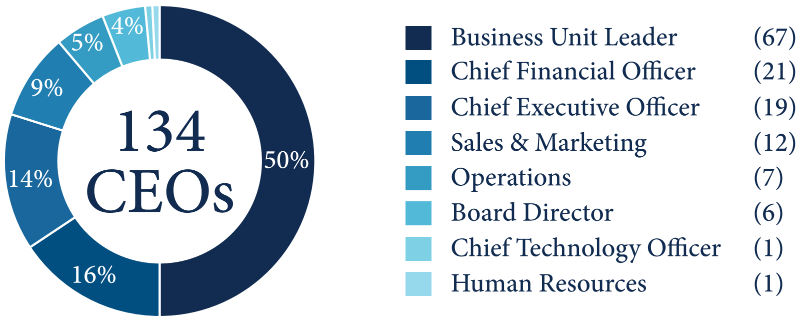
56% of CEOs had held either the president or chief operating officer title, or both, before becoming CEO.

Backgrounds Prior to CEO or Heir Roles

Excluding these “heir” roles of President and COO, companies tended to favor business unit leaders, who accounted for half of the new CEOs.

The next most popular sources for successors were CFOs (16%) and CEOs of other companies (14%). Collectively, these three categories accounted for 80% of the new CEOs (107 of 134).

Role Prior to Appointment to CEO or an Heir Role, 2014 to 2018



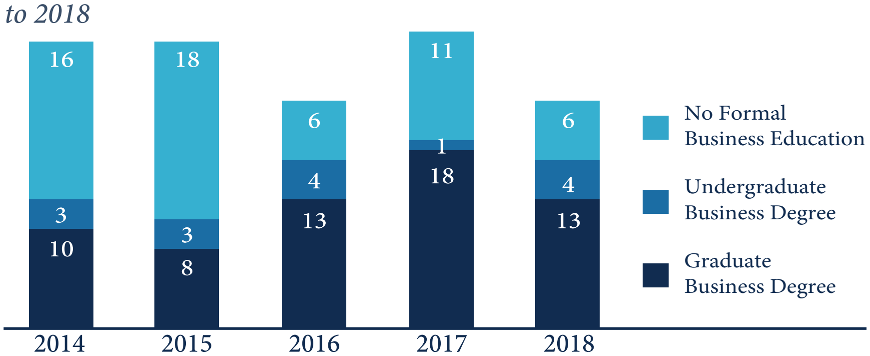
Half Led Business Units

Half of all new CEOs had led a region or business unit immediately prior to CEO or an heir role.

CEO Education

All CEOs who disclosed their education backgrounds obtained at minimum an undegraduate degree. Fifty-seven percent of CEOs had some form of business education (either undergraduate or graduate).

Formal Business Education: Highest Level Business Degree Received 2014 to 2018



57% Business Education

57% of CEOs had some form of business education (either undergraduate or graduate).

61% Held Grad. Degrees

61% attended some form of graduate studies.

From 2014 to 2018, Harvard produced the most new CEOs: more than one in ten new CEOs (15 of 134) attended Harvard University (graduate or undergraduate).

MBAs make CEOs

Sixty-one percent of all CEOs (82 of 134) attended some form of graduate studies: either an MBA, a master's degree, or a PhD.

Getting an MBA is by far the most popular route: nearly half of all CEOs

46% Held MBAs

62 of 134 CEOs held MBAs. Harvard accounted for 18% of these MBAs.

Careful Retirement Planning

Nearly three quarters of all successions from 2014 to 2018 were attributed to planned retirement.

Health Reasons

At more than one per year, health reasons were the second most common cause for unplanned transitions.

38% Announced Within One Month

38% of announcements occured within one month of the transition.

8% Were Chairman at Appointment

Only 11 of 134 CEOs were chairman at appointment.

(62 of 134) held MBAs. Harvard represented more than 18% of all MBAs from 2014-2018 (11 of 62).

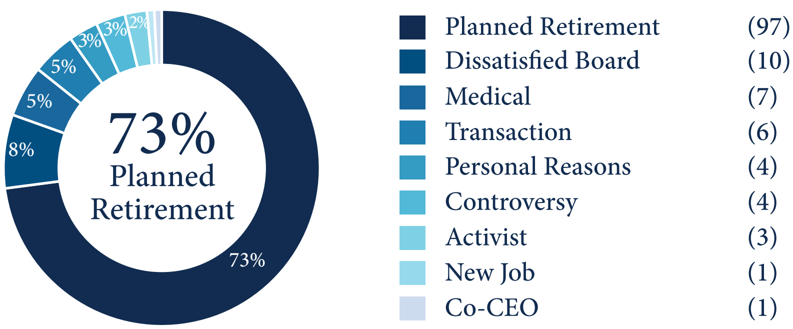
Additionally, 14 had other master's degrees (10%), with STEM dominating this field, 11 had law degrees (8%), and six had PhDs (4%).

Succession Overview

Rationale for Succession

Over the last five years, nearly three quarters (73%) of all successions were attributed to planned retirement. For the others, board dissatisfaction was the most common source for accelerated or unplanned successions. The second most common cause for unplanned transitions was health reasons. Health reasons occurred at a rate of more than one transition per year, highlighting the need for thoughtful succession planning.

Rationale for Succession, 2014 to 2018



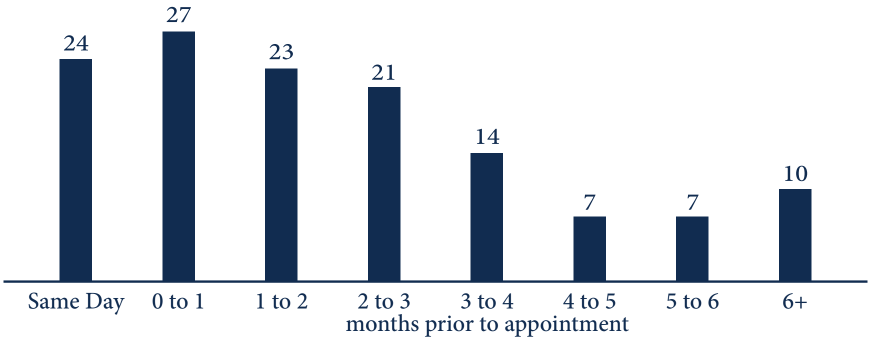
Transition Timeline

The average time between announcement and transition was just over two months. Over five years, roughly 38% of the announcements (51 of 133)[2] were within one month of the transition. Of those, there were 22 same-day announcements. The longest time from announcement to appointment was eleven and a half months ahead of transition.

Only 11 of 134 (eight percent) were Chairman at appointment.

2. In 2014, Oracle promoted two executives—Safra Catz and Mark Hurd—to succeed Larry Ellison as Co-CEO. As a result, there are 134 new CEOs across 133 companies.

Time between Announcement and Transition, 2014 to 2018



Two Months

The average timeline between announcement and transition was just over two months.

Predecessors

Across all five years, predecessors to the new CEOs served for an average of nine years. Their average age at departure was 62 years old, and median age at departure was roughly 63 years old.

62 Years Old

The average age at departure was 62 years old.

1.9 Million Employees

1.9 million employees were under new leadership in 2018

$1.1 Trillion in Revenue

2018 New CEOs took over companies with over $1.1 trillion in collective revenue

87% Promoted from Within

87% of CEOs in 2018 were promoted from within.

Two Decades of Service

Insiders averaged nearly 21 years of service at their companies in 2018.

The S&P 250 CEO Class of 2018

In 2018, 23 new chief executive officers took charge of companies in the S&P 250, a turnover of 9.2%—roughly in line with the five-year average (10.6%). Collectively, these companies employ nearly 1.9 million people, generate over $1.1 trillion in annual revenues, and account for nearly $1.4 trillion in market capitalization.

The Class of 2018 continued many trends seen in previous years: new CEOs in 2018 were often promoted from president or COO "heir" positions, most were insiders with long careers at the company, and these leaders often led business units prior to their CEO appointment. As in prior years, the Class of 2018 was predominantly male, well-educated, and on average mid-50s in age. Female CEOs are still underrepresented, with only one new female CEO appointed in 2018.

The average age at appointment was nearly 56 years old, slightly higher than in previous years. The youngest CEO was 50 years old at appointment, and the oldest was 60 years old.

Promoting from Within versus Turning to the Outside

Internal promotions continue to dominate. Eighty-seven percent of CEOs in 2018 (20 of 23) were promoted from within. Most of these (16) were long-tenured insiders and four were fast-track CEOs, brought in at senior roles that later led to their promotion to CEO.

Insiders still Dominant in 2018

Insiders averaged nearly 21 years of service at their companies, and many joined their companies early in their careers—more than half of insiders (9 of the 16) joined the companies they now lead before the age of 35.

Career-Long Employees
Four CEOs worked at their respective companies for over 30 years.

- Mike Wirth joined Chevron Corporation in 1982 after graduating from college.
- In 1983, Noel White joined IBP, which was acquired by Tyson Foods in 2001.
- Steve Squeri joined American Express as a manager in the

Travellers Cheque Group in 1985.
- Mike Roman joined 3M in 1988 as a senior design engineer.

The Fast Track to CEO: Acculturating an Outsider

In four cases, an outsider was brought in at a senior role as a possible CEO successor ahead of the transition.

- Tom Bené joined Sysco in 2013 as EVP and chief merchandising officer, following 23 years at PepsiCo.
- Chris Kubasik joined L3 Technologies as president and COO in 2015.
- Hans Vestberg was the former CEO of Ericsson before he joined Verizon as CTO and president of Global Networks in 2017.
- Jeff Storey, the former CEO of Level 3 Communications, joined CenturyLink as president and COO in 2017.

2018 Outsiders

Outsiders represented just 13% of the Class of 2018 (3 of 23) – reverting back from the five-year high of 30% in 2017, compared to an average rate of 12% for 2014 to 2016.

2018 Outsider CEOs

- Larry Culp stepped into the CEO role from the Board of General Electric, which he had joined just five months earlier, to become the first outsider to run GE in its 126 years of operation. Culp had previously spent 13 years as CEO of Danaher.
- Marvin Ellison joined Lowe's from J. C. Penney. Ellison had previously spent 12 years in leadership roles at Home Depot, and left to join J. C. Penney as CEO in 2015.
- John Visentin was originally hired by Carl Icahn to explore strategic alternatives for Xerox. Visentin joined Xerox as CEO with 10 years of executive experience in IT companies, including IBM, HP, and Novitex.

Career Employees

More than half of insiders in 2018 joined the companies they now lead before the age of 35.

Fast Track to CEO

Four 2018 new CEOs were brought in at senior roles to their companies prior to appointment.

Outsiders were all previous CEOs

All 2018 Outsiders had held the CEO title previously.

Business Unit Leaders

43% had led a regional or business unit prior to appointment.

STEM Degrees

43% of CEOs held undergraduate STEM degrees.

74% of 2018 CEOs Held Business Degrees

74% of CEOs in 2018 had formal business education, compared to an average of 54% from 2014 to 2017.

Carefully Planned Retirements

Nearly 80% of successions in 2018 were attributed to planned retirement.

Roles Prior to Becoming CEO: The Stepping Stones

Over half of the Class of 2018 (12 of 23) had held the title of either president or chief operating officer, or both, before becoming CEO. Excluding the heir roles of president and COO, the roles held immediately prior were most commonly a regional or business unit leader (10 of 23). Five held the CEO title, three were CFOs, two held sales and marketing roles, one was a CTO, one held an operations role, and one was a board director.

Education Backgrounds

Science, technology, engineering and mathetmatics (STEM) degrees were the most popular area of study, accounting for 43% (10) of the undergraduate degrees. Business and administration was the second most popular degree, accounting for 26% (six) of undergraduate degrees.

Nearly two thirds of the CEOs (15 of 23) held graduate degrees. MBAs were the most popular graduate degree, representing 87% of those with graduate degrees (13 of the 15). Four held STEM master's degrees, and one CEO held a law degree.

Seventy-four percent of CEOs in 2018 (17 of 23) had formal business education, compared to an average of 54% from 2014 to 2017.

Succession Overview

Rationale for Succession

Most successions were part of planned retirements and the product of careful succession planning. Of the 23 successions, 78% were attributed to planned retirement (18 of 23).

In contrast with previous years, no CEOs departed for health reasons, which is the second most common cause for accelerated successions over the past five years.

Transition Timeline

The Class of 2018 had five same-day announcements. Roughly a quarter

(26%) of announcements were within one month of the transition (six of 23), a quarter gave between one and two months notice ahead of the transition (six of 23), 17% gave between two and three months notice (four of 23), and 30% gave more than three months notice (seven of 23).

Notice periods prior to transition averaged 2.4 months prior to appointment.

Predecessor Overview

The average tenure of the CEOs succeeded by these 23 was 9.8 years, which was slightly higher than the 2014-2017 average of 9 years.

Average age at departure for predecessors was roughly 61.2 years old in 2018 and 62 years old across all five years.

9.8 Years as CEO

On average in 2018, predecessors served for 9.8 years as CEO.

Sources

Sources

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Acknowledgements

Feigen Advisors wishes to acknowledge Anton Wärendh and Edwin Markham for their work creating the Feigen Advisors New CEO Report®.

About Feigen Advisors

Feigen Advisors, founded in 2007, is expert in CEO Performance.

We have three integrated practices:

- We counsel Chief Executives of leading global enterprises who seek to create industry-leading value.
- We help prepare CEO candidates and designees for the CEO role.
- We help CEOs and Boards plan and execute CEO succession.

Our CEO clients have created remarkable performance for their companies, many sustainably outperforming their peer group.

Over the last several years, we have prepared roughly one in four new CEOs in the Fortune 100.

In 2017, our work was profiled in a five page article in Fortune: www.fortune.com/2017/10/25/management-marc-feigen-ceos/

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