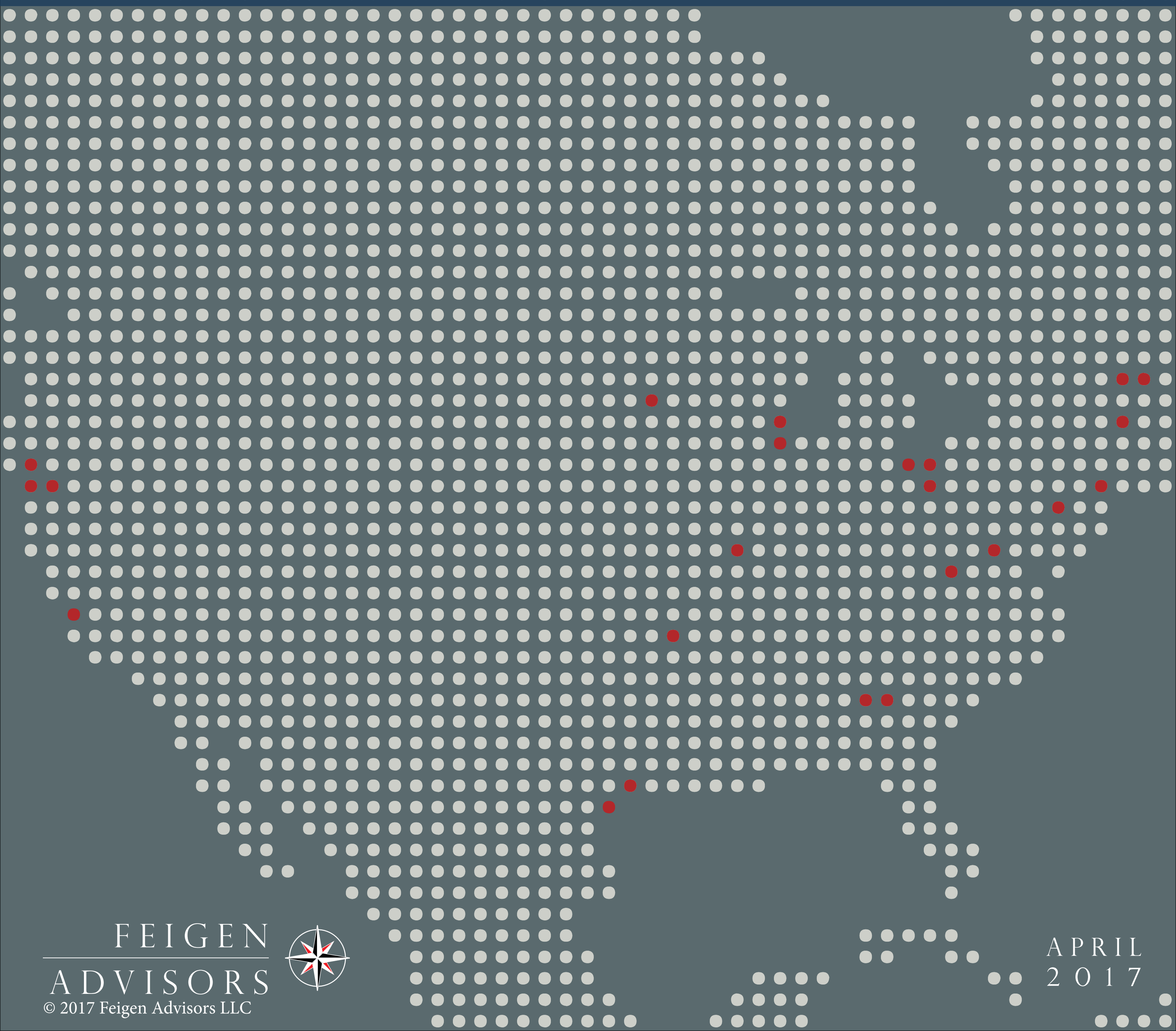
FEIGEN ADVISORS

NEW CEO REPORT®

JANUARY - DECEMBER 2016



FEIGEN ADVISORS

APRIL 2017

The Feigen Advisors 2016 New CEO Report

I am pleased to introduce the third edition of our Feigen Advisors New CEO Report, profiling the 23 new Chief Executives who took the helm of S&P 250 companies in 2016.

We now have three years of data to share. Over the last three years, the S&P 250 saw 81 new CEOs. The trends are illuminating:

- **The average tenure of a retiring S&P 250 CEO is over nine years,** contrary to the commonly-held view that CEO turnover is high. At the top of the S&P 250, stability reigns.
- **88% were promoted internally.** That is, nearly nine out of ten companies chose their next CEO from inside. CEO succession in our largest companies promotes from within, and this is healthy. Generally, only companies facing performance challenges take the risk of an outsider as CEO.
- New CEOs are deeply expert in their companies. Before becoming CEO, **the average new CEO has been with his or her company for nearly 19 years.** These leaders understand every aspect of their company. Strategy, operations, capital management, people. Everything.
- **There are too few women.** Although women make up 25% of Senior Management, only six women became CEO of S&P 250 companies in the last three years. To put this in perspective, eight new CEOs during this same time period were veterans of PepsiCo. That is, one company's ability to develop the next generation of CEOs surpassed that of the entire S&P 250's combined ability to promote women into the Chief Executive role (at least for the period we tracked).
- **Only seven of 81 new CEOs were Chairman** at the time they became Chief Executive.

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CEOs matter. The Class of 2016 will have significant impact on their businesses and our economy.

So we asked **Mark Fields**, the CEO of Ford Motor Company; **Mervyn King**, the former Governor of the Bank of England; **Richard Clarke**, former Special Advisor to four United States Presidents; and **Doug Hodge**, former Chief Executive Officer of PIMCO to provide advice to the new CEOs in this report.

Their contributions are a treasure of unique advice. Ranging from encouraging new CEOs to be decisive, to trust their instincts, to recognize “trust” itself as a company’s most important asset, to spend time on cyber health and time in the gym ensuring their personal health—these contributors make the point that today more than ever, the CEO is critical. For the CEO must ultimately set strategy in a time of massive disruption; build shareholder loyalty in a time of short term activism; drive execution in a time of change and risk; represent the brand; shape governance; and set the tone.

And so, along with the contributors to this report (whom I thank for sharing their wisdom) we congratulate and *wish the CEO Class of 2016 the very best of luck* as they take the helm of these important businesses.

Marc A. Feigen
Chief Executive Officer
Feigen Advisors LLC
April 2017

The CEO Class of 2016

Leading Ford: Lessons from the Chief Executive

By Mark Fields
President, Chief Executive Officer,
Ford Motor Company

It is important to put your stamp on the company early.

In my leadership at Ford, I emphasized four leadership qualities from Day One:

1. **Learn to Listen.** When I became CEO of Ford, I went to each leader and Board director of our company, and asked the same four questions:

   - What do you hope I do?
   - What do you hope I don't do?
   - What should we do more of?
   - What should we stop doing?

   I got on the road and met with all stakeholders – dealers, customers, suppliers, employees, key government officials, JV leaders, and community leaders. It is vital to meet people where they work and immerse yourself in their daily tasks.

2. **Ask the tough questions.** We asked the hard questions early: where do we want to play? How will we win? What capabilities do we need?

   I knew we could not take our eye off the ball of what we do so well: designing, manufacturing, marketing, financing and servicing terrific vehicles which our customers love. But because we reflected on priorities, we understood that it is not just about selling vehicles but also providing new products and transportation services enabled by technology.

   As CEO, you need to create your priorities sooner rather than later.

3. **Be Decisive.** After asking the tough questions and evaluating, I began early to take the tough decisions needed to win, or risk being left behind.

   We took pivotal actions, adding exciting new capabilities in electric vehicles, mobility solutions, and autonomous vehicles. In just a short time, we have made many investments large and small, positioning us at the forefront of mobility. We recruited new talent, and we made sure our new investments were deeply integrated with our core business.

4. **Communicate.** Organizations require clarity and transparency from their leaders in order to achieve maximum success. Over-communicate with the organization early and consistently. I webcast the entire Ford employee organization every two weeks, updating them on company progress and celebrating our skill teams' innovative successes. We, as one Ford team, are aware of our plan and goals, and committed to doing our part as we transition into both an auto and a mobility company.

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I also established personal work habits to help ensure both personal and company success. Here are six of them I'd like to share:

1. At the beginning of each year, define what success looks like for the year ahead for both you and the company. At the end of the year, grade yourself. Learn from it and then do it again. Being a CEO is a job of continuous improvement.

2. Control your calendar. Every Sunday night, I look at the calendar for my week ahead, and take things off that are not consistent with my priorities. Everyone will want a piece of you; learn to say no.

3. Give yourself time to reflect. It's okay to have open hours on your calendar. Don't feel that you have to fill them in. This is a time for reading writing, or meditating. Consider it your "think time."

4. Map out key constituencies that matter to you early on and work to establish those relationships quickly.

5. Manage your own email. Through email, I have greater line of sight of what is on the minds of everyone – employees, customers, colleagues – who writes to me, and follow-up, often personally. This keeps me connected, which is critical.

6. Leave time to de-stress and pursue personal passions. For me it's working out; whatever it is you like to do, make sure there is time for it.

In his own words

"It has taken 10 hard years to get the product and service levels and customer satisfaction to where they are. Our goal is to improve it."

Edward (Ed) Bastian

Appointed	May 2, 2016
Age at Appt.	57
Succeeded	Richard Anderson
Previous Role	President
Education	BA, Business, St. Bonaventure University

Road to the Top

Began career at Price Waterhouse, moved to PepsiCo before joining Delta 18 years ago.

Track Record Highlights

The oldest of nine children from upstate New York, Ed Bastian began his career at Price Waterhouse, becoming partner at age 32. After moving to Pepsi Cola as VP of Finance, he helped re-engineer its Frito-Lay operations and was Controller of Frito-Lay International. Joining Delta in 1998, Bastian took on financial management roles, rising to SVP in 2000 and Controller. After leaving briefly to be CFO of Acuity Brands, he returned to Delta as Chief Restructuring Officer, guiding the airline through bankruptcy and stabilization. Named President in 2007, he oversaw the 2008 acquisition of Northwest and expansion of the international network.

Core Challenges

Improve productivity, utilizing technology and a more efficient fleet, invest in new planes and international airlines while meeting corporate goal of 70% of free cash flow to shareholders.

In the Words of Others

"[I]f anybody is going to take over, you'd want it to be Ed."

- Joe DeNardi, Analyst, Stifel Nicolaus & Company
Bloomberg, February 3, 2016

Vicki Hollub

Appointed	April 29, 2016
Age at Appt.	56
Succeeded	Stephen Chazen
Previous Role	President and Chief Operating Officer
Education	BS, Mineral Engineering, University of Alabama

Road to the Top

Oil and gas industry veteran with nearly 35 years of experience, joined Occidental in 1982.

Track Record Highlights

Vicki Ann Hollub is the first woman to lead a major US oil company. During her career at Occidental, she has held positions with increasing responsibility including portfolios for Russia, Venezuela, Ecuador, and the US. She also served as SVP of Occidental and President of Oxy Oil and Gas, with responsibility for operations in the US, Middle East, and Latin America. Overseeing the company's $12 billion well operations in Texas and other states, Hollub helped Occidental grow its oil and gas business over the last decade including expansion into the profitable Permian Basin.

Core Challenges

Guide Occidental through the current unprecedented oil downturn; fulfill a "no-layoffs" pledge while pursuing operational efficiencies; optimize the value of the company's increasing acreage in the Permian Basin.

In the Words of Others

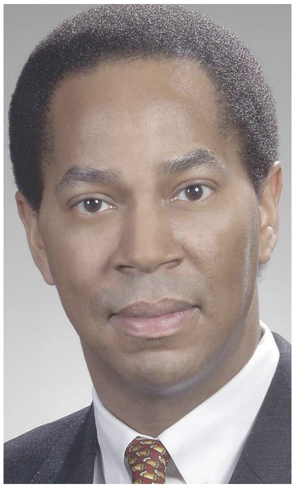
"Vicki has an outstanding track record of efficiently and profitably growing our oil and gas business that will serve her well as Occidental's Chief Executive. Her extensive operational and leadership experience make her the right person to lead our organization today and to meet the challenges facing our industry going forward."

- Stephen Chazen, Former CEO, Occidental Petroleum Corporation
December 10, 2015

In her own words

"To be the best you really have to push yourself hard—not a lot came naturally to me. From a leadership perspective, it's helped me to want to set people up so that, as teams, they can survive and win."

EATON



Craig Arnold

Appointed	June 1, 2016
Age at Appt.	55
Succeeded	Alexander (Sandy) Cutler
Previous Role	President and Chief Operating Officer
Education	BA Psychology, California State - San Bernardino MBA, Pepperdine University

Road to the Top

Former GE executive, joined Eaton 17 years ago.

Track Record Highlights

Craig Arnold began his career at General Electric, taking on senior roles in marketing and product management, plastics, appliances and lighting. As VP of GE Lighting Services, he was responsible for the lighting business in Europe, the Middle East, and India, and for European e-commerce, as well as GE Plastics in China. Joining Eaton as Group Executive of the Fluid Power Group, Arnold led multiple businesses. As COO of the Industrial Sector for Asia Pacific and Latin America, he led a 22 percent increase in revenue to $7.3 billion. Arnold was appointed President and COO in September 2015.

Core Challenges

Reverse organic growth decline and drive EPS growth via restructuring, operating expense improvement, share repurchase and selective acquisitions.

In the Words of Others

"We are fortunate to have an extraordinary leader in Craig Arnold, who has a rich history of experience and achievement at Eaton."

- Alexander (Sandy) Cutler, Former CEO
June 16, 2016

In his own words

"As a leading supplier of advanced transmissions, engine and powertrain components, Eaton is committed to delivering cost effective technologies that will help our customers achieve significant operational savings."

Timothy (Tim) Sloan

Appointed	October 13, 2016
Age at Appt.	56
Succeeded	John Stumpf
Previous Role	President and Chief Operating Officer
Education	BA, Economics & History, University of Michigan MBA, Finance & Acc., University of Michigan

Road to the Top

Veteran Wells Fargo banker with 29 years' experience.

Track Record Highlights

Tim Sloan's banking career began at Continental Illinois in Chicago in 1984. He joined Wells Fargo's Loan Adjustment Group in 1987, rising through the commercial, corporate and investment-banking divisions. Sloan was named CFO in 2011 and head of the $25.9 billion wholesale banking unit in 2014. He played roles outside the retail division, including the 2008 purchase of Wachovia Corporation for $15.4 billion; advising on Burger King's $11 billion merger in 2014 with Tim Horton's; and shepherding the bank's $50 billion acquisition of GE's real-estate assets in 2015. Sloan became CEO as the bank addressed fraudulent retail sales practices.

Core Challenges

Regain customer trust and confidence in retail banking operations; rebuild the bank's strong reputation amid continuing scrutiny from regulators, prosecutors and enforcement agencies; continue to grow profits while restoring corporate values, boosting employee morale and overhauling the sales culture.

In the Words of Others

"I know Tim, he has vast experience in every part of Wells Fargo and yes, I think he is the right man."

- Nancy Bush, Analyst, NAB Research
Fortune, October 13, 2016

In his own words

"The vision of the company is to satisfy our customers' needs — that has not changed. We're going to continue to execute on that vision."

Alfred (Al) Kelly

In his own words

"It would be a colossal mistake for me to come in and think there's a number of things that I ought to change. This company is doing extremely well, and Charlie has built a world-class leadership team."

Appointed	December 1, 2016
Age at Appt.	58
Succeeded	Charles Scharf
Previous Role	Director, Visa Inc.
Education	BA, Iona College MBA, Iona College

Road to the Top

Veteran American Express executive, joined Visa Board of Directors three years ago.

Track Record Highlights

Alfred Kelly worked at PepsiCo and then at the Reagan White House, as Head of Information Services, before moving to American Express in 1987. For more than two decades he held leading positions at the firm, rising from strategic planning to President of the US and global consumer units and company President from 2007 to 2010. After leaving American Express, he became CEO of the New York-New Jersey Super Bowl Organizing Committee, and CEO of Intersection, a technology and media company that brought public Wi-Fi to New York City. Kelly was named an independent Visa board member in 2014.

Core Challenges

Build on Visa's strong business operations and profit record amid intense competition in the payments industry from non-traditional financial technology firms; continue transformation into a tech-driven digital commerce company as consumers shift from cash to electronic payments; forge closer partnerships with retailers to ensure transactions are fast and efficient.

In the Words of Others

"He's got very good business acumen, he's decisive, and he really builds a terrific team of people around him."

- Gordon Smith, CEO, JPMorgan Consumer & Community Banking
Bloomberg, October 17, 2016

Susan (Tricia) Griffith

Appointed	July 1, 2016
Age at Appt.	51
Succeeded	Glenn Renwick
Previous Role	COO, Personal Lines, Progressive Corp.
Education	BA, Illinois State University Adv. Mgmt. Program, Wharton School of Business

Road to the Top

Joined Progressive as a claims representative nearly 30 years ago.

Track Record Highlights

The first woman to lead Progressive in its 79-year history, Tricia Griffith began her career in the claims division, rising from a Representative to Regional Manager for Pennsylvania and Process Manager for Claims Central Services. In 2002 she was named Chief Human Resources Officer, overseeing all aspects of HR company-wide, and also served as Claims Group President. Griffith was President of Customer Operations until 2015, when she was made COO of Personal Lines, Progressive's most important unit. In 2016, Ms. Griffith was named to Fortune's list of the Most Powerful Women.

Core Challenges

Continue innovations in big data and through refinement of Progressive's usage-based analytics software Snapshot to adapt business to changing patterns in driving and car ownership. Increase the number of customers who bundle home, auto, and other insurance products.

In the Words of Others

"Tricia has an outstanding track record in key leadership positions at Progressive over the last 28 years, and I am confident the Company will continue to thrive under her leadership."

- Glenn Renwick, Executive Chairman and Former CEO, Progressive
May 12, 2016

In her own words

"Ultimately, our goal, our vision is to become consumers #1 choice and destination for auto and other insurance."

Navigating Uncertainty in an Increasingly Uncertain World

By Sir Mervyn King
Former Governor of the Bank of England

The old maxims are the best. So remember "only do what only you can do". You were appointed for a reason – spend your time doing the things for which you were appointed and not those things which simply keep you busy.

You will be expected to take a lot of decisions. The important ones will be those for which the consequences are highly uncertain. All companies, and their CEOs, have to cope with an uncertain future. There is no shortage of uncertainty at present. Whether it is the future or direction of economic growth at home, or the consequences of the election of President Trump, or Brexit and the future of monetary union in Europe, the environment in which your company will be operating is hugely uncertain.

There are two crucial pitfalls to avoid. First, beware of experts eager to persuade you that they know what the future holds. They don't, even though they have a financial incentive to pretend that they do. Think back to the political events of 2016. Knowing what you do not know is the essence of wisdom. Beware consultants selling conclusions based on numerical probabilities plucked from the air. Models and spreadsheets have their place. But make sure to keep them in their place.

Second, avoid the temptation to quantify every aspect relevant to a key decision. Numbers are important, but some are more important than others. The key to appraising an investment decision is to judge which components of that assessment are crucial to the outcome. In a fifty-page report purporting to justify a recommendation for or against a particular proposal, try to identify which parameters are key to the conclusion and strip

> “You will be expected to take a lot of decisions. The important ones will be those for which the consequences are highly uncertain.”

out the rest of the report. In the end, your ability to develop and explain a convincing narrative of your decision will be crucial not only in persuading your team that you have made the right decision, but in giving you confidence that you have in fact done so.

I am not suggesting that you trust your intuition alone as the basis for all your decisions. The narrative you develop must continuously be challenged – and encourage and use others around you to help you do that. But the idea that there is some right or wrong decision which experts equipped with a large report backing up their recommendations can discover for you is a myth. Far more valuable is the Roman tradition in its modern guise – a bright young staff person in your office whispering in your ear, at regular moments, “human beings cannot know the future”. Your objective should be to cope with an uncertain future, not conquer it.

William (Bill) Nash

Appointed	September 1, 2016
Age at Appt.	46
Succeeded	Tom Folliard
Previous Role	President
Education	BA, Business Acc., James Madison University

In his own words

"We have a long runway of growth ahead of us. No one is in a better position than we are to continue to give the customers the best car buying experience online or in the store. And we look forward to the opportunity to continue to lead the used car retailing industry."

Road to the Top

CPA at Circuit City before joining CarMax as an Auction Manager 20 years ago.

Track Record Highlights

A CPA, William Nash held accounting positions at Circuit City before moving to CarMax in 1997 as an Auction Manager. He rose through the auction services division, becoming VP and then SVP of Merchandising. Named EVP of Human Resources and Administrative Services in 2012, he held broad responsibility for HR, IT, procurement and other areas. Since 2007, Nash had been part of a leadership team that doubled the company's store locations and revenue and quadrupled its net income.

Core Challenges

Expand sales to areas of the U.S. not currently covered and grow e-commerce opportunities with launch of new website; balance sales of new cars and used cars as prices fluctuate in each category; add customer services, including home delivery, and implement new online financing capabilities.

In the Words of Others

"[Bill] is a highly talented leader with experience in all aspects of our business and is the right choice to guide CarMax through the next phase of our growth and development."

- Tom Folliard, Former CEO, CarMax
February 1, 2016

Thomas (Tom) Greco

Appointed	April 11, 2016
Age at Appt.	57
Succeeded	Darren Jackson[1]
Previous Role	CEO, Frito-Lay North America
Education	BA, Laurentian University
	MBA, Richard Ivey School of Business

Road to the Top

Joined Advance Auto Parts after 30 years with PepsiCo; most recently CEO of Frito-Lay North America.

Track Record Highlights

Thomas Greco started his career at PepsiCo, taking on senior sales and commercial officer roles and then rising to President, Frito-Lay Canada. In 2011, he advanced to CEO of Frito-Lay North America, the company's $14.8 billion snacks business unit that accounts for 46 percent of PepsiCo's total operating profits and has 55,000 employees. During his tenure, Greco managed a complex operational infrastructure, transformed the supply chain and retooled the go-to-market systems to better meet customer needs.

Core Challenges

Improve inventory management and product availability as part of an overhaul of customer-facing services; increase margins amid a sales downturn; complete integration of $2 billion General Parts acquisition.

In the Words of Others

"Tom has been a strong and valued leader inside PepsiCo for more than three decades, and has made lasting contributions to our business . . . He leaves F.L.N.A. in great shape."

- Indra Nooyi, Chairman and CEO, PepsiCo
March 30, 2016

In his own words

"As we execute against our strategy to deliver more consistent, improved performance over the long term, we have sharpened our attention on sales execution, consistent availability, and delivering on the needs of our customer with every interaction. We are confident this is the right path forward."

1. George Sherman served as interim CEO, from January 3, 2016 to April 11, 2016, when Thomas Greco was named as the permanent CEO.

Paul Donahue

Appointed	May 1, 2016
Age at Appt.	59
Succeeded	Tom Gallagher
Previous Role	President
Education	BS, Management, University of Northern Iowa

Road to the Top

Joined Genuine Parts' subsidiary S.P. Richards 13 years ago.

Track Record Highlights

Paul Donahue was President of Newell Rubbermaid's Sanford North American division before moving to Genuine Parts in 2003, joining as President and Chief Operating Officer of its office-products subsidiary S.P. Richards. He then led the US Automotive Parts Group, with responsibility for 58 automotive distribution centers and 1,100 company-owned stores. Donahue was named President in 2012.

Core Challenges

Maintain and grow the company's strong positions in international auto operations and office products; lead a recovery in the industrial and electronics segment; integrate recently acquired industrial automation and control distributor Braas Company; position the firm in a rapidly changing auto sector.

In the Words of Others

"I just couldn't feel any better or more positive about the future of our company with Paul as our President and Chief Executive Officer."

- Thomas Gallagher, former Chairman and CEO, Genuine Parts 2016 Second Quarter Earnings Call, July 17, 2016

In his own words

"In my first 75 days as CEO, I've taken considerable time to visit with our operations…and I'm more encouraged than ever about the good work being done and the growth opportunities available in each of our businesses."

Thomas (Tom) Hayes

Appointed	December 31, 2016
Age at Appt.	51
Succeeded	Donnie Smith
Previous Role	President
Education	BA, University of New Hampshire MBA, Northwestern University

Road to the Top

Food industry executive with nearly 30 years of experience, joined Tyson three years ago.

Track Record Highlights

Tom Hayes built his career at food and consumer products companies, including US Foodservice, ConAgra, Stella Foods and Kraft. He joined Sara Lee in 2006, becoming VP and Chief Supply Chain Officer responsible for North American Retail and Food Service. Moving to Hillshire Brands in 2012, Hayes oversaw supply chain operations. After Tyson's $7.7 billion acquisition of Hillshire in 2014, Hayes was named President of Food Service and then Chief Commercial Officer in 2015, helping steer the company's new hybrid strategy focusing on fresh meat and prepared foods. He was named President in June 2016.

Core Challenges

Complete a $1 billion investment to expand production capacity and grow its e-commerce business; continue the strategy pivot from commoditized meats to prepared meals and the elimination of all antibiotics by 2017; consider acquisitions for global growth to reduce reliance on the core American market; improve cost controls in the chicken division, the company's largest profit source.

In the Words of Others

"[Hayes] is straightforward, he listens and he's decisive."

- Christopher Fraleigh, CEO, North America, Sara Lee,
The Wall Street Journal, November 21, 2016

In his own words

"One of the things I think you will see differently from us in the future than in the past is a more proactive approach to sustainability. We know that the conscious consumer today wants more transparency… and we are up for the challenge. As a leader, we need to take that space aggressively."

James (Jim) Snee

Appointed	October 31, 2016
Age at Appt.	49
Succeeded	Jeffrey Ettinger
Previous Role	President and Chief Operating Officer
Education	BA, Marketing, New Mexico State University MBA, University of St. Thomas

In his own words

"We need to be all those places where the consumer is looking. It's not as simple as being all things to all people. We've got to be the right things to the right people."

Road to the Top

Veteran Hormel executive with 27 years' experience at the company.

Track Record Highlights

Jim Snee joined Hormel in 1989 in the food service division, rising through the ranks in leading positions in refrigerated foods, purchasing and affiliated foods. He was named VP of Hormel Foods and SVP of the International Division in 2011, advancing to group VP in 2012. As Head of International, Snee delivered double-digit sales and earnings growth and expanded the company's global footprint, spearheading expansion into China. In 2015, Snee became president and COO, leading all of the company's business segments as well as global operations.

Core Challenges

Position the portfolio for future growth, emphasizing global, multicultural, healthier and on-the-go products as food tastes shift; ensure the continuing strong performance of legacy brands including Spam and Skippy peanut butter; grow sales of complementary brands such as Muscle Milk, the organic Applegate Foods line, and specialty nut-butter maker Justin's; solidify the company's presence in China and seek further international expansion, especially in Latin America.

In the Words of Others

"As Jim takes the helm, I am confident that Hormel Foods will continue its growth trajectory as he and the team build on our strong foundation of success."

- Jeffrey Ettinger, Chairman and former CEO, Hormel Foods
September 6, 2016

Timothy (Tim) Wentworth

Appointed	May 4, 2016
Age at Appt.	55
Succeeded	George Paz
Previous Role	President
Education	AD, Business, Monroe Community College BS, Industrial & Labor Rel., Cornell University

Road to the Top

Pharmacy industry executive, joined Express Scripts five years ago.

Track Record Highlights

Tim Wentworth began his career at PepsiCo in human resources, continuing at cosmetics marketing firm Mary Kay, Inc., where he also led the international division. He moved to Medco in 1998, serving in senior positions in account management and client services and strategy, and was also President and CEO of its specialty pharmacy unit, Accredo. Wentworth joined Express Scripts through its merger with Medco, becoming President in 2014 and leading core businesses including sales and account management, IT, operations, and supply chain management.

Core Challenges

Maintain drug affordability amid cost inflation as the healthcare industry and regulatory environment evolve; leverage Express Scripts' leading position to negotiate favorable prices from drug makers for health plans; meet the rising demand for more expensive specialty drugs and therapies to treat conditions such as cancer and hepatitis C; control costs as prices increase for certain cancer and cholesterol drugs.

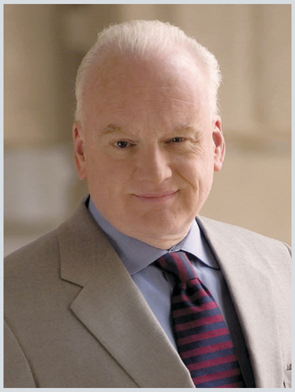
In the Words of Others

"The Board is impressed by Tim's leadership, deep industry knowledge, outstanding communication skills and his ability to execute against our strategy."

- Thomas MacMahon, Lead Independent Director, Express Scripts, September 9, 2015

In his own words

"When I was [CEO of Accredo], I found that the more we focused on the patient, the more aligned we were on everything else — the financials and being a great place to work."



Cybersecurity: The Buck Starts with the CEO

By Richard Clarke
Former Special Advisor on Cybersecurity to Four United States Presidents
Chief Executive Officer, Good Harbor Security Risk Management

Two months after hackers accessed 100 million accounts, Target's CEO Gregg Steinhafel resigned. Sony was attacked by what many believe was a state-controlled operation, and suffered embarrassing revelations with perhaps lasting effects to the company. Yahoo recently admitted that 500 million accounts were compromised, which risks the terms of their sale to Verizon. Companies and CEOs personally are targets of sophisticated criminal and nation-state cyber actors.

Cybersecurity is a top-level risk for almost all companies.

Corporations are critically dependent on the integrity of their IT systems, and they are creating data at an accelerating pace. By 2020, we will be generating up to 50 times as much data as we do now, and the number of Internet-connected devices will have increased five-fold to 30 billion.

After thirty years in the United States government, and as cybersecurity advisor to four US Presidents and numerous CEOs, I have seen the enormity of the risk and the inadequacy of the response.

When it comes to cybersecurity, CEOs cannot afford to be reactive. They need a cyber-risk strategy based on a clear understanding of the threat and the unique needs of their company. Cyber risk runs across the organization, and it requires a whole-of-company response. But, as the one person with perspective over all parts of the organization, the CEO needs to orchestrate it.

Here is my advice to every new CEO: Ensure you personally lead three key areas of cybersecurity: defining the cyber-risk tolerance, driving the cyber-risk mitigation program, and ensuring preparedness for serious incidents.

“When it comes to cyber-security, everybody is a target. If you know your risks, spend the money where it matters most, and have a strong and well-rehearsed plan for response, it won’t matter when they get in.”

1. Define your company’s cyber-risk tolerance. Understand what the risks are for your particular business and industry. Develop a “risk register” tailored to your company. Are you an industrial company with control systems exposed? Do you have vulnerabilities in your supply chain? Are you a heavily regulated healthcare company subject to fines if personal health information is released? With a detailed risk register in hand, conduct a sensitivity analysis to determine what you can tolerate. If you could protect everything, you would. But that’s impossibly expensive, and probably not necessary for every company. Establish your priorities.

2. Instruct your security team, including the CIO and CISO, to return with a plan to reduce prioritized risks as quickly as possible. Incorporate in your company’s “technology maturity roadmap” a one-to-three-year plan for setting and evolving cyber-security policies and buying the right software to mitigate your particular risks. The CEO cannot be an observer. He or she must drive the mitigation strategy, monitor achievement of metrics and project plans, and ensure the company’s defenses are always adapting.

3. Establish and rehearse a breach plan. Do not let your first cyber-crisis be a real one. If you have a serious incident, it will be a whole-company problem. Select senior leaders from across your organization in advance—the general counsel, head of investor relations, COO, CIO, CISO, head of communications, and others—and have them draft written plans for how their areas will respond. Conduct what the military refers to as a TTX—a “table-top exercise”—rehearsing all aspects of the plan, with the CEO chairing the response. Suspend disbelief—the company must treat the rehearsal as seriously as the real thing. As needed, bring in external lawyers, public affairs professionals, and computer incident response advisors who specialize in breaches. I have conducted these exercises with presidents, CEOs, and world leaders, and they must be a critical part of your preparedness. Run the TTX through your lawyers to create attorney/client privilege. Have back-up and off-line communications or your hackers will know your response plan.

When it comes to cyber-security, everybody is a target. If you know your risks, spend the money where it matters most, and have a strong and well-rehearsed plan for response, it won’t matter when they get in.

In his own words

"Health-care companies must be focused around patients but never take their eyes off the ball when it comes to shareholders. We are the trustees of shareholders' money, but if we don't do right for the patient, we can't go anywhere."

José (Joe) Almeida

Appointed	January 1, 2016
Age at Appt.	53
Succeeded	Robert Parkinson, Jr.
Previous Role	Chairman, CEO, and President, Covidien
Education	BS, Mechanical Eng., Escola de Engenharia Mauá

Road to the Top

Started as a management consultant at Andersen Consulting (Accenture), later serving in leadership positions at medical products companies before joining Baxter as CEO.

Track Record Highlights

A mechanical engineer by training, Brazilian native José "Joe" Almeida began his career in consultancy before moving into the medical products sector, assuming leading roles at Wilson Greatbatch, Acufex, and Johnson & Johnson's professional products division. Moving to Tyco Healthcare in 1995, he was Director of Manufacturing and Engineering until it was spun off as Covidien, where he then served as President of Medical Devices and eventually rose to CEO. After a brief tenure at private equity firm Carlyle Group, Almeida joined Baxter as Executive Officer in 2015 and became CEO in January 2016.

Core Challenges

Sharpen focus on medical technology and devices following the $32 billion spinoff of Baxalta biopharmaceuticals division to Shire; improve operating efficiencies and expand sales with new medical devices and biosurgery product launches; jettison strategically misaligned units and invest in high value R&D in relevant categories.

In the Words of Others

"I think he comes in with a really good skill set as it relates to Baxter. He will focus on growth, and the challenge of how do you move this portfolio from the three percent growth it's currently generating to something that's more in the high single digits and beyond."

- Lawrence Keusch, Analyst, Raymond James
Chicago Tribune, October 30, 2015

Mark Alles

Appointed	March 1, 2016
Age at Appt.	56
Succeeded	Robert Hugin
Previous Role	President and Chief Operating Officer
Education	BS, Education, Lock Haven University

Road to the Top

Nearly 30 years' experience in pharmaceuticals, joined Celgene 13 years ago.

Track Record Highlights

A former Marine Captain, Mark Alles began his pharmaceutical career at Bayer and Aventis, taking on sales and marketing management roles and rising to VP of its oncology business. At Celgene, he served as VP of Global Marketing, President of the Americas Region, and Head of Commercial Operations for Japan and the Asia Pacific Region. Named Global Head of Hematology & Oncology in 2012, Alles oversaw the launch of blockbuster blood-cancer drug Revlimid and the acquisitions of Pharmion and Abraxis Biosciences. He became COO in 2014, leading a small team that helped transform Celgene into a $78 billion global company.

Core Challenges

Accelerate drug development to diversify the company's portfolio and dependence on Revlimid; continue testing portfolio drugs for possible use in other treatments, as well as experimental multiple sclerosis drug Ozanimod from the $7.2 billion Receptos acquisition; pursue collaborative research with other biotech firms to more rapidly develop new treatments.

In the Words of Others

"Mark is an extraordinary leader, whose knowledge of our business and commitment to patients have propelled the organization to incredible success."

- Robert Hugin, former Chairman and CEO, Celgene
January 11, 2016

In his own words

"Our mission is to change human health by inventing the medicines that we all talk about."

In his own words

"As CEO, my vision for Gilead is to continue to innovate at every level—delivering lifesaving medicines to patients and making a positive contribution to all of the communities we serve and of which we are a part."

John Milligan

Appointed	March 10, 2016
Age at Appt.	54
Succeeded	John Martin
Previous Role	President and Chief Operating Officer
Education	BA, Chemistry, Ohio Wesleyan University PhD, Biochemistry, University of Illinois

Road to the Top

Veteran Gilead executive, joined the company as a research scientist in 1990.

Track Record Highlights

With a doctorate in biochemistry, John Milligan began his career at Gilead in 1990 in research, rising to senior roles in corporate development, licensing and M&A. He was named CFO in 2002; COO in 2007; and President in 2008. Milligan is credited with helping lead the company from unprofitable startup to drug giant with a market capitalization of $145 billion and annual revenue of $32 billion. During Milligan's tenure, Gilead developed more than 20 new therapies, including pioneering HIV treatments, the influenza medication Tamiflu and the first effective drug for hepatitis C.

Core Challenges

Bolster the company's new product pipeline through targeted acquisitions and in-house research and development; expand into new therapeutic areas including cancer, liver disease and inflammatory disorders; balance strong demand with high prices for hepatitis C drugs Harvoni and Sovalni as sales soften; refocus on legacy HIV and antiviral drug products.

In the Words of Others

"[Milligan] is a guy you want to bet on."

- Mark Schoenebaum, Analyst, Evercore ISI, Bloomberg, May 6, 2016

John Morikis

Appointed	January 1, 2016
Age at Appt.	52
Succeeded	Christopher Connor
Previous Role	President and Chief Operating Officer
Education	BA, Business & Psychology, Saint Joseph's College MBA, National Louis University

Road to the Top

Joined Sherwin-Williams as a management trainee over 30 years ago.

Track Record Highlights

John Morikis came to Sherwin-Williams in 1984 as a management trainee in the Paint Stores Group, and rose through the ranks to become President of the group in 1999. He led the unit through an aggressive growth phase, increasing sales to nearly $5 billion from $3 billion and expanding company-operated paint stores to over 3,000 from 2,400, establishing the company as the leading architectural coatings provider in North America. Named President and COO in 2006, Morikis grew revenue to more than $11 billion from $7.8 billion, and earnings per share climbed to $8.78 from $4.19.

Core Challenges

Complete the $9 billion Valspar acquisition, the most transformational acquisition in the company's 150 history, including divestiture necessary to achieve regulatory approval and target of $280 million in synergies; reach milestone of 5,000 North American stores.

In the Words of Others

"[John brings to the CEO role] his intelligence, his business acumen, his work ethic, and his moral compass."

- Chris Connor, former Chairman and CEO, Sherwin-Williams
Cleveland.com, October 19, 2015

In his own words

"I think [my long career at the company] gives me terrific perspective. I'm not asking anyone in the company to do anything I haven't done."

In his own words

"Our story going forward is all about growth in a low-growth world."

James (Jim) Loree

Appointed	August 1, 2016
Age at Appt.	58
Succeeded	John Lundgren
Previous Role	President and Chief Operating Officer
Education	BA, Economics, Union College

Road to the Top

Industry veteran with 36 years at General Electric and Stanley Black & Decker.

Track Record Highlights

James Loree first built his career at General Electric, leading financial and operational audits of GE's global businesses, advising on corporate strategy and serving as CFO at GE Capital. In 1999 he was named VP and CFO of Stanley Works, which acquired Black & Decker in 2010. Named COO in 2009, Loree was part of a management team that transformed the company into a global industrial leader. During that time he took on senior positions in all aspects of the business including financial management business development, IT, supply chain and M&A.

Core Challenges

Complete the $900 million acquisition of the Craftsman brand from Sears and develop a strategy to manufacture and distribute the brand in other retail outlets; capture growth opportunities and costs savings from the $1.9 billion acquisition of Newell Brands' tool unit in 2016; prepare for potential impact of Brexit on European operations.

In the Words of Others

"[W]e are confident in [Jim's] readiness to take the helm and lead the Company forward. As President and COO, Jim has played a major part in all of the Company's strategic decisions and championed its industry-leading organic growth and operational excellence initiatives."

- George Buckley, Lead Director, Stanley Black & Decker
July 22, 2016

Ernie Herrman

Appointed	January 31, 2016
Age at Appt.	54
Succeeded	Carol Meyrowitz
Previous Role	President
Education	BA, Boston College

Road to the Top

Veteran retailer joined TJX Companies as a buyer 27 years ago.

Track Record Highlights

Ernie Herman began his retail career with a six year spell at Filene's, before joining TJX Companies in 1989 and rising through the ranks in senior merchandising and management positions. In 2001, he became EVP of Merchandising for the company's Marmaxx Group, the largest division combining the T.J. Maxx and Marshall's brands, and rose to President of the division in 2005. Named President of TJX in 2011, Hermann oversaw operations in more than 3,500 stores in nine countries and 200,000 employees. With CEO Meyrowitz, he helped lead TJX to extraordinary growth, quintupling shareholder value and increasing revenues to $29 billion from $18 billion since 2007.

Core Challenges

Execute growth strategy by focusing on driving customer traffic and comparable store sales and global store growth; balance reliance on brick-and-mortar stores with online; maintain record of year-over-year sales increases and invest effectively in digital and e-commerce technologies.

In the Words of Others

"Ernie Herrman's proven, successful track record, leadership abilities, strategic vision, discipline and focus are all qualities that make him absolutely the right choice for CEO…He will be a tremendous leader as we continue to drive the profitable growth of this Company in the near and long term."

- Carol Meyrowitz, Chairman and former CEO, The TJX Companies
October 7, 2015

In his own words

"TJX is a world-class retailer, with a long track record of success and enormous global growth potential. I am convinced that we are in an excellent position to grow to be a $40 billion company and beyond."

STAPLES

In her own words

"We're moving from a product focus to a customer focus. We're moving from a retail culture to a delivery culture."

Shira Goodman

Appointed	September 26, 2016
Age at Appt.	55
Succeeded	Ron Sargent
Previous Role	President, North American Operations
Education	BA, Princeton University JD, Harvard Law School MSMS, MIT Sloan School of Management

Road to the Top

Veteran Staples executive with 23 years' experience.

Track Record Highlights

Shira Goodman began her career as a manager at Bain & Co., where she helped Staples launch its office-supply delivery business before joining the company in 1992. She held increasingly senior positions at Staples, overseeing global growth, human resources, marketing and Staples Direct. In 2014, she was named President of North American Commercial and two years later tapped to be President of North American Operations. She became interim CEO in June 2016 after the collapse of the proposed acquisition of Office Depot, and was named CEO four months later.

Core Challenges

Realign corporate strategy and operations in the wake of the failed Office Depot bid; adjust to shifting trends in the retail market as customers favor the digital workplace; continue pursuing mid-market business clients with a focus on North America; consider further closures or resizing of stores as part of cost-cutting moves.

In the Words of Others

"[Having joined Staples in 1992,] Shira has a thorough understanding of our customers and operations which she combines with the outside-in thinking critical to competing in today's marketplace."

- Robert Sulentic, Independent Lead Director, Staples, Inc.
September 26, 2016

Pedro Pizarro

Appointed	September 30, 2016
Age at Appt.	50
Succeeded	Theodore F. Craver, Jr.
Previous Role	President, Southern California Edison
Education	BA, Chemistry, Harvard University; PhD, Chemical Physics, California Institute of Technology

Road to the Top

Edison veteran with broad energy expertise, joined company 17 years ago.

Track Record Highlights

A chemist by training, Pedro Pizarro began his career as an energy consultant at McKinsey, moving to Edison International in 1999 to be Director of Strategic Planning. At Edison he held leadership roles in strategy and business development, power procurement and power operations. In 2001, Pizarro was named to lead Edison Mission Energy, an Edison International subsidiary whose coal, wind, and gas portfolio was sold to NRG in 2014. That year he became President of Southern California Edison Company, Edison International's main subsidiary that provides electricity to more than 14 million Californians.

Core Challenges

Execute operational excellence programs, while navigating industry trends such as changing public policy and large scale customer priorities, flattening demand and distributed energy (such as rooftop solar); Update computer-based intelligence, sensors, and controls in distribution system.

In the Words of Others

"Pedro is a dynamic leader who has been the top executive at both our utility and competitive businesses. He grasps the changes that are reshaping our industry and has the talent and leadership skills to convert these opportunities into sustainable growth for Edison International.

- Ted Craver, former CEO and Chairman, Edison International
May 25, 2016

In his own words

"Again, the main message is we want to make sure that we keep the grid robust and ready to…interconnect. We really believe in customer choice… it makes me excited about my life over the next however many years I'm doing my job."

Your Company's Most Important Asset: Trust

By Douglas H. Hodge
Former Chief Executive Officer, PIMCO

As every new CEO knows, trust is a company's most important asset. And it is the most fragile of assets.

Trust takes years to build—generations in the case of our oldest companies—but can be shattered in an instant as Volkswagen and Wells Fargo are learning to their dismay. VW needlessly ruined a reputation for high quality German engineering by lying and betraying its customers. They will suffer a heavy financial price—more than $16 billion—and suffer much more in reputational loss.

Trust starts at the top. Building a strong culture of trust should be among a CEO's highest priorities.

When I took over as CEO of PIMCO, ensuring our integrity and building trust was my number one priority. It should be yours.

A company's ethics and integrity start with the CEO. CEOs must not only state their views on integrity and trust, but live them. To do this, I advise leaders to follow three main principles in all they do:

1. See every decision through the lens of the customer. The customer must come first. I ask, "If our customer was in this room, would they approve of this conversation?" As the digital age transforms the relationship between organizations and individuals, those outside the company have more power to define your brand. Imagine your customer reviews every decision, is in every meeting, reads every memo and is cc'd on every email. Would they be proud of your company? Recently, a well-known company changed the shape of their iconic product to reduce the amount of a high-cost ingredient. In an age of social media, customers can review all of your decisions. Do they think no one will notice?

“See every decision through the lens of the customers. The customer must come first. I ask, 'If our customer was in this room, would they approve of this conversation?'”

2. Second, embrace a sense of stewardship. Be upfront with your customers, employees, and other stakeholders about what you are doing and why. As the steward of a public company, the trustworthy CEO sets an example for the entire organization. Whether the head of a bank, a manufacturing company, or a utility, he or she must personify trustworthy values.

3. Third, incorporate measures of trust in your Enterprise Risk Management (ERM). Is trust measured? Are stewardship actions planned, executed, and their impact tracked? If not, they should be.

The true decisions that create and inspire trust are not about following the rules. They are about doing the right thing. Chief executives who do not value trust as a priority rationalize their lack of leadership. “The Compliance Department will catch any problem.” Or, “It is the General Counsel’s job to make sure we follow the rules.” I disagree. The CEO sets the culture of the company—a shared set of beliefs and behavioral norms—through personal leadership and ownership of trust.

Great organizations are built from the inside out. If the CEO makes trust and good stewardship a personal value—by acting consistently and honestly, demonstrating expertise and competence, communicating openly and accurately, showing concern and acting in the best interest of all stakeholders—it will set a standard of integrity across the company, and your customers and shareholders will reward you.

Trust is not on a Company’s balance sheet. But is there a more important asset?

In his own words

"I believe there's a lot of work we can do in the near-term to make us stronger, no matter what the next chapter of Viacom is. It's time to move forward."

Robert (Bob) Bakish

Appointed	December 12, 2016
Age at Appt.	52
Succeeded	Philippe Dauman[1]
Previous Role	CEO, Viacom International Media Networks
Education	BS, Operations Research, Columbia University MBA, Columbia University

Road to the Top

Viacom veteran, joined the company 20 years ago.

Track Record Highlights

Bob Bakish began his career as a consultant to the media and entertainment industry at Booz Allen & Hamilton, before joining Viacom in 1997. He rose through the ranks in senior operations and strategy positions, becoming CEO of Viacom International Media Networks with oversight of businesses worldwide. In this role, Bakish significantly grew the unit's profitability and geographic footprint, expanded original content offerings and developed multiplatform distribution channels reaching almost four billion subscribers in 180 countries.

Core Challenges

Stabilize top management following the decision to remain separate from CBS; develop a strategy to boost ratings for U.S. cable-networks that have lost ground to online viewers; restore Viacom's storied creative culture; implement more rigorous financial discipline at the Paramount movie studio; extend the firm's successful expansion in foreign markets.

In the Words of Others

"[Bakish] has got very practical plans for building back the business. He's made changes. He's gonna make a lot more."

- Mario Gabelli, Gabelli Funds
Bloomberg, December 13, 2016

1. Thomas E. Dooley served as interim CEO, from August 18th, 2016 to November 15, 2016.

James (Jim) Fish

Appointed	November 11, 2016
Age at Appt.	54
Succeeded	David Steiner
Previous Role	Chief Financial Officer
Education	BS, Accounting, Arizona State University MBA, Finance, University of Chicago

Road to the Top

Finance expert, joined Waste Management 15 years ago.

Track Record Highlights

James Fish began his career in finance and revenue management at KPMG Peat Marwick. He then held executive positions at Trans World Airlines and America West Airlines, as well as Westex, a Yellow Corporation subsidiary, before joining Waste Management in 2001 as Director of Financial Planning and Analysis. He served as VP of Price Management, responsible for pricing excellence programs, and led many of the company's regional units. Fish was named CFO in 2012, and President in 2016.

Core Challenges

Continue to improve core prices, grow high margin volumes and contain costs in the company's core trash haulage business; realign recycling operations by considering closure of more recycling facilities and restructuring contracts amid upheaval in the industry; boost training programs and recruitment efforts to overcome the industry-wide truck driver shortage.

In the Words of Others

"Fish did a great job of refocusing the company's efforts in support of its profitable core. We expect the company will continue to benefit from his operational expertise and financial discipline."

- Barbara Noverini, Equity Analyst, Morningstar
Houston Chronicle, November 12, 2016

In his own words

"Waste Management has executed extremely well on our overall strategy, the results of which are reflected in our very strong shareholder returns. Our strategy is sound."

Donald (D.G.) MacPherson

Appointed	October 1, 2016
Age at Appt.	48
Succeeded	Jim Ryan
Previous Role	Chief Operating Officer
Education	BS, Industrial Engineering, Stanford University MBA, Northwestern University

In his own words

"It is my privilege to guide our 23,000 team members worldwide in support of our purpose of helping professionals keep their operations running and their people safe, while creating a company where dedicated, talented people can thrive."

Road to the Top

Advised Grainger as consultant, joined the company nine years ago.

Track Record Highlights

An engineer by training, D.G. MacPherson began his career at Boston Consulting Group in 1996, becoming a Partner and Managing Director. As a member of BCG's Industrial Goods Leadership Team, he worked closely with Grainger before moving to the company in 2008, serving in leadership roles for global supply chain operations, corporate strategy and international. In these positions, MacPherson oversaw the launch of the company's e-commerce sales channel, expanded global supply chain capabilities and realigned U.S. businesses.

Core Challenges

Maintain the company's large North American market share and strong e-commerce position, which now accounts for 40 percent of sales; accelerate cost structure reductions; expand the customer base and enhance the customer experience with simpler pricing.

In the Words of Others

"I've worked with D.G. for many years, and I'm confident that he is the right person for this job and now is the right time for this transition."

- Jim Ryan, Chairman and Former CEO, W.W. Grainger
August 8, 2016

81
New CEOs

32% of the S&P 250 gained a new CEO over the past three years.

88%
Insiders

Nearly 88 percent of new CEOs (71 of the 81) were promoted from within.

50% Business
Unit Leaders

Nearly half led a business unit prior to becoming Chief Executive.

Three Years of Data: CEO Classes 2014 through 2016

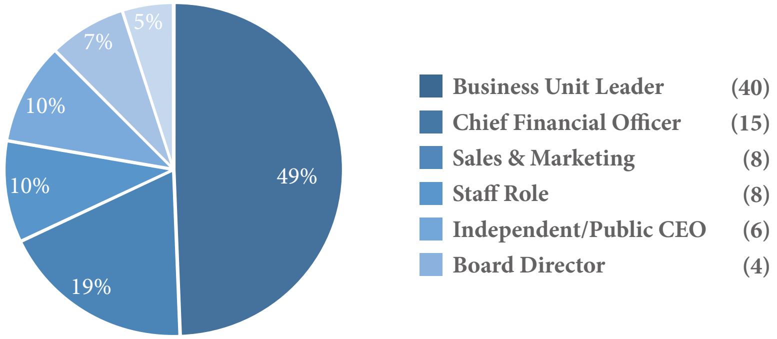
Over the past 3 years, 81 individuals in the S&P 250 rose to the CEO seat, representing transitions at 32 percent of the companies.

In general, boards tended to favor long-tenured, highly-educated insiders with P&L experience, the majority of whom were men in their 50s. Of the 81 new CEOs, 88 percent were promoted from within, 93 percent were men, 74 percent were in their 50s at appointment, and 70 percent replaced their predecessors as part of a planned retirement. Indeed, the characteristics of new CEOs at top companies and the planned nature of successions remained consistent from 2014 through 2016.

CEO Backgrounds: Identified Heirs & Business Unit Leaders

Many of the new CEOs (48 of 81) held the "heir" titles of either President, Chief Operating Officer or both President and COO prior to their appointment to the Chief Executive role. Excluding these preparatory roles, roughly half (40 of 81) of the CEOs led a regional or business unit prior to becoming Chief Executive, and nearly a fifth (15 of 81) held the CFO title.

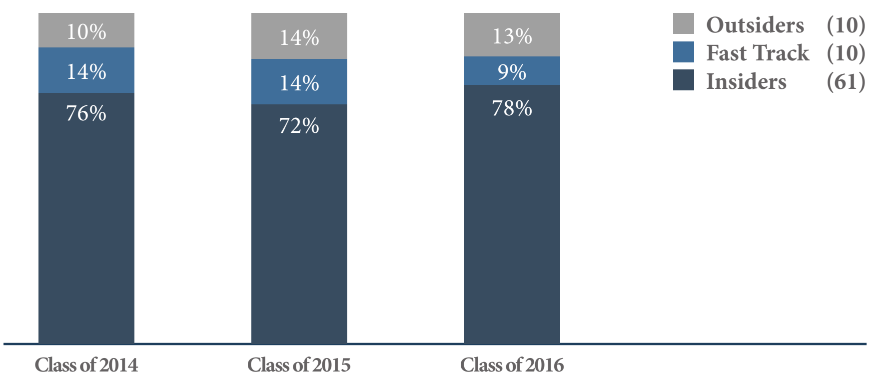
Role Prior to Appointment to CEO



CEO Backgrounds: Promoting from Within

The majority of CEOs (71 of 81, or 88 percent) were promoted from within. Of these 71 CEOs, 61 were career insiders and 10 were brought in at senior roles that later led to their promotion to CEO (Fast Track). Only 12 percent of new CEOs (10) were outsiders. Many of the insiders had built their careers at these companies—on average, insiders served more than 21 years at their company prior to appointment. Five had spent more than 35 years at their company. David Abney, who joined UPS at age 18 as a part-time package loader while he was in college, held the longest tenure at more than 40 years.

Promotion from Within: New CEOs by Path to Role

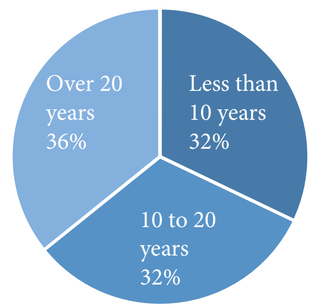


Female Leadership

Clearly, the path to the top is hard for anyone, but in the past three years, it has been especially challenging for women at S&P 250 companies. Of the 81 new CEOs, 75 (93%) were male. Only six, or two per year on average, were female. By comparison, eight of the 81 CEOs are PepsiCo alumni.

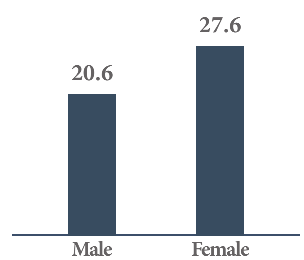
Across all three years, the few women promoted into the CEO role have all been insiders, each one being the first woman chief executive at their firm, averaging nearly 28 years of service at their company, and in most cases, starting at the companies they now lead before the age of 30. Male insiders, by comparison, averaged just over 20 years of service at their company.

Years at Company Prior to Becoming CEO
81 New CEOs



Female CEOs Worked Seven Years Longer

Average Insider Tenure, by Gender



Number of CEOs who are:

9.3 years

Predecessors served for 9.3 years on average.

54 years old

On average, CEOs were 54 years old at appointment.

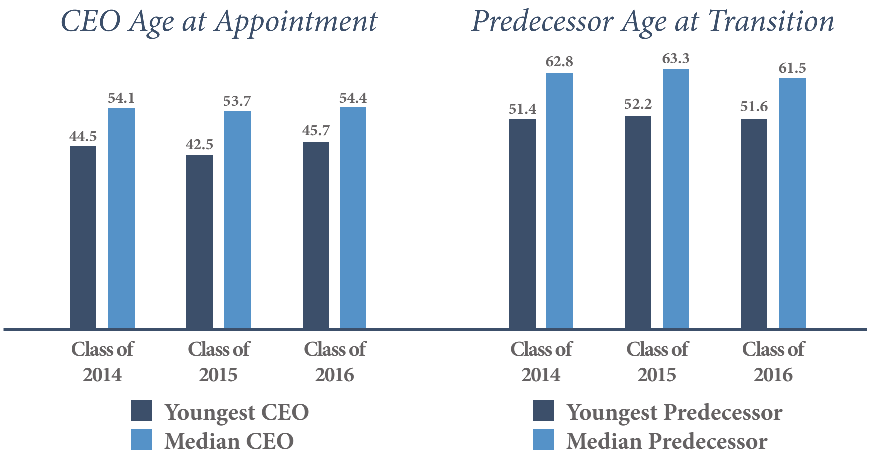
62 years old

Predecessor CEOs were 62 years old on average at retirement.

Only 7 CEOs Named Chairman on Day 1…

Experienced Leaders, Retiring Predecessors

The age at which Chief Executives assumed the CEO role was remarkably consistent over the three years, with an average and median of 54 years old. The youngest CEOs each year were in their mid-40s. The predecessors that these CEOs succeeded were 62 years old on average at the time of departure, and none were younger than 50.



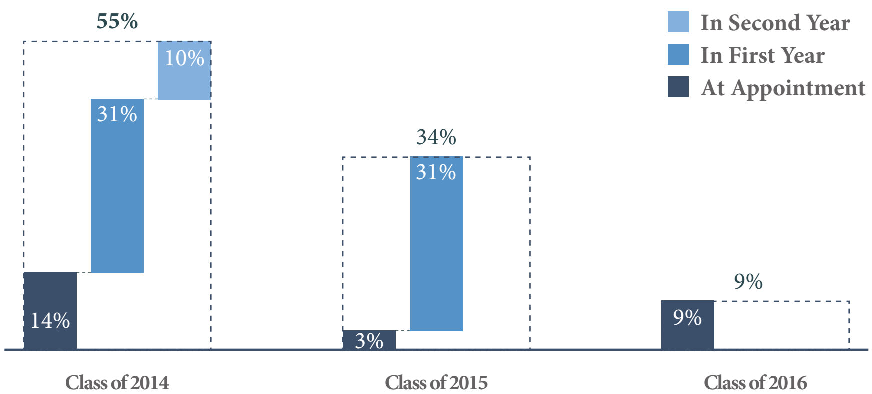
Predecessor Tenure

On average, CEO predecessors served for 9.3 years. Nearly half (46 percent) served for more than 9 years. Larry Ellison, founder of Oracle, held the longest predecessor tenure, having served as CEO for over 37 years before retiring at the age of 70.

Separate Chairman Role

The Chairman and CEO role were generally divided at the start. Only seven of the 81 new CEOs were also Chairman on the same day that they became Chief Executive. Over time, more from each class have been appointed to the Chairman role, with 55 percent of the class of 2014 becoming Chairman within two years of appointment. In total, 33 of the 81 now Chair their Board.

CEOs also in the Chairman Role, by years after appointment



...After 2 Years, 55% Chair the Board

Despite few being Chairman at appointment to CEO, most of the Class of 2014 now Chair their Board.

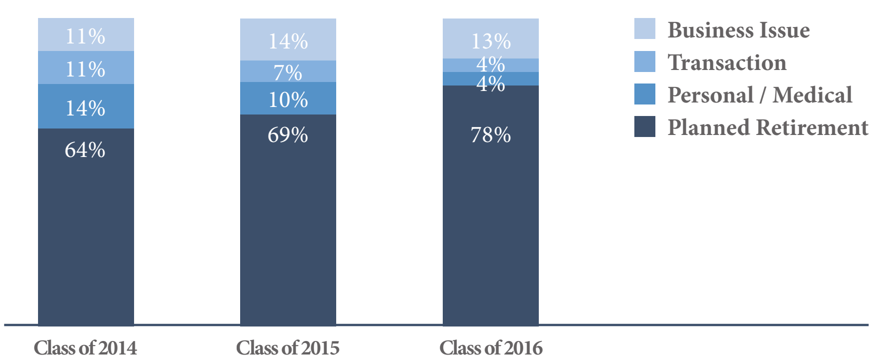
Rationale for Succession

Over the past three years, 70 percent of the 81 transitions were attributed to the retirement of the previous CEO. Business issues (including dissatisfied boards, activists, or controversy) were responsible for roughly 12 and a half percent, transactions were responsible for seven and a half percent, and personal or medical reasons accounted for 10 percent of the transitions. The rationale mix was consistent over the three years, with between 18 and 20 planned retirements per annum.

Low CEO Turnover

11% of CEOs turned over per annum.

Rationale for Transition, by Year



Planned Succession

56 of the 81 new CEOs (nearly 70%) took over for a retiring predecessor.

Class of 2016
New CEO Summary

S&P 250 Company	*CEO*	*2016 Revenue ($B)*	*Market Cap ($B) as of 12/31/2016*
Express Scripts Holding Company	Timothy (Tim) Wentworth	$100.3	$42
Wells Fargo & Company	Timothy (Tim) Sloan	$84.5	$277
Delta Air Lines, Inc.	Edward (Ed) Bastian	$39.6	$36
Tyson Foods, Inc.	Thomas (Tom) Hayes	$36.9	$23
The TJX Companies, Inc.	Ernie Herrman	$32.7	$49
Gilead Sciences Inc.	John Milligan	$30.4	$94
The Progressive Corporation	Susan (Tricia) Griffith	$23.4	$21
Staples, Inc.	Shira Goodman	$20.5	$6
Eaton Corporation plc	Craig Arnold	$19.7	$30
Visa Inc.	Alfred (Al) Kelly	$16.0	$182
CarMax Inc.	William (Bill) Nash	$16.3	$12
Genuine Parts Company	Paul Donahue	$15.3	$14
Waste Management, Inc.	James (Jim) Fish	$13.6	$31
Viacom, Inc.	Robert (Bob) Bakish	$12.7	$14
Edison International	Pedro Pizarro	$11.9	$23
The Sherwin-Williams Company	John Morikis	$11.9	$25
Stanley Black & Decker, Inc.	James (Jim) Loree	$11.4	$17
Celgene Corporation	Mark Alles	$11.2	$90
Occidental Petroleum Corporation	Vicki Hollub	$10.1	$54
Baxter International Inc.	José (Joe) Almeida	$10.2	$24
W.W. Grainger, Inc.	Donald (D.G.) MacPherson	$10.1	$14
Hormel Foods Corporation	James (Jim) Snee	$9.5	$18
Advance Auto Parts, Inc.	Thomas (Tom) Greco	$9.6	$12

The CEO Class of 2016

In 2016, 23 new Chief Executive Officers took over companies in the S&P 250, a turnover of just over nine percent. Collectively, these companies employ more than 1.3 million people, generate over half a trillion in annual revenues, and account for over $1.1 trillion in market capitalization.

New CEOs run enterprises that collectively equal

$558 Billion Revenue

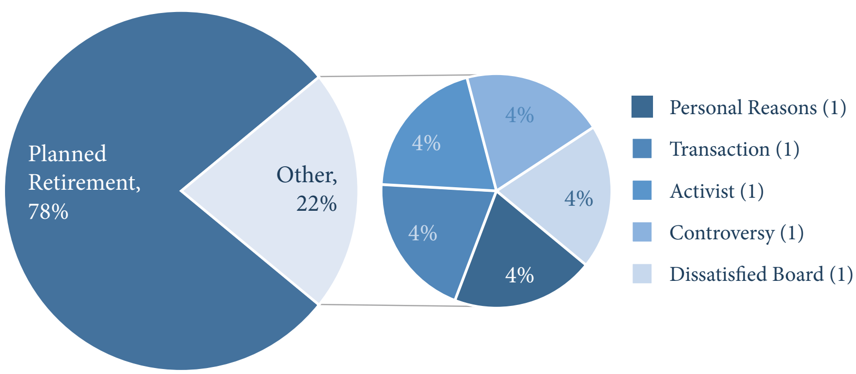
Companies led by the Class of 2016 would be the 8th largest state in the US by gross product.

1.3 Million Jobs

$1.1 Trillion Market Cap

Stability and Predictability

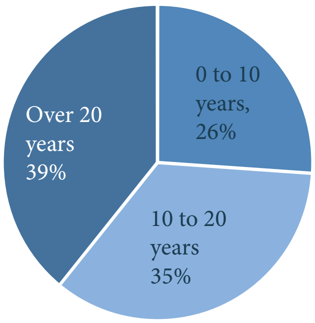
Rationale for Succession



Deliberate Transitions

As in the 2014 and 2015 New CEO Reports, stability remains a hallmark at our largest companies – the average tenure of the CEOs that these 23 succeeded was 10.7 years. Nearly four fifths (18) of the successions were attributed to CEO retirement. The Class of 2016 was often promoted from President or COO "heir" positions, they were generally insiders with a long careers at the company, and they often led business units prior to appointment. As in prior years, the class of 2016 was predominantly male, well-educated, and averaged mid-50s in age.

Years at Company Prior to Becoming CEO
23 New CEOs



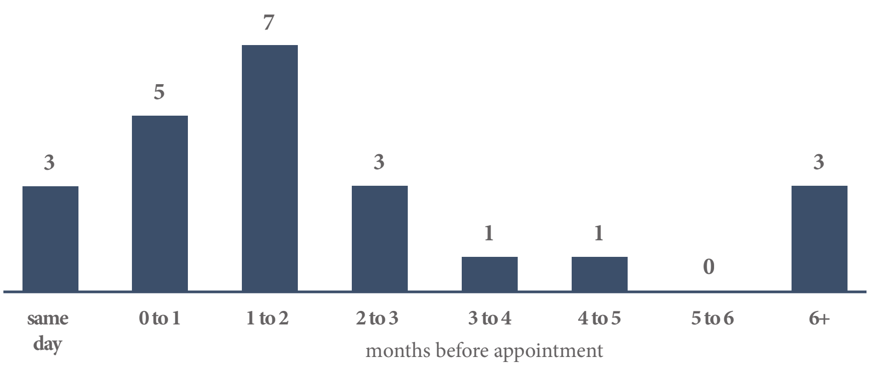
Succession Planning, Transitions, & Home Grown Insiders

The Class of 2016 reflected considerable succession planning. Nearly three quarters (17) held the President and/or Chief Operating Officer title before becoming CEO, the highest proportion in three years. Most announced their successions months in advance. Of those that were announced beforehand (20), three quarters were announced one to three months prior to becoming CEO. Craig Arnold's notice was the longest: he was announced as Eaton's CEO almost a full year before the promotion became effective. In unanticipated scenarios, companies were prepared for transition, as evidenced at Wells Fargo where Chief Operating Officer, Tim Sloan, quickly took the helm.

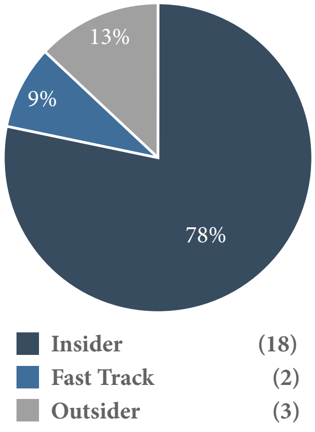
Signaling in Advance

91% (21 of the 23) were *either* in an heir role, or announced at least one month prior to becoming CEO.

Timing of Announcement by Months Before Appointment



The Path to CEO



The majority (20 of 23) were promoted from within. Most of these were long-tenured insiders (18) and two were Fast Track CEOs, brought in at senior roles that later led to their promotion. Insiders averaged nearly 23 years of service at their company. Many joined the companies early in their careers—fifty percent (nine of the 18) joined the companies they now lead before the age of 30. John Morikis, now Chief Executive of Sherwin-Williams, joined the company as a management trainee in 1984 at the age of 21. He is the first trainee to become Chief Executive at the company, and is only their ninth CEO in its 150 year history.

Insiders: Fast Track to CEO

Fast-Track to CEO: Acculturating an Outsider

In two cases, an outsider to the company was brought in at a senior role as a possible CEO successor several years ahead of the transition. In both cases, these Fast Track insiders were industry veterans:

- Thomas Hayes, a 29-year veteran of the food industry, joined Tyson Foods from Hillshire Brands, and made CEO two years later.
- Timothy Wentworth joined Express Scripts in 2012, following the company's merger with Medco Health Solutions, and became CEO four years later.

Professional Backgrounds

- Two-thirds of the 23 new CEOs had P&L responsibility immediately prior to becoming either CEO, President or COO.
  - 14 of 23 led a regional or business unit.
  - José Almeida of Baxter International, led a company as CEO.
- Four were CFOs prior to becoming CEO.
- Two held staff roles.
- In most cases, if the CEOs were not long-tenured insiders, they had deep industry experience.

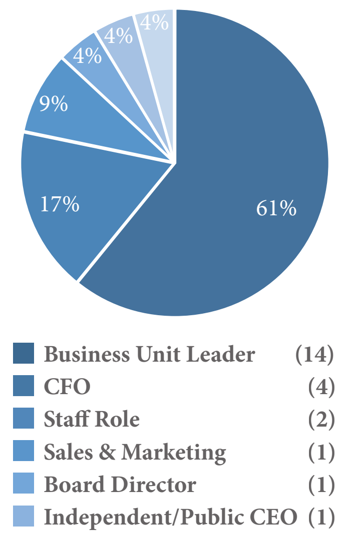
Educational Backgrounds

- All of the 23 new CEOs were college graduates.
  - Business degrees accounted for 26% (6) of undergraduate degrees.
  - Science, Technology, Engineering and Math (STEM) degrees accounted for 17% (4) of undergraduate degrees.
- 65% (15 CEOs) held graduate degrees.
  - MBAs were most frequent at 13 of the 15, or 87%.
  - Two of the 15 held PhDs.
- Two were CPAs.

Two Fast Track Insiders

Two industry veterans joined their companies in senior roles as possible CEO candidates.

Role Prior to Appointment to CEO or an Heir Role



MBAs & BAs

57% of the Class of 2016 (13 of 23) had MBAs. All had college degrees.

Key Highlights of the CEO Class of 2016

13%
Female CEOs

The highest proportion of New CEOs in three years.

Female Leadership

The class of 2016 counts three female CEOs, 13 percent of the total, and the highest proportion in three years. All three were long-tenured insiders, and the first women to lead their companies:

- Shira Goodman was a 23 year veteran at Staples.
- Tricia Griffith joined Progressive nearly 30 years ago as a claims representative.
- Vicki Hollub, the first female to lead a major U.S. oil company, joined Occidental more than 30 years prior to becoming CEO.

Three Company Outsiders

Three CEOs (13%) were true outsiders to the company they now lead.

Reaching Outside

The Class of 2016 also counts three outsiders: Alfred Kelly of Visa, José Almeida of Baxter International, and Thomas Greco of Advanced Auto Parts:

- Kelly, the former President of American Express, joined Visa from the Board of Directors as CEO Designate.
- Almeida, an industry veteran who had previously served as CEO of Covidien PLC, joined Baxter as an executive officer two months prior to becoming CEO to facilitate a smooth transition.
- Greco, a PepsiCo veteran and CEO of Frito-Lay North America, joined Advanced Auto Parts as CEO.

Board Membership

Half of the Class of 2016 had served on an external public company board prior to becoming CEO.

Board Membership

Half of the new CEOs (12 of the 23) served on at least one external, publicly-traded company Board prior to becoming CEO.

- Three CEOs sat on Boards in the Fortune 500.
- Almeida sat on three public, external boards prior to joining Baxter, opting to step down from all of them before joining the company.
- Shira Goodman of Staples is a Director on the CarMax Board, which featured new CEO, Bill Nash.
- José Almeida and Craig Arnold had both been directors on Covidien PLC, which Almeida had previously led as CEO.

Sources

Sources

Company Press Releases, company websites, company transcripts and earnings calls, S&P Capital IQ, BoardEx, *4 Traders, Alabama, American Banker, Arkansas News, The Atlanta Journal Constitution, Austin Daily Herald, Automotive News, Barrons, Benzinga, BIO, Biz Journals, Bloomberg, Boardroom Insider, Boston Business Journal, Boston Globe, Business RoundTable, Business Wire, Chicago Business Journal, Chief Executive, Cleveland Business, CNBC, DC Velocity, Deli Market News, Diversity Journal, Dow Jones, Electrical Wholesaling, Energy For Tomorrow, Equities, Fierce Biotech, Find The Company, First Word, Food Business News, Food Processing, Forbes, Fortune, Forward, Franchise Herald, Glass Door, Global News Wire, Green Tech Media, Guru Focus, The Hollywood Reporter, Industry Distribution, Industry Week, Insurance Journal, KSPR, LA Times, Life Science Leader, LinkedIn, Los Angeles Business Journal, Market Watch, Morning Star, The Motley Fool, New York Times, The New York Times, Observer, Oil and Gas Financial Journal, PCMA, People Equilar, Portland Press Herald, Post Online Media, PR News Wire, Press Telegram, Recycling Today, Relationship Science, Reuters, Rice Business School, Richmond BizSense, Richmond Times Dispatch, RTO Insider, RTT News, Saporta Report, Sourcing Journal, Star Tribune, The Street, Street Insider, Sustainability, Telegram, Tire Business, Total Retail, Triangle Business Journal, Twin Cities Business Journal, University of Rochester, USA Today, Variety, The Wall Street Journal, Wall Street Journal, The Washington Post, Waste 360, and World Oil.*

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