

SpencerStuart

2018 U.S.

CEO Transitions

2018 CEO Transitions

Each year, Spencer Stuart tracks CEO transitions among S&P 500 companies. These transitions can be part of a planned succession or can arise unexpectedly, often the result of company performance or personal issues. In addition to cataloging the reasons for CEO departures, based on company reporting, we also examine information about the successors, including whether or not they are internal candidates and whether they have been appointed chair of the board in addition to CEO.

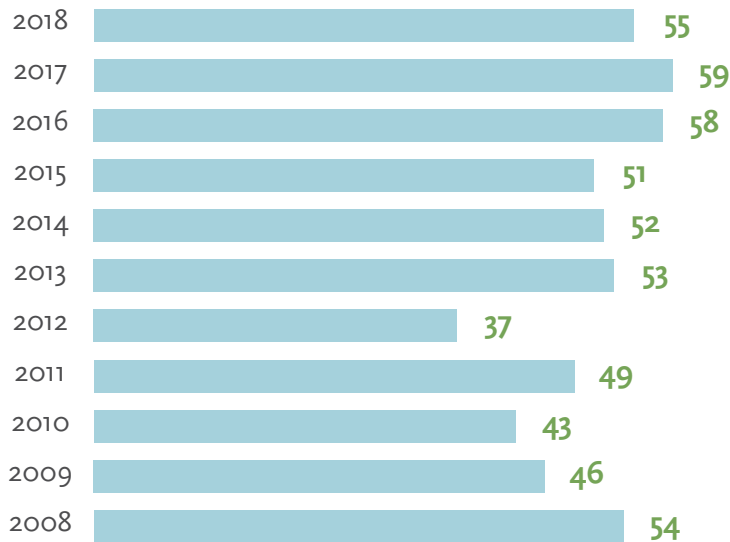
In 2018, the number of CEO transitions fell slightly, to 55 from 59 in 2017. In contrast to the recent past yet similar to 2017, a higher percentage of the new CEOs (27%) were hired from outside rather than promoted from within their companies. In 2017, 31% of new CEOs were hired from the outside, following a three-year decline in external hires (reaching a low of 10% in 2016).

The longer-term trend has been toward developing internal CEO successors, due in part to the Sarbanes-Oxley legislation, the professionalization of the human resources function and boards' increasing commitment to long-term CEO succession planning as a best practice. The reversal of that internally weighted trend in 2017 and 2018 may be attributed to a variety of factors, including individual company strategy shifts requiring new and different leadership, activist investors, the #MeToo movement, digital disruption and the intense pace of change. We will continue to monitor these trends.

CEO Transitions Overview

Fifty-five S&P 500 companies installed a new chief executive in 2018, four less than in 2017.

S&P 500 CEO Transitions 2008-2018



Companies ranking 301 to 400 in revenue had the largest share of the transitions during 2018 (27%), while companies ranking 101-200 had the smallest share of the transitions at 13%.

Percentage of Transitions* by S&P Company Range

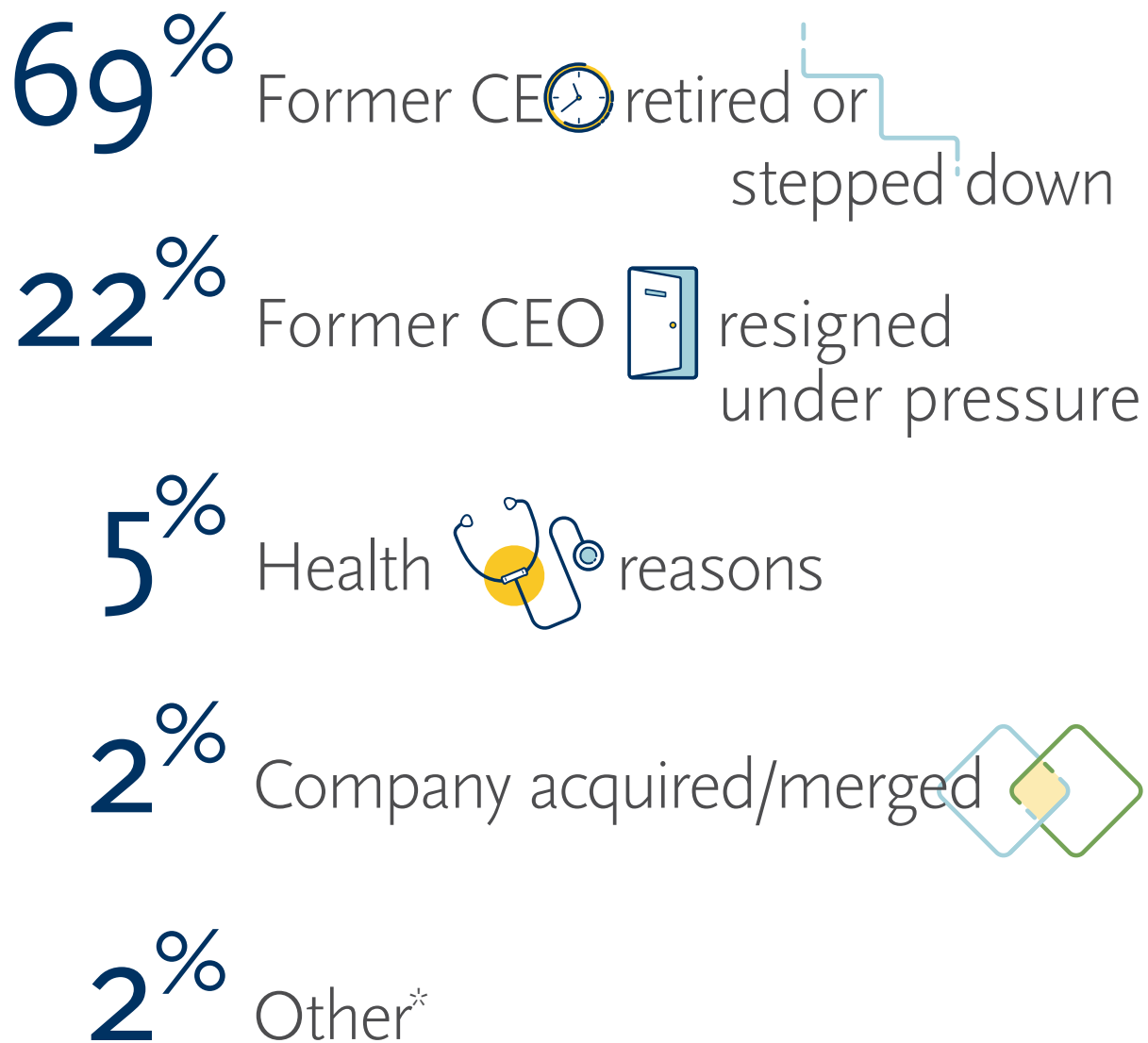


* Percentages are rounded up

Why do CEOs Leave?

The vast majority — 69% — of CEO transitions were attributed in company reports to the former CEO's decision to retire or step down. This represents a decline from 2017, when 73% of transitions were driven by CEOs retiring or stepping down. In 2018, 22% of CEOs resigned under pressure according to company reports — versus 15% in 2017 — and 5% left for health reasons. Another 3% left as a result of a merger or acquisition.

Reasons for CEO Transitions

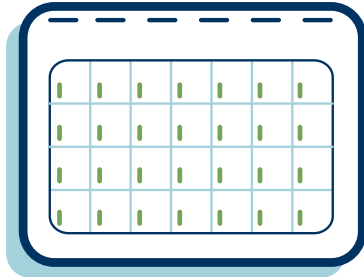


* Other includes the appointment of a co-CEO or situations where there was no CEO transition out of the role, such when one co-CEO becomes the sole CEO.

CEO Profile

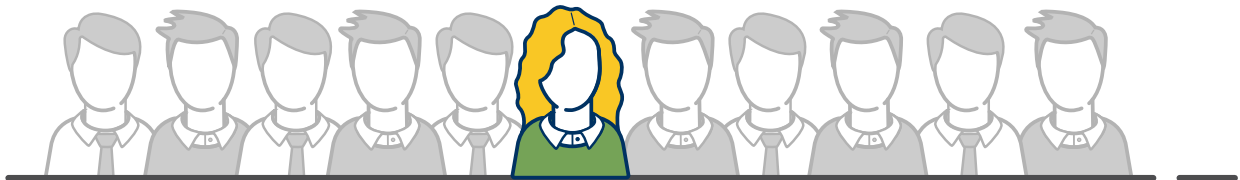
The average age of incoming CEOs is 54, five years younger than the average in 2017 (59). The average age of the outgoing CEOs is 61. Just one of the 55 new CEOs is a woman, compared with seven of 59 new CEOs in 2017. Eleven (20%) of the new CEOs had prior public company CEO experience.

54 years: average age of **incoming** CEOs



61 years: average age of **outgoing** CEOs

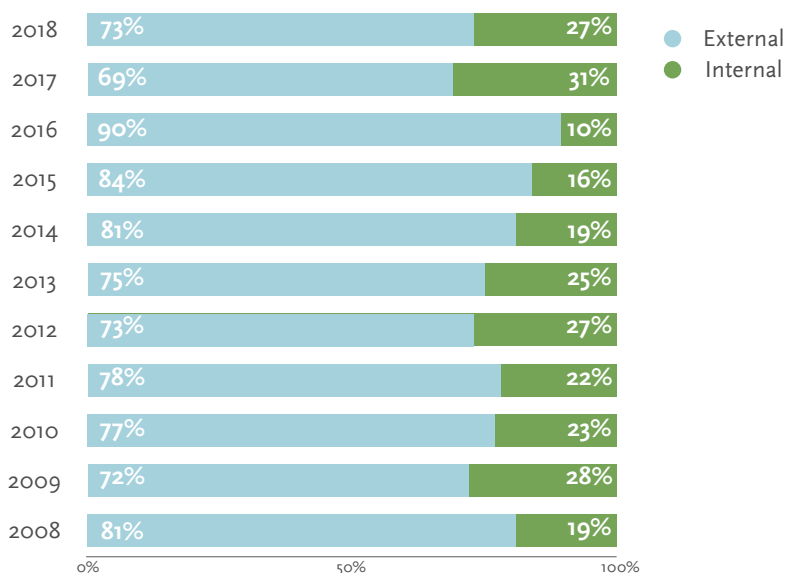
One of the new CEOs is a woman, compared with **seven** new female CEOs in 2017



External vs. Internal Successors

Seventy-three percent (40) of the new CEOs were promoted from within the company. In 2017, 69% of new CEOs were internal successors. Thirty-two of the internal CEO promotions, 80%, resulted from a planned succession.

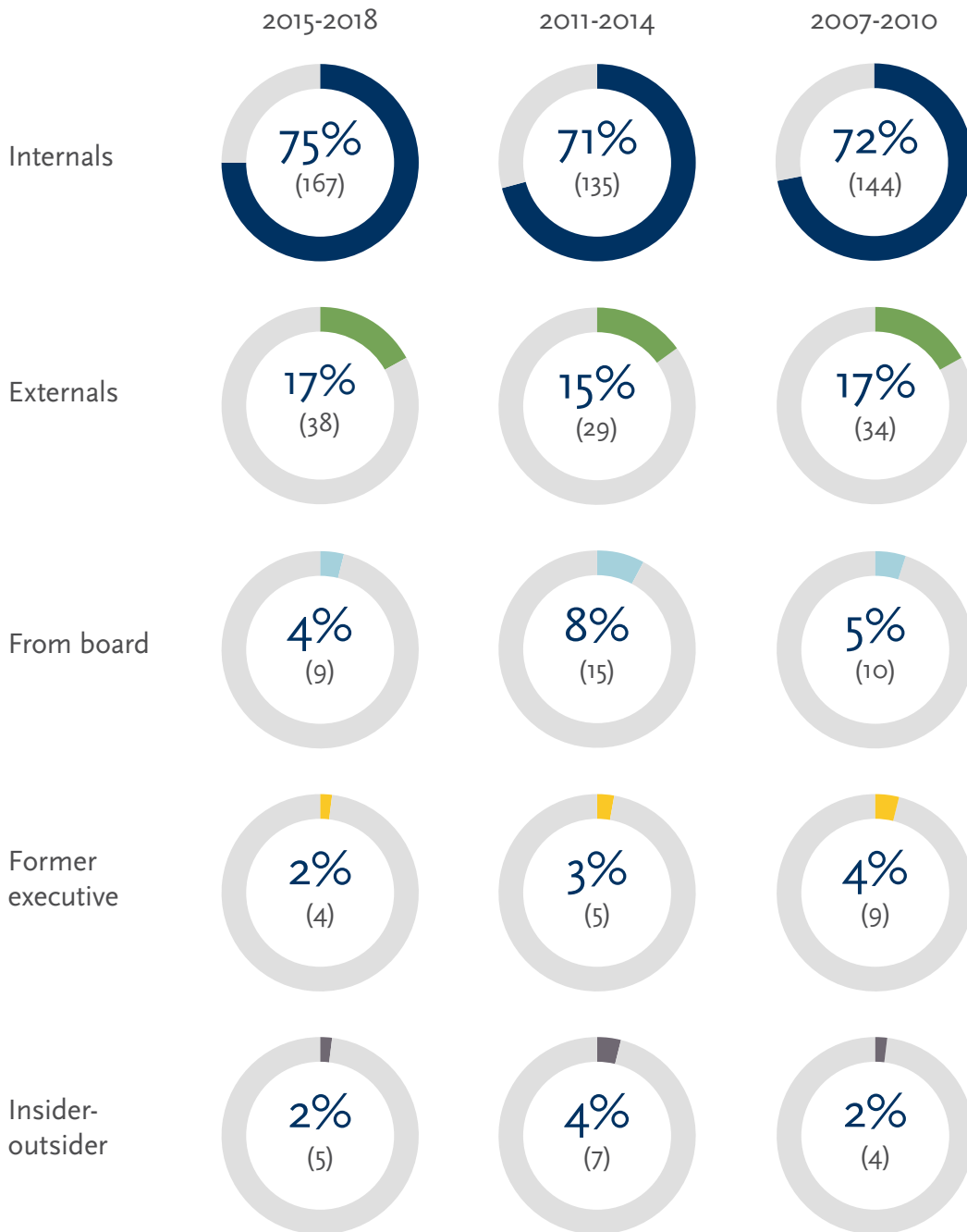
CEO Successors: External vs. Internal Candidates



This year, we also examined whether the former CEO's reason for leaving influenced the likelihood that a board would select an internal or external successor. Our analysis shows that when a CEO resigned under pressure, his or her replacement was more likely to have been hired from outside:

- » 38 CEOs retired or stepped down; 31 (82%) of their successors were promoted from within and seven (18%) were hired from the outside.
- » 12 CEOs resigned under pressure; five (42%) of their successors were promoted from within and seven (58%) were hired from the outside.

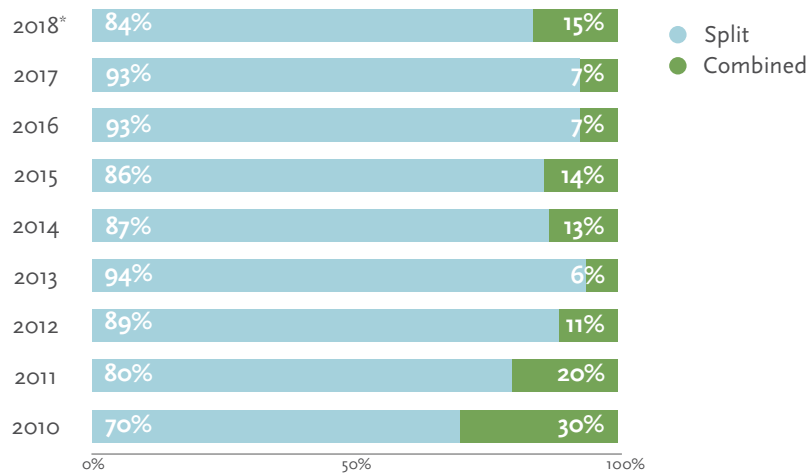
We further break down new CEO backgrounds into five categories: internally promoted CEOs; externally recruited CEOs; former company executives; board directors who take on the role of CEO; and “insider-outsiders” who were recruited from outside the company and promoted into the CEO role within 18 months. An analysis of three four-year periods since 2007 suggests a longer-term trend toward internal successors. However, the 75% average for internal placements during the period between 2015 and 2018 includes both the highest and lowest number of external successors of the entire analysis.



Split vs. Shared Board Chair and CEO Roles

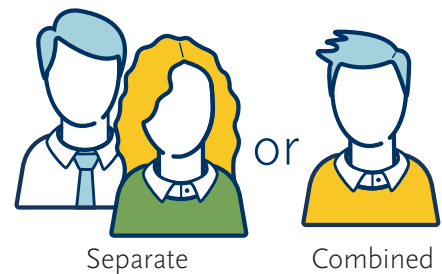
Eight of the new CEOs, 15%, were also named chair of the board. In 2017, just 7% of the new CEOs also were named board chair. Thirty-five percent of the outgoing CEOs stayed on to serve as board chair, compared with 51% in 2017.

Is the New CEO also the Board Chair?



* Percentages do not total 100% because we did not include one company for which the former chair/CEO became chair and co-CEO with another co-CEO.

84% of these S&P 500 companies **split** the CEO and chair roles



35% of **outgoing** CEOs continued with the company in the role of the chair

2018 CEO Transition Data

2018 Transition Data

INDUSTRY	NEW CEO NAME	NEW CEO AGE (EST)	NEW CEO START DATE IN 2018	INTERIM CEO NAME (IF APPLICABLE)	REASON FOR CHANGE	PLANNED SUCCESSION Y/N	PRIOR PUBLIC CEO Y/N	FORMER CEO NAME	FORMER CEO AGE (EST)	FORMER CEO NOW CHAIR Y/N
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Q1 2018 TRANSITIONS

American Express Company	Financial Services	Stephen J. Squeri	58	2/1	-	Ret/SD	INT	Y	N	Kenneth I. Chenault	66	N	N/A
Arconic	Industrial	Charles Blankenship	51	1/15	David P. Hess	Res/UP	EXT	-	N	Klaus-Christian Kleinfeld	60	Y	N
Cardinal Health	Healthcare	Michael C. Kaufmann	54	1/1	-	Res/UP	INT	Y	N	George S. Barrett	62	Y	Y**
Cerner Corporation	Healthcare	D. Brent Shafer	60	2/1	Cliff Illig	Health	EXT	-	N	Neal L. Patterson	67	N	N/A
Chevron Corporation	Industrial	Michael K. Wirth	57	2/1	-	Ret/SD	INT	Y	N	John S. Watson	61	N	N/A
Chipotle Mexican Grill	Consumer	Brian R. Niccol	43	3/5	-	Ret/SD	EXT	-	N	M. Steven Ells	52	Y	Y**
DENTSPLY SIRONA	Healthcare	Donald M. Casey Jr.	58	2/12	Mark A. Thierer	Res/UP	EXT	-	N	Jeffrey T. Slovin	53	Y	N
Hewlett Packard Enterprise Company	TMT*	Antonio F. Neri	50	2/1	-	Ret/SD	INT	Y	N	Margaret C. Whitman	61	Y	N
IHS Markit Ltd.	TMT*	Lance D. Uggla	55	1/1	-	Ret/SD	INT	Y	Y	Jerre L. Stead	75	N	N/A
L3 Technologies	Industrial	Christopher E. Kubasik	56	1/1	-	Ret/SD	INT	Y	N	Michael T. Strianese	62	Y	Y**
Northern Trust Corporation	Financial Services	Michael G. O'Grady	52	1/1	-	Ret/SD	INT	Y	N	Frederick H. Waddell	64	Y	Y**
Perrigo Company	Healthcare	Uwe F. Röhrhoff	55	1/15	-	Res/UP	EXT	-	Y	John T. Hendrickson	54	Y	N
Sealed Air Corporation	Industrial	Edward L. Doheny II	55	1/1	-	Ret/SD	EXT	-	Y	Jerome A. Peribere	63	Y	N
Sysco Corporation	Consumer	Thomas L. Bené	55	1/1	-	Ret/SD	INT	Y	N	William J. DeLaney	62	Y	N
Wynn Resorts, Limited	Consumer	Matthew O. Maddox	41	2/6	-	Res/UP	INT	N	N	Stephen A. Wynn	76	Y	N
Xilinx	TMT*	Victor Peng	57	1/29	-	Ret/SD	INT	Y	N	Moshe Gavrielov	63	Y	N

Noted "interim" cases for Q1 2018 (not factored into quarterly count above)

EQT Corporation	Industrial	David L. Porges (Interim)	60	3/14	David L. Porges	Res/UP	FE	-	Y	Steven Schlotterbeck	53	N	No
Equinix	TMT*	Peter F. Van Camp (Interim)	62	1/25	Peter F. Van Camp	Res/UP	FE	-	Y	Stephen M. Smith	62	N	No

* TMT: Technology, Media and Telecommunications.

** Former CEO was already chair.

Changes to S&P 500 Index in Q1 2018

Additions	Deletions
Take-Two Interactive Software	Signet Jewelers
SVB Financial Group	Patterson Companies
Nektar Therapeutics	Chesapeake Energy
IPG Photonics	Scripps Network Interactive

Transition Table Keys

Reason for change					Placement						
Ret	Retired	Res	Resigned	H	Health	FB	From Board	INT	Internal	EXT	External
SD	Stepped Down	UP	Under Pressure	CSO	Company Spin-Off						

2018 Transition Data

INDUSTRY	NEW CEO NAME	NEW CEO AGE (EST)	NEW CEO START DATE IN 2018	INTERIM CEO NAME (IF APPLICABLE)	REASON FOR CHANGE	PLACEMENT	PRIOR PUBLIC CEO Y/N	FORMER CEO NAME	FORMER CEO AGE (EST)	FORMER CEO NOW CHAIR Y/N
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Q2 2018 TRANSITIONS

Affiliated Managers Group, Inc.	Financial Services	Nathaniel "Nate" Dalton	51	5/29	-	H	INT	N	N	Sean M. Healey	57	Y	Y**
Alexandria Real Estate Equities, Inc.	Financial Services	Peter Moglia & Stephen Richardson	51; 57	4/23	-	Ret/SD	INT	Y	Y	Joel S. Marcus	70	Y	Y**
Altria Group, Inc.	Consumer	Howard A. Willard III	54	5/17	-	Ret/SD	INT	Y	Y	Martin J. "Marty" Barrington	65	N	N/A
CenturyLink, Inc.	TMT	Jeffrey K. "Jeff" Storey	57	5/1	-	Ret/SD	INT	Y	Y	Glen F. Post, III	65	Y	N
Dover Corporation	Industrial	Richard J. "Rich" Tobin	54	5/1	-	Ret/SD	FB	-	-	Robert A. Livingston	64	Y	N
Equifax Inc.	TMT	Mark W. Begor	60	4/16	Paulino do Rego Barros, Jr.	Res/UP	EXT	-	-	Richard F. "Rick" Smith	58	Y	N
Kohl's Corporation	Consumer	Michelle D. Gass	50	5/16	-	Ret/SD	INT	Y	Y	Kevin Mansell	65	Y	N
Mattel, Inc.	Consumer	Ynon Kreiz	53	4/26	-	Ret/SD	FB	-	-	Margo Georgiadis	54	N	N/A
Lennar Corporation	Consumer	Richard "Rick" Beckwith	59	4/12	-	Ret/SD	INT	Y	Y	Stuart A. Miller	60	Y	N/A
O'Reilly Automotive, Inc.	Consumer	Gregory D. "Greg" Johnson	52	5/8	-	Ret/SD	INT	Y	Y	Gregory L. "Greg" Henslee	57	Y	N
Pentair plc	Industrial	John L. Stauch	53	4/30	-	CSO	INT	Y	Y	Randall J. "Randy" Hogan	62	Y	N
Sempra Energy	Industrial	Jeffrey W. "Jeff" Martin	56	5/1	-	Ret/SD	INT	Y	Y	Debra L. "Debbie" Reed	62	Y	Y**
Texas Instruments Incorporated	TMT	Brian T. Crutcher***	45	6/1	-	Ret/SD	INT	Y	Y	Richard K. Templeton	59	Y	Y**
The Cooper Companies, Inc.	Healthcare	Albert G. "Al" White III	48	5/1	-	Ret/SD	INT	Y	Y	Robert S. Weiss	71	Y	N
TransDigm Group Incorporated	Industrial	Kevin M. Stein	52	4/30	-	Res/SD	INT	Y	Y	W. Nicholas (Nick) Howley	66	Y	Y**
Xerox Corporation	TMT*	Giovanni G. "John" Visentin	56	5/16	-	Res/UP	EXT	-	-	Jeffrey "Jeff" Jacobson	58	Y	N

Noted "interim" cases for Q2 2018 (not factored into quarterly count above)

Campbell Soup Company	Consumer	Keith R. McLoughlin (Interim)	61	5/18	Keith R. McLoughlin	Res/UP	FB	-	Y	Denise M. Morrison	64	Y	No
Intel Corporation	TMT*	Robert H. "Bob" Swan (Interim)	58	6/21	Robert H. Swan	Res/UP	INT	N	N	Brian M. Krzanich	58	Y	No

* TMT: Technology, Media and Telecommunications.

** Former CEO was already chair.

*** Texas Instruments announced that Brian Crutcher will step down as CEO in July 2018 and be replaced by incumbent CEO Richard Templeton.

Changes to S&P 500 Index in Q1 2018

Additions		Deletions	
MSCI	HollyFrontier	CSRA	Broadridge Financial Solutions
ABIOMED	Acuity Brands	Wyndham Worldwide	Range Resources
Twitter	FleetCor Technologies	Navient	Time Warner
Energy (renamed from Westar Energy)		Monsanto	

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Q3 2018 TRANSITIONS

3M Company	Industrial	Michael F. Roman	58	7/1	-	Ret/SD	INT	Y	N	Inge G. Thulin	64	Y	Y**
A.O. Smith Corporation	Industrial	Kevin J. Wheeler	58	9/1	-	Ret/SD	INT	Y	N	Ajita G. Rajendra	66	Y	Y**
BorgWarner, Inc.	Industrial	Frederic B. Lissalde	50	8/1	-	Ret/SD	INT	Y	N	James R. Verrier	55	Y	N
Equinix, Inc.	TMT*	Charles J. Meyers	52	9/12	Peter F. Van Camp	Res/UP	INT	N	N	Stephen M. "Steve" Smith	62	Y	N
Lowe's Companies, Inc.	Consumer	Marvin R. Ellison	53	7/2	-	ReT/SD	EXT	-	Y	Robert A. Niblock	55	Y	N
Regions Financial Corporation	Financial Services	John M. Turner Jr.	56	7/2	-	Ret/SD	INT	Y	N	O.B. Grayson Hall	61	Y	Y**
Roper Technologies, Inc.	TMT*	L. Neil Hunn	46	9/1	-	H	INT	Y	N	Brian D. Jellison	72	Y	Y**
salesforce.com, Inc.	TMT*	Keith Block	57	8/7	-	-	INT	Y	N	***	-	-	-
Texas Instruments Incorporated	TMT*	Richard K. Templeton	59	7/17	-	Res/UP	FE	-	Y	Brian T. Crutcher	45	N	N/A
Tyson Foods, Inc.	Consumer	Noel W. White	60	9/30	-	Ret/SD	INT	N	N	Thomas P. "Tom" Hayes	53	Y	N
Verizon Communications, Inc.	TMT*	Hans E. Vestberg	53	8/1	-	Ret/SD	IO	-	Y	Lowell C. McAdam	63	Y	Y**

Noted "interim" cases for Q3 2018 (not factored into quarterly count above)

CBS Corporation	TMT*	Joesph R. "Joe" Ianniello (Interim)	50	9/9	Joesph R. "Joe" Ianniello	Res/UP	INT	N	N	Leslie Moonves	68	Y	N
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* TMT: Technology, Media and Telecommunications.

** Former CEO was already chair.

*** Columns M-P are non-applicable, as Keith Block has been promoted to share the role with the current CEO. A CEO has not transitioned out of the role.

Changes to S&P 500 Index in Q1 2018

Additions	Deletions
Copart	Dr. Pepper Snapple
Arista Networks	GGP
WellCare Health Plans	XL Group

Transition Table Keys

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2018 Transition Data

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Q4 2018 TRANSITIONS

Coty Inc.	Consumer	Pierre Laubies	62	11/12	-	Ret/SD	EXT	-	N	Camillo Pane	48	Y	N
Discover Financial Services	Financial Services	Roger C. Hochschild	53	10/1	-	Ret/SD	INT	Y	N	David Nelms	57	Y	Y**
Equity Residential	Financial Services	Mark J. Parrell	52	12/131	-	Ret/SD	INT	Y	N	David J. Neithercut	62	Y	N
General Electric Company	Industrial	H. Lawrence "Larry" Culp Jr.	55	10/1	-	Res/UP	FB	-	Y	John L. Flannery Jr.	57	N	N/A
Lam Research Corporation	TMT*	Timothy M. "Tim" Archer	51	12/5	-	Res/UP	INT	N	N	Martin B. Anstice	51	Y	N
Nielsen Holdings plc	TMT*	David W. Kenny	57	12/13	-	Ret/SD	EXT	-	N	D. Mitchell "Mitch" Barns	55	Y	N
PepsiCo, Inc.	Consumer	Ramon L. Laguarta	54	10/3	-	Ret/SD	INT	Y	N	Indra K. Nooyi	62	Y	Y**
Perrigo Company plc	Healthcare	Murray S. Kessler	59	10/8	-	Res/UP	EXT	-	Y	Uwe F. Röhrhoff	56	Y	N
Prudential Financial, Inc.	Financial Services	Charles F. "Charlie" Lowrey Jr.	60	12/1	-	Ret/SD	INT	Y	N	John R. Strangfeld Jr.	64	Y	Y**
Realty Income Corporation	Financial Services	Sumit Roy	50	10/16	-	Ret/SD	INT	N	N	John P. Case	54	Y	N
The Goldman Sachs Group, Inc.	Financial Services	David M. Solomon	56	10/1	-	Ret/SD	INT	Y	N	Lloyd C. Blankfein	65	Y	Y**

* TMT: Technology, Media and Telecommunications.

** Former CEO was already chair.

Changes to S&P 500 Index in Q1 2018

Additions		Deletions	
Rollins	Lamb Weston	Andeavor	Rockwell Collins
Fortinet	Maxim Weston	Envision Healthcare	Aetna
Keysight Technologies	Diamondback Energy	CA	Stericycle
Jack Henry	Celanese	EQT	Express Scripts Holdings

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Research and Insights

Spencer Stuart regularly explores the key concerns of boards and senior management, as well as innovative solutions to the challenges they face.



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Business Changes



CEO Succession
Planning: The CEO's
Critical Role



Getting a Seat at the Table:
Executives Can Position
Themselves to Get on Boards



Delighting the Customer:
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How Boards Can Overcome
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The Perception of
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