

Chart of the Week

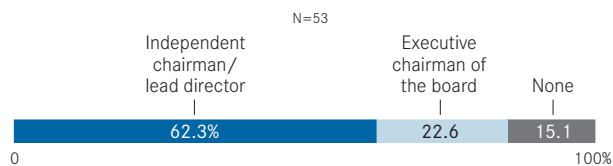


Communication Practices in CEO Succession

FROM *CEO SUCCESSION PRACTICES: 2013 EDITION*

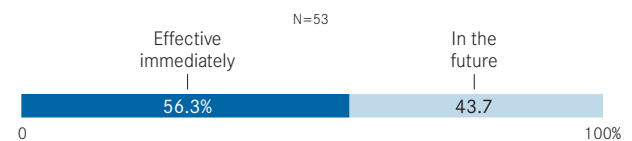
A review of the CEO succession announcements made by S&P 500 companies in 2012 showed that they typically included details on when the succession would take effect, why the departing CEO is leaving, and whether the incoming CEO will be named board chairman; a statement by the departing CEO on his/her belief that the board has selected a qualified replacement; a statement by the lead independent director that the incoming CEO is the right choice for the company, given its current position, and thanking the departing CEO for his/her service; a statement from the incoming CEO that the existing management team is strong, the company is well positioned for the future, and expressing appreciation that the board has selected him/her as chief executive; and a description of the incoming CEO's professional qualifications, and, if necessary, details on other director or senior management changes that will take place.

Responsibility for succession announcement (2012)



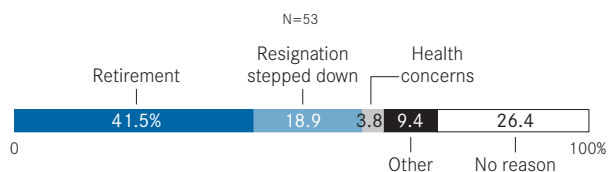
Source: The Conference Board based on data from company IR websites, 2013.

Succession effective date (2012)



Source: The Conference Board based on data from company IR websites, 2013.

Stated reason for departure (2012)



Source: The Conference Board based on data from company IR websites, 2013.

Why it matters...

- An external communication plan is a fundamental aspect of the CEO succession planning process, especially given the increased shareholder scrutiny of the preparedness of companies for leadership transition events.
- In 2012, 43.7 percent of S&P 500 companies provided stakeholders with advance notice of a CEO succession via a press release. Of those companies, the mean (median) lead time to the succession event becoming effective was four (three) months, although it ranged from as little as one month to as long as 10 months.

For more information on trends in CEO succession and a discussion of notable succession events occurring in 2012, download *CEO Succession Practices: 2013 Edition* at www.conference-board.org/publications or contact Matteo Tonello at matteo.tonello@conference-board.org