SpencerStuart

2004 CEO Study: A Statistical Snapshot of Leading CEOs

Did you know…

> The majority of S&P 500 CEOs are in their 50s
> 29% of S&P 500 CEOs have an advanced degree other than an MBA
> CEOs in the S&P 401-500 group are more likely to have a shorter tenure with his or her company than other S&P 500 CEOs
> 60% of S&P 500 CEOs have been in office less than six years
> CEOs of the top 100 S&P 500 companies are more likely than the rest of the S&P 500 CEOs to have been with the same company throughout their entire career

Spencer Stuart conducts research annually on the developmental background and professional experience of CEOs of S&P 500 companies. This research allows us to track emerging trends among today's leaders, and also provides an interesting look at differences among CEOs in various industry sectors and regions of the United States. The study includes:

Research was conducted by Kelley Allen, marketing information specialist for Spencer Stuart, and based on the S&P 500 ranking as of June 9, 2004. The backgrounds of 502 CEOs were researched for this study (two companies in the study were led by co-CEOs).

Sources used include:

- Marquis Who's Who in America, 1980-1981
- The Corporate Yellow Book, Summer 2004 edition
- 50,000 Leading U.S. Corporations-Business Trends, 1980
- Standard & Poor's Register of Corporations, Directors & Executives, 1980
- QuestNT (Spencer Stuart's proprietary database)
- Corporate web sites and press releases
- Company proxies
- OneSource.com
- Hoovers.com
- University registrars were phoned to verify degree information when necessary
- Companies were contacted to request/verify biographical information when necessary

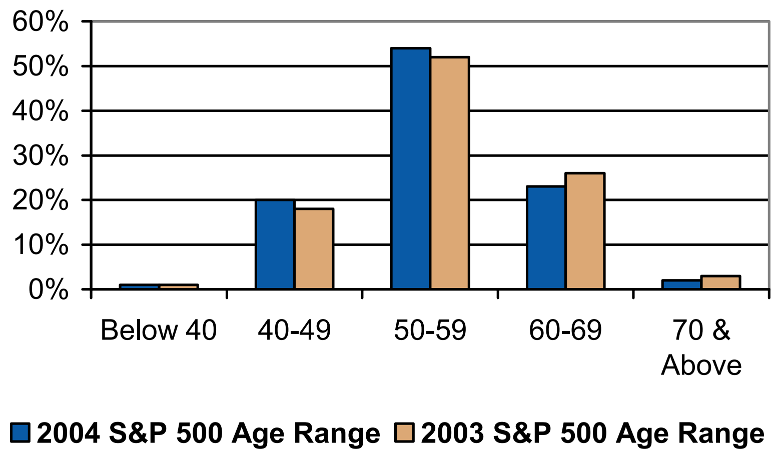
General Analysis

Age

Leading CEOs continue to get younger when compared to their predecessors. The average age for S&P 500 CEOs decreased from 56 years in 2003 to 55 years in 2004. Twenty-five years ago, the average age of leading U.S. CEOs was 59 years. 21% of CEOs are under age 50, compared with 19% last year. In keeping with this trend, the percentage of CEOs age 60 or older decreased to 25% this year from 29% last year.

Age Ranges

Range (years)	**'04 1-100**	**'04 101-200**	**'04 201-300**	**'04 301-400**	**'04 401-500**
Below 40	1%	1%	0%	0%	2%
40-49	12%	21%	18%	21%	29%
50-59	57%	53%	58%	53%	47%
60-69	28%	22%	24%	21%	20%
70 & Above	2%	3%	0%	5%	2%
Range (years)	**'04 S&P 1-100**	**'04 S&P 1-200**	**'04 S&P 1-300**	**'04 S&P 1-400**	**'04 S&P 1-500**
Below 40	1%	1%	1%	1%	1%
40-49	12%	16%	17%	18%	20%
50-59	57%	55%	56%	55%	54%
60-69	28%	25%	25%	24%	23%
70 & Above	2%	3%	1%	2%	2%



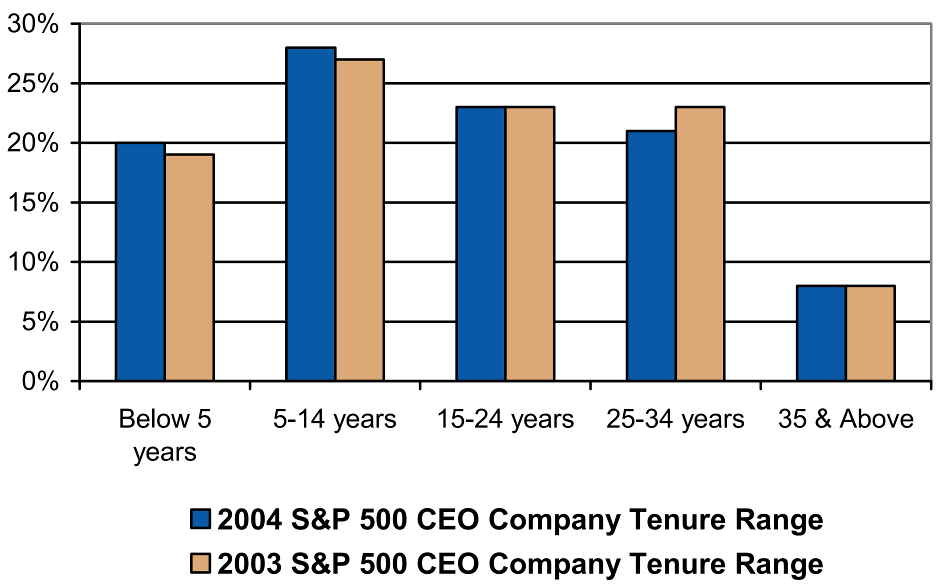
Company Tenure
The top 100 S&P CEOs are more likely to have been with their company longer than the rest of the group, with a median tenure of 19 years. However, the percentage of S&P 100 CEOs who have been at their company 35 years or longer continues to decrease over time, with 9% having that tenure length this year, compared with 10% last year and 15% five years ago.

Median company tenure for all S&P 500 CEOs is 16 years.

CEO Company Tenure Ranges

Range (years)	**'04 1-100**	**'04 101-200**	**'04 201-300**	**'04 301-400**	**'04 401-500**
Below 5	18%	21%	19%	17%	25%
5-14	25%	26%	23%	31%	36%
15-24	23%	25%	23%	21%	21%
25-34	25%	17%	29%	20%	15%
35 & Above	9%	11%	6%	11%	3%

Range (years)	**'04 1-100**	**'04 1-200**	**'04 1-300**	**'04 1-400**	**'04 1-500**
Below 5	18%	19%	19%	19%	20%
5-14	25%	26%	24%	26%	28%
15-24	23%	24%	24%	23%	23%
25-34	25%	21%	24%	23%	21%
35 & Above	9%	10%	9%	9%	8%



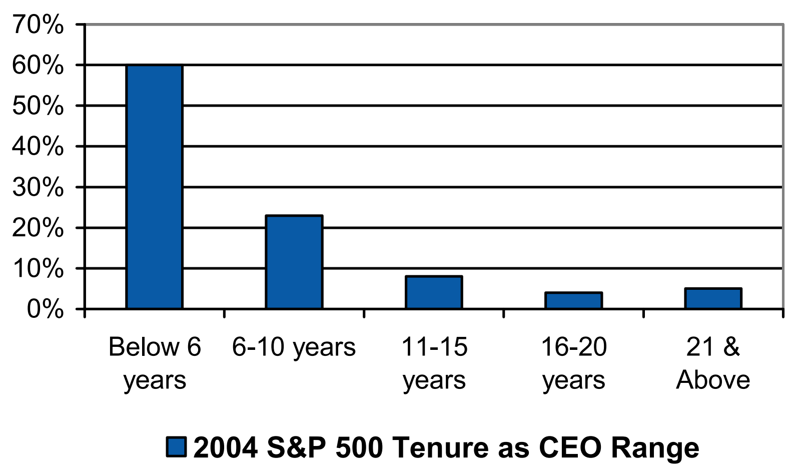
Tenure as CEO
Median tenure for the top S&P 100 CEOs has not changed for the past three years, holding steady at four years. Four years is also the median tenure as CEO for the S&P 500 group as a whole.

At the time of our research, 19% of CEOs studied had been in office for one year or less.

Tenure as CEO Ranges

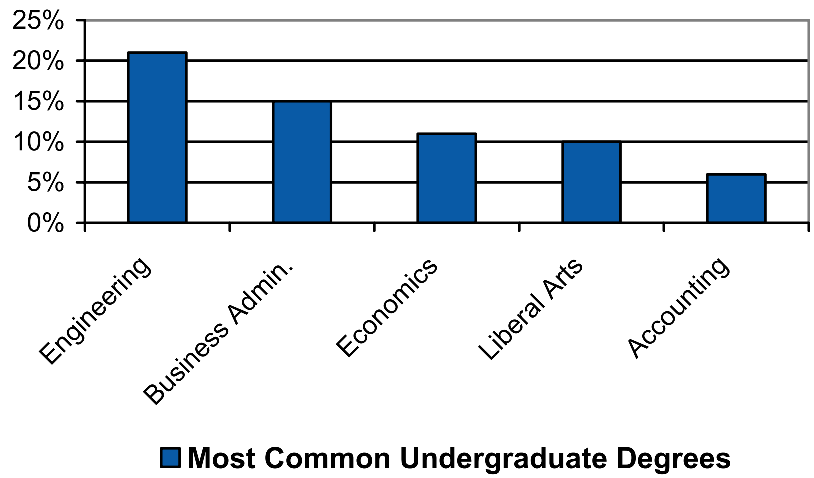
Range (years)	'04 1-100	'04 101-200	'04 201-300	'04 301-400	'04 401-500
Below 6	60%	66%	63%	56%	56%
6-10	24%	15%	25%	29%	20%
11-15	9%	8%	9%	6%	9%
16-20	3%	5%	0%	3%	9%
21 & Above	4%	6%	3%	6%	6%

Range (years)	'04 1-100	'04 1-200	'04 1-300	'04 1-400	'04 1-500
Below 6	60%	63%	63%	61%	60%
6-10	24%	19%	21%	23%	23%
11-15	9%	8%	9%	8%	8%
16-20	3%	4%	3%	3%	4%
21 & Above	4%	5%	4%	5%	5%



Educational Background

According to our research, 97% of S&P 500 CEOs earned an undergraduate degree at a college or university. Engineering and Business Administration were the top two most often-received degrees.



This year, the University of Wisconsin joins Harvard as the most common university attended by S&P 500 CEOs. Until now, Harvard has held the lead among CEOs studied since 1998. 3% of the S&P 500 CEOs received their undergraduate degrees from Harvard and 3% from the University of Wisconsin.

Most Common Undergraduate Universities

S&P 500 Group	Most Common University
1-100	Harvard, Stanford (4% each)
101-200	University of Wisconsin (5%)
201-300	Rutgers, U.S. Naval Academy, University of Texas (3% each)
301-400	Harvard, University of Alabama, University of Wisconsin (4% each)
401-500	University of Wisconsin (4%)

The percentage of CEOs who have earned an MBA has remained constant over the past few years, at 38%. 29% have earned an advanced degree other than an MBA, and 11% of the CEOs studied have earned a law degree.

Military Experience
Military experience continues to become less common among leading CEOs, with 9% of S&P 500 CEOs studied having served, compared to 11% in both 2003 and 2002, and 14% in 2001.

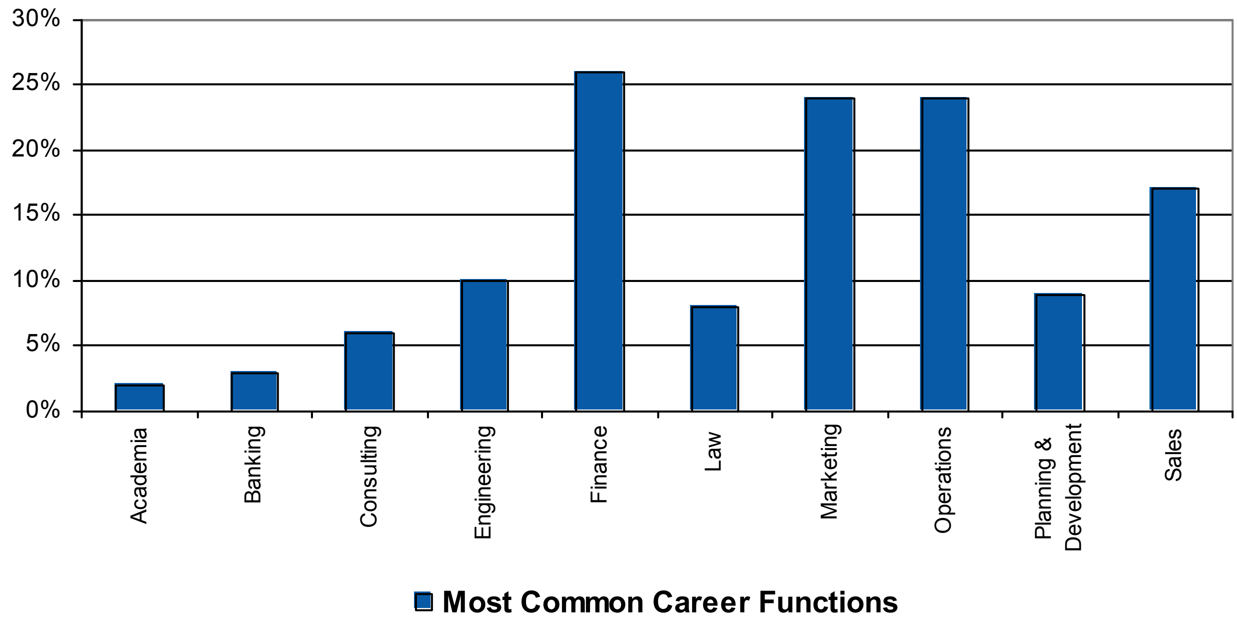
International Experience
Information available in published CEO biographies indicates that S&P 100 CEOs are more likely to have international experience than the rest of their S&P 500 counterparts. As companies continue to become more global in scope, we anticipate the requirement for specific international experience to increase significantly.

Career Trends
Executives continue to seek experience at various companies to further enhance their careers. 23% of S&P 500 CEOs have been at their current company their entire career, versus 24% in 2003 and 26% in 2000.

30% of this year's top 100 S&P CEOs have been at their current company for their entire career, compared with 34% last year, 35% five years ago and 40% six years ago.

The percentage of leading CEOs who remain in one functional path throughout their career continues to decrease as executives realize the benefit and necessity of obtaining experience in different areas, with 12% of the S&P 500 CEOs following the management track now, compared with 22% four years ago. Over the past five years, the percentage of top 100 S&P CEOs who have been in one function throughout their career has decreased from 25% to 9%.

The three most common-held functions among S&P 500 CEOs are finance, operations and marketing, with finance being the most common among leading CEOs since 1997. It appears that despite engineering being the most commonly-received college degree, many end up working in other areas of the operations function in the early stages of their careers.



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Regional Analysis

Median Age

S&P 500 Group	S&P 500	New England	Mid-Atlantic	South	Midwest	Mountain	Southwest	Pacific
1-100	56 years	55 years	56 years	58 years	57 years	—	60 years	56 years
101-200	55	51	56	55	56	56	45	56
201-300	55	55	57	54	54	58	54	55
301-400	56	60	57	58	54	57	56	57
401-500	54	55	53	52	57	53	55	52
500 Average	55	55	56	55	56	56	54	55
500 Median	55	55	56	55	56	57	55	56

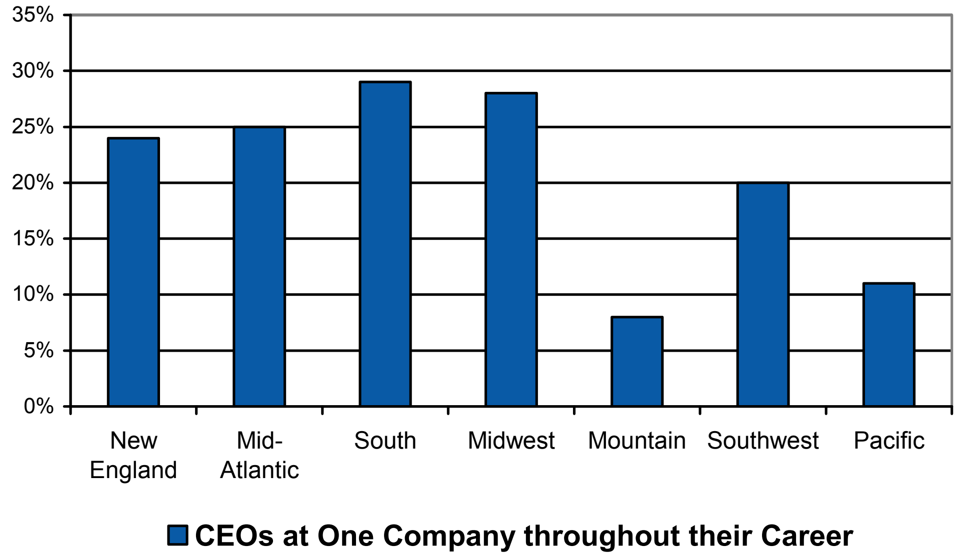
No region deviates significantly from the S&P 500 average and median ages of 55 years.

Median CEO Company Tenure

S&P 500 Group	S&P 500	New England	Mid-Atlantic	South	Midwest	Mountain	Southwest	Pacific
1-100	19 years	26 years	18 years	18 years	19 years	—	21 years	16 years
101-200	15	15	20	7	16	2	11	21
201-300	18	25	21	18	16	33	12	27
301-400	15	14	12	15	19	12	19	10
401-500	11	9	15	11	9	11	16	11
500 Average	17	18	17	14	16	15	16	17
500 Median	16	15	18	15	16	12	16	16

CEOs of Mountain-based companies have the shortest median tenure, at 12 years, compared with the S&P 500 median tenure of 16 years. CEOs of Mid-Atlantic-based companies are more likely to stay with their companies longer, with a median company tenure of 18 years.

For the fourth year in a row, CEOs at Southern companies are most likely to stay at one company throughout their career, with 29% falling into that category. CEOs at Midwestern companies follow close behind, at 28%.



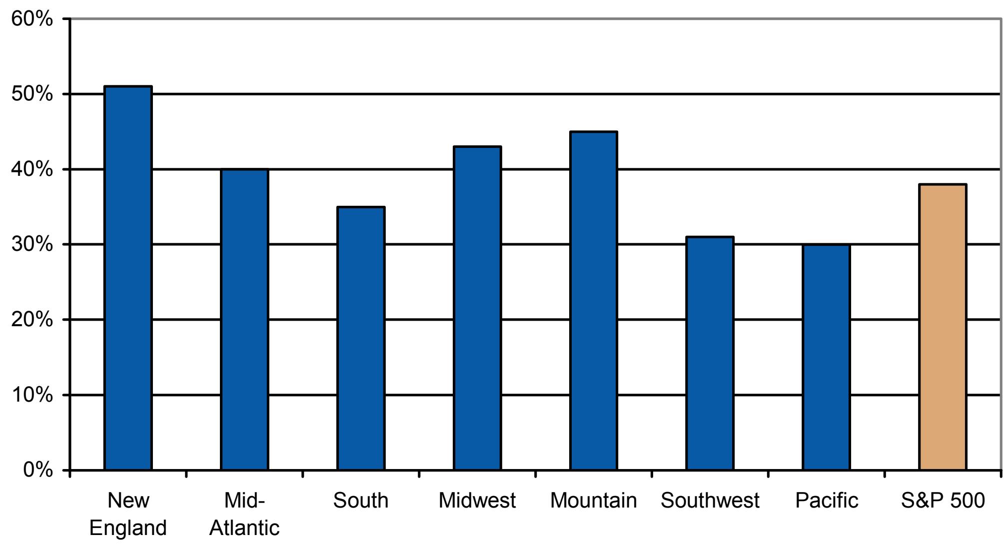
Median Tenure as CEO

S&P 500 Group	S&P 500	New England	Mid-Atlantic	South	Midwest	Mountain	Southwest	Pacific
1-100	4 years	4 years	4 years	4 years	4 years	—	8 years	6 years
101-200	4	3	4	4	5	2	2	9
201-300	4	4	5	4	4	3	4	4
301-400	5	5	4	6	5	3	5	6
401-500	5	4	4	3	3	8	4	8
500 Average	6	4	4	4	4	4	5	7
500 Median	4	4	4	4	4	3	4	6

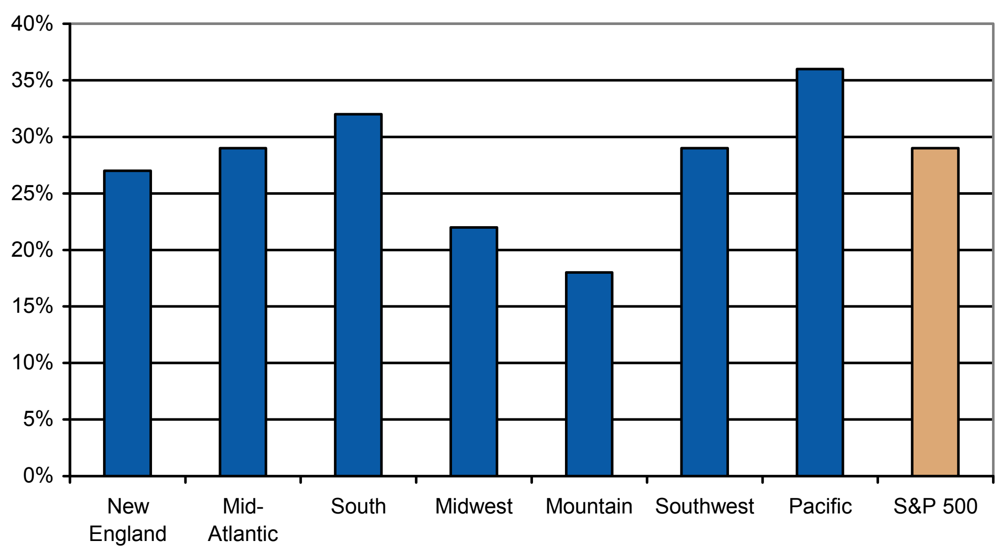
Median CEO tenure for all regions, with the exception of the Pacific region, remains consistent with the overall S&P 500 median length of four years.

Educational Background

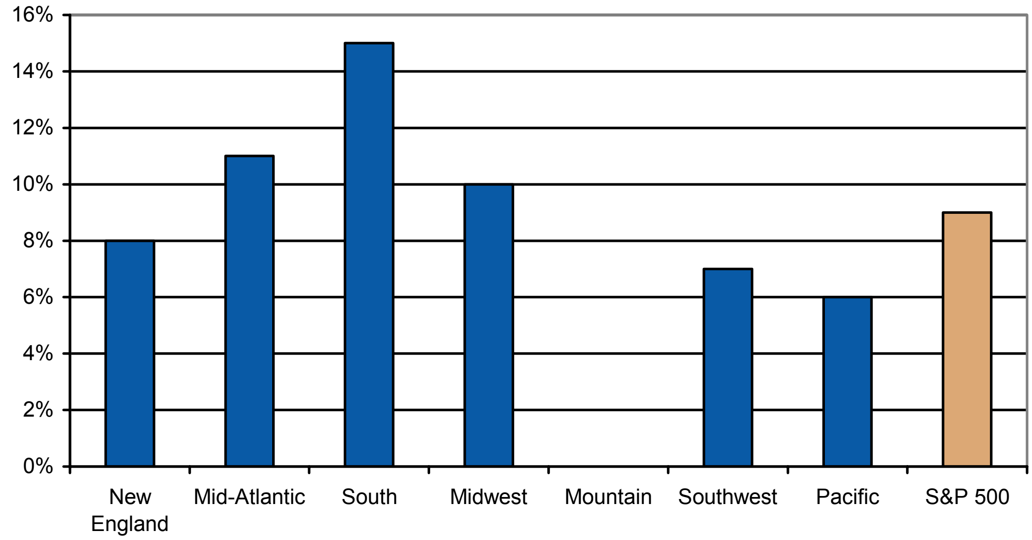
CEOs by Region Who Have Received an MBA
S&P 500 CEOs based in New England are most likely to have earned an MBA, with 51% having this degree. This exceeds the overall S&P 500 percentage of 38% by 13 points.



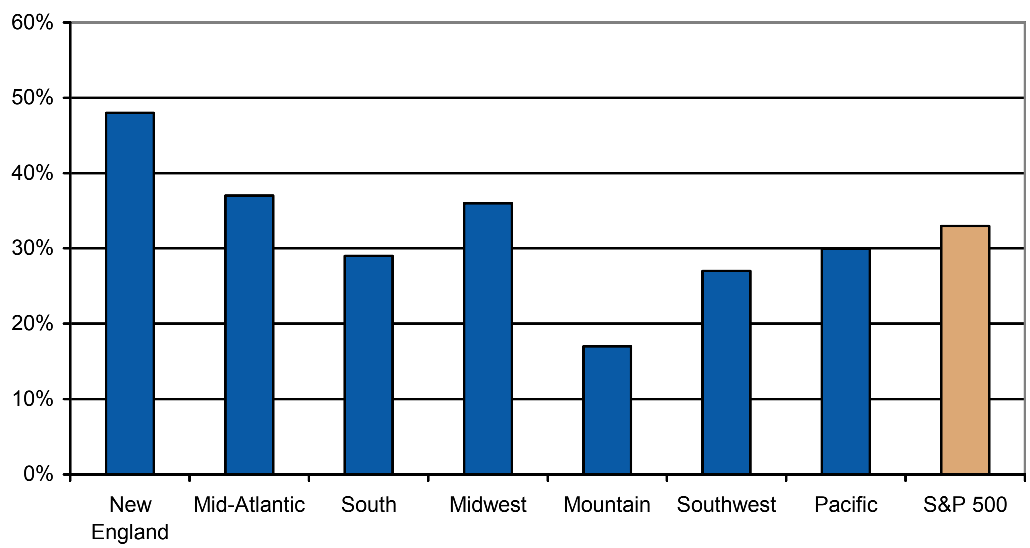
CEOs by Region Who Have Received Advanced Degrees other than an MBA
CEOs based in the Pacific and Southern regions presently are more likely to have non-MBA advanced degrees, compared with New England last year and the year before. CEOs of Mountain- and Midwest-based companies are least likely to have an alternative advanced degree.



Military Experience
Current S&P 500 CEOs of companies based in the South are more likely than their counterparts to have military experience, with 15% having served in some military capacity.



International Experience
For the third consecutive year, CEOs of New England-based companies are more likely to have international experience, at 48%. This is much higher than the overall S&P 500 percentage, at 33%.



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Industrial Analysis

Age, Company and CEO Tenure
CEOs in the electric, gas and sanitary services have the highest median age among major industries strongly represented in this year's study, at 59 years. This is compared to a median age of 55 years for the S&P 500 as a whole.

This year, CEOs of depository institutions are more likely to have longer company tenures, at a median of 32 years. CEOs in the electric, gas and sanitary services and business services industries are likely to have shorter company tenures. CEOs in the electronic components industry are more likely to have held their current position longer than CEOs in other major industries.

Industry	**Average Age**	**Median Age**	**Average Tenure with Company**	**Median Tenure with Company**	**Average Tenure as CEO**	**Median Tenure as CEO**
Business Services	54 years	54 years	13 years	11 years	6 years	4 years
Chemicals	54	55	19	20	6	4
Depository Institutions	59	57	25	32	10	7
Elec., Gas & Sanitary	58	59	14	10	6	4
Electronic Components	55	55	15	13	8	8
Food Products	55	57	20	20	5	4
Financial Services	54	55	16	14	5	5
Ind., Commercial Machinery	52	52	18	22	7	5
Insurance Carriers	55	55	15	12	7	5
Measuring Instruments	54	55	15	12	6	4
Oil, Gas Extraction	57	57	19	18	7	4
Transportation Equipment	56	56	17	14	4	4

Educational Background
According to this year's research, CEOs in industrial and commercial machinery industries are least likely to have earned a bachelor degree. CEOs of electric, gas and sanitary services companies are most likely to have earned a non-MBA advanced degree.

Industry	% CEOs with Bachelor Degree	Most Common Degree Rec'd in Group	% CEOs Who Received Most Common Degree	% CEOs with an MBA	% CEOs with Other Advanced Degrees
Business Services	95%	Business Administration	14%	17%	24%
Chemicals	100%	Engineering	37%	45%	29%
Depository Institutions	100%	Business Administration	21%	54%	25%
Elec., Gas & Sanitary	97%	Engineering	35%	35%	54%
Electronic Components	100%	Engineering	55%	32%	37%
Food Products	100%	Liberal Arts	24%	53%	12%
Financial Services	96%	Business Administration	17%	52%	30%
Ind., Commercial Machinery	88%	Liberal Arts	24%	40%	16%
Insurance Carriers	96%	Economics	22%	37%	19%
Measuring Instruments	100%	Engineering	29%	54%	25%
Oil, Gas Extraction	100%	Engineering	26%	26%	37%
Transportation Equipment	100%	Engineering	50%	44%	39%

Career Trends
Currently, CEOs in food products and chemicals companies are more likely to have international experience than their counterparts. For the three years prior, CEOs in chemicals and transportation industries were most likely. Food products company leaders are also more likely to have military experience.

Depository institution company CEOs are most likely to have worked at the same company throughout their careers.

Industry	% CEOs with Military Experience	% CEOs with International Experience	% CEOs who worked at one company only throughout career	Most Common Function
Business Services	5%	40%	10%	Marketing
Chemicals	8%	56%	33%	Marketing
Depository Institutions	21%	7%	43%	Finance
Elec., Gas & Sanitary	19%	22%	14%	Finance
Electronic Components	5%	46%	15%	Marketing
Food Products	29%	59%	18%	Sales
Financial Services	4%	17%	13%	Finance
Ind., Commercial Machinery	0%	44%	36%	Operations
Insurance Carriers	7%	19%	11%	Finance
Measuring Instruments	8%	33%	13%	Marketing/Sales
Oil, Gas Extraction	5%	47%	21%	Operations
Transportation Equipment	6%	67%	28%	Operations

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Board Membership Analysis

According to our study results, 47% of S&P 500 CEOs only sit on the board of the company at which they are employed. Of the top 100 S&P companies, 56% sit on one or more external boards.

# of External Boards	'04 1-100	'04 101-200	'04 201-300	'04 301-400	'04 401-500
0	44%	49%	43%	47%	51%
1	30%	19%	26%	28%	26%
2	19%	21%	19%	19%	15%
3	4%	10%	10%	3%	7%
4	3%	1%	1%	3%	1%
5	0%	0%	1%	0%	0%
Total who sit on 1+	56 CEOs (56%)	51 CEOs (51%)	57 CEOs (57%)	54 CEOs (53%)	49 CEOs (49%)

# of External Boards	'04 1-100	'04 1-200	'04 1-300	'04 1-400	'04 1-500
0	44%	46%	45%	46%	46%
1	30%	25%	25%	26%	26%
2	19%	20%	19%	19%	19%
3	4%	7%	8%	7%	7%
4	3%	2%	2%	2%	2%
5	0%	0%	.05%	.02%	.01%
Total who sit on 1+	56 CEOs (56%)	107 CEOs (54%)	164 CEOs (55%)	218 CEOs (54%)	267 CEOs (53%)

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CEO Turnover

Turnover percentage

Based on the 12/31/04 S&P 500 list, since 1/1/04, 67 companies, or 13% of the S&P 500, have appointed a new CEO.

Group	Number (Percentage)
Overall 498	67/498 (13%)
1-100	9/100 (9%)
101-200	17/100 (17%)
201-300	13/100 (13%)
301-400	16/100 (16%)
401-498	12/98 (12%)

> The top 100 S&P 500 companies have the lowest turnover percentage, 9%; the second group of 100 has the highest, at 17%.

Internal vs. External Placement

Overall (of 67 new CEOs)	
Internal	44/67 (66%)
External	23/67 (34%)

> The majority (66%) of appointed CEOs in the S&P 500 were internal placements.

Placement by Group	1-100	101-200	201-300	301-400	401-498
Internal	6/9 (67%)	11/17 (65%)	9/13 (69%)	9/16 (56%)	9/12 (75%)
External	3/9 (33%)	6/17 (35%)	4/13 (31%)	7/16 (44%)	3/12 (25%)

Reason for Leadership Change (as specifically stated in company press releases)

Reason for Turnover (of 67 new CEOs)	
Former CEO retired	28/67 (42%)
Former CEO stepped down	23/67 (34%)
Resignation of former CEO	8/67 (12%)
Board forced former CEO out	3/67 (4%)
Former CEO passed away	3/67 (4%)
Former CEO was in bad health	2/67 (3%)

> Retirement is the most common reason among S&P 500 companies for appointing a new CEO. Of 67 new CEOs appointed since January 2004, 28, or 42%, were a result of the former CEO retiring. The next most common reason for bringing in a new CEO was the former CEO 'stepped down.'

Reason for Turnover by Group	1-100	101-200	201-300	301-400	401-499
Former CEO retired	6/9 (67%)	7/17 (41%)	6/13 (46%)	5/16 (31%)	4/12 (33%)
Former CEO stepped down	2/9 (22%)	3/17 (18%)	6/13 (46%)	6/16 (38%)	6/12 (50%)
Resignation of former CEO	—	3/17 (18%)	—	3/16 (19%)	2/12 (17%)
Board forced former CEO out	1/9 (11%)	—	—	2/16 (12%)	—
Former CEO was in bad health	—	2/17 (12%)	—	—	—
Former CEO passed away	—	2/17 (12%)	1/13 (8%)	—	—

Reason for Turnover by Average and Median Age

Reason for Turnover by Group	Median	Average
Former CEO retired	61	59.8
Former CEO stepped down	59	57.9
Resignation of former CEO	51	50.9
Board forced former CEO out	54	53.0

> The median and average age of those former CEOs who retired is notably higher than the median and average ages of those who resigned or who were forced out by the board.

> The median and average age of the former CEOs who stepped down is almost in line with those who retired.

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