

CRIST ASSOCIATES

THE VOLATILITY REPORT 2006

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Forward

Our annual research study examines the volatility of movement at the CEO, COO, and CFO levels of the top public companies in the United States. Our sample group includes companies listed on the 2006 Fortune 500, S&P 500, or both – a total of 658 companies.

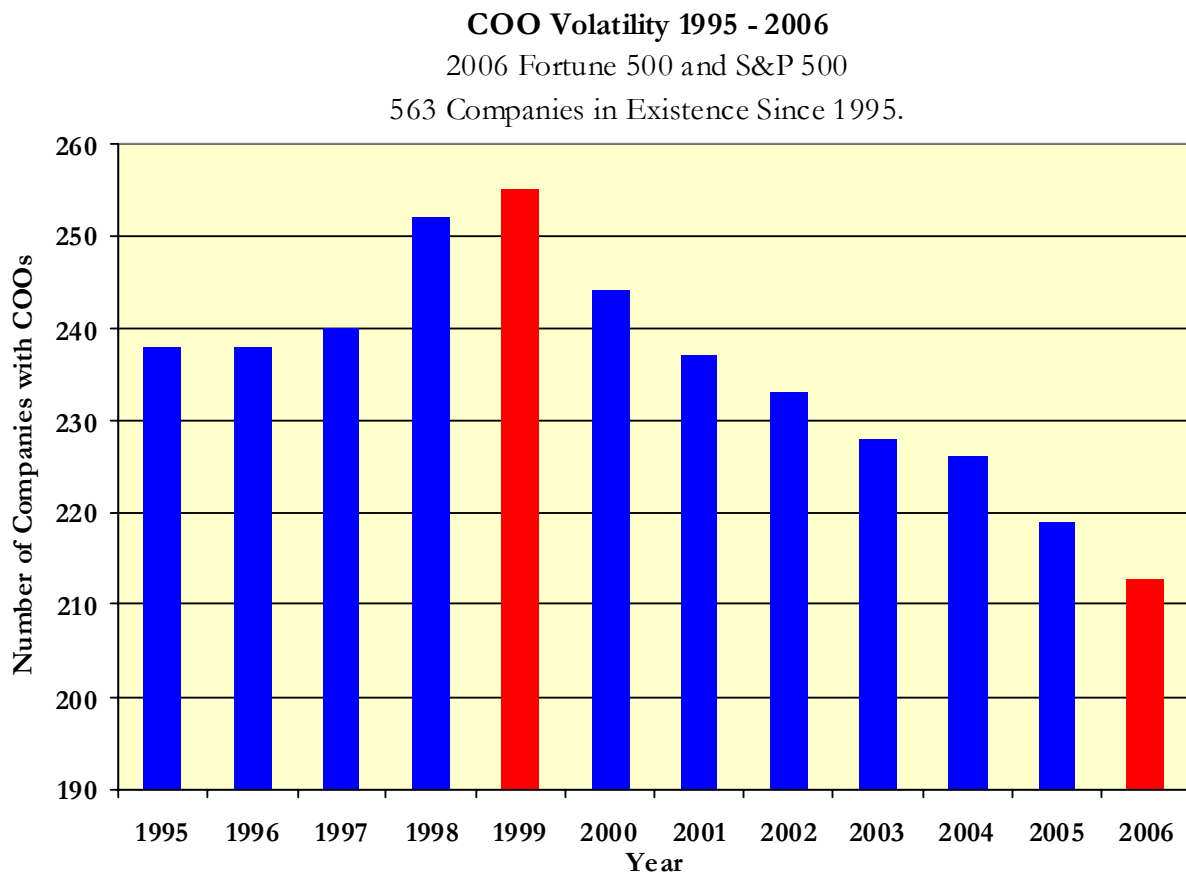
The Crist Volatility Report

An Analysis of C-level Movement

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The number of COOs has been steadily declining, with a marked decrease between 1999 and 2006. In fact, there are 17% fewer COOs today than in 1999.

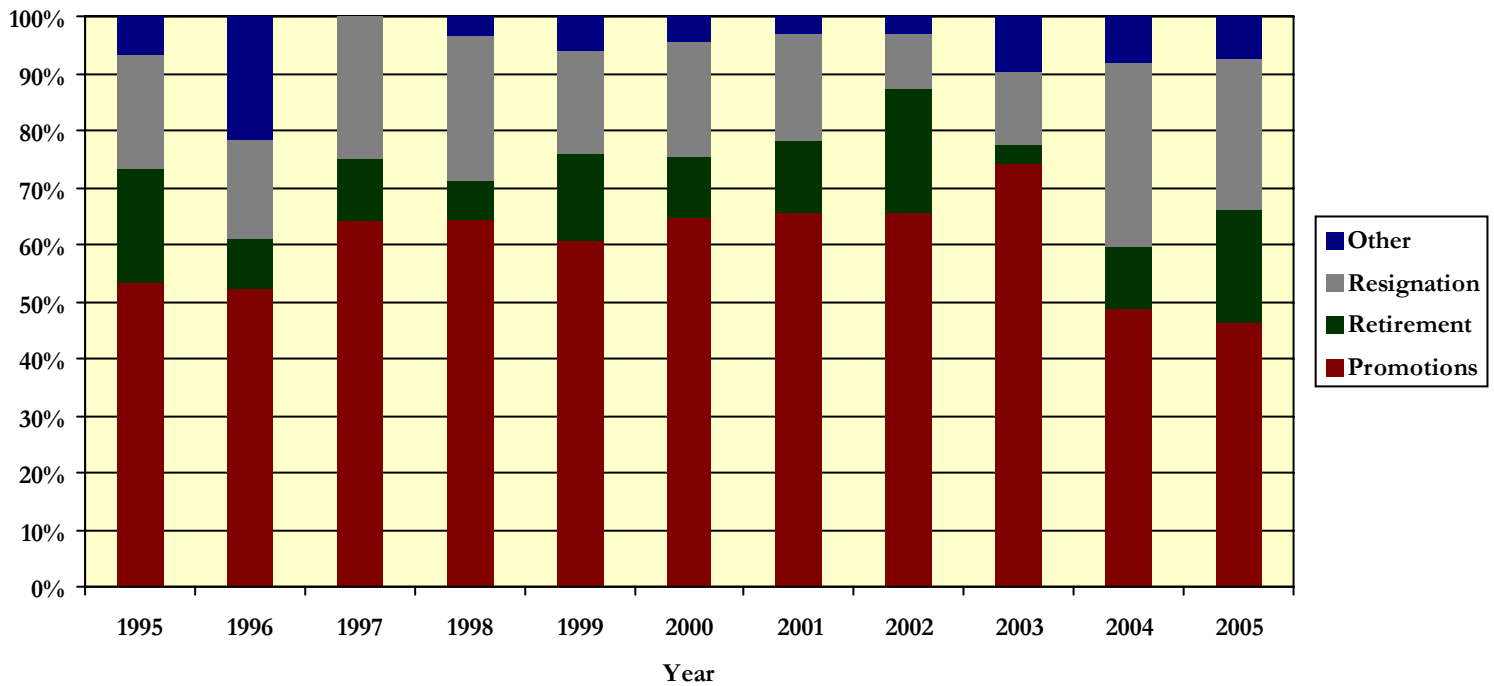


Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*	2005*	2006*
Number of COOs	238	238	240	252	255	244	237	233	228	226	219	213

* Data for 2004, 2005, and 2006 represents the actual number of individuals in the COO position today, irrespective of the 24 month rule established in the methodology section.

Internal promotions to CEO and resignations are the primary reasons for the vanishing COO. Of the resignations in 2004 and 2005, however, approximately 30% left to join another company as CEO.

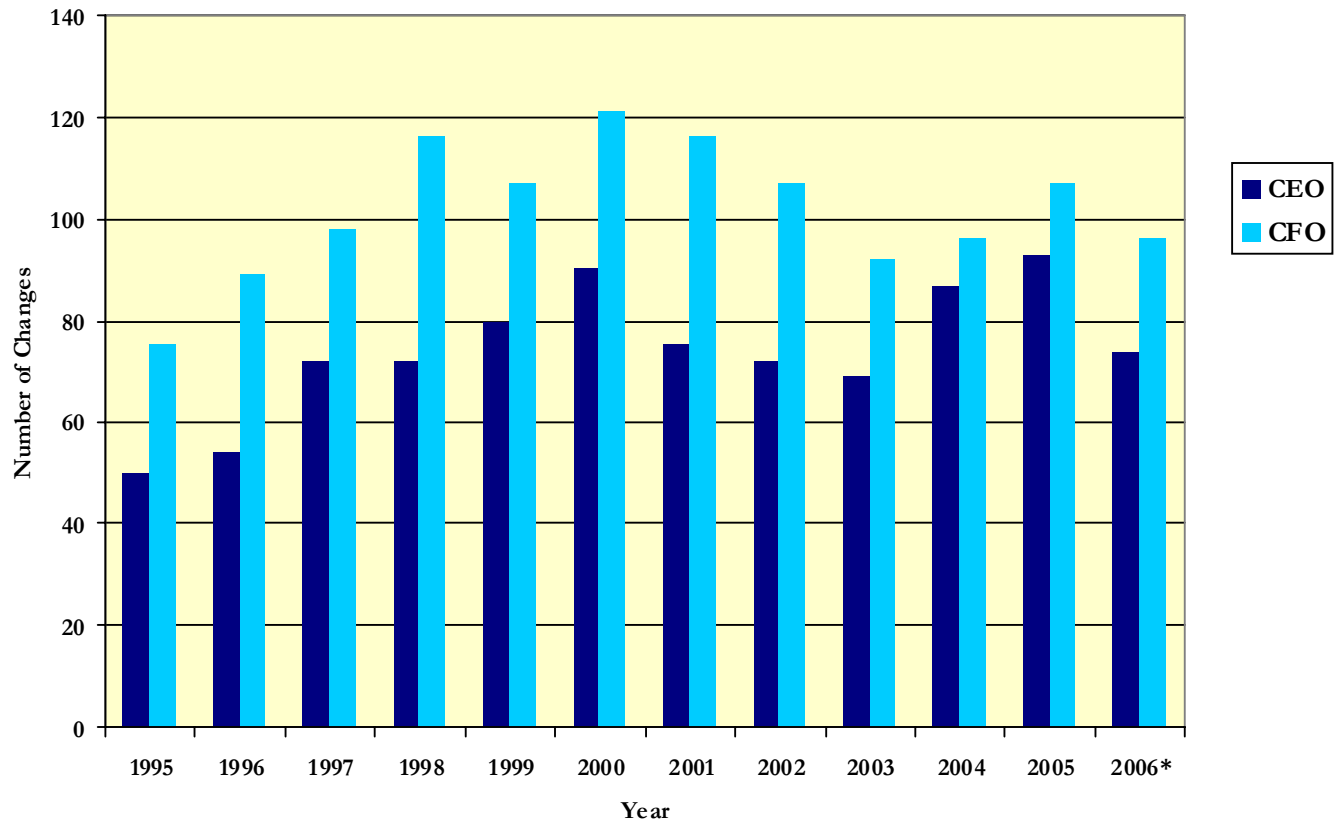
Where have the COOs Gone?



Reason	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Promotion	53.3%	52.2%	64.3%	64.3%	60.6%	64.4%	65.6%	65.6%	74.2%	48.7%	46.4%
Retirement	20.0%	8.7%	10.7%	7.1%	15.2%	11.1%	12.5%	21.9%	3.2%	16.2%	19.5%
Resignation	20.0%	17.4%	25.0%	25.0%	18.2%	20%	18.8%	9.4%	12.9%	27.0%	26.8%
Other	6.7%	21.7%	0.0%	3.6%	6%	4.5%	3.1%	3.1%	9.7%	8.1%	7.3%

Projections for 2006 suggest that CFO volatility continues to outpace that of the CEO.

CEO vs. CFO Volatility Comparison
 2006 Fortune 500 and S&P 500
 658 Companies

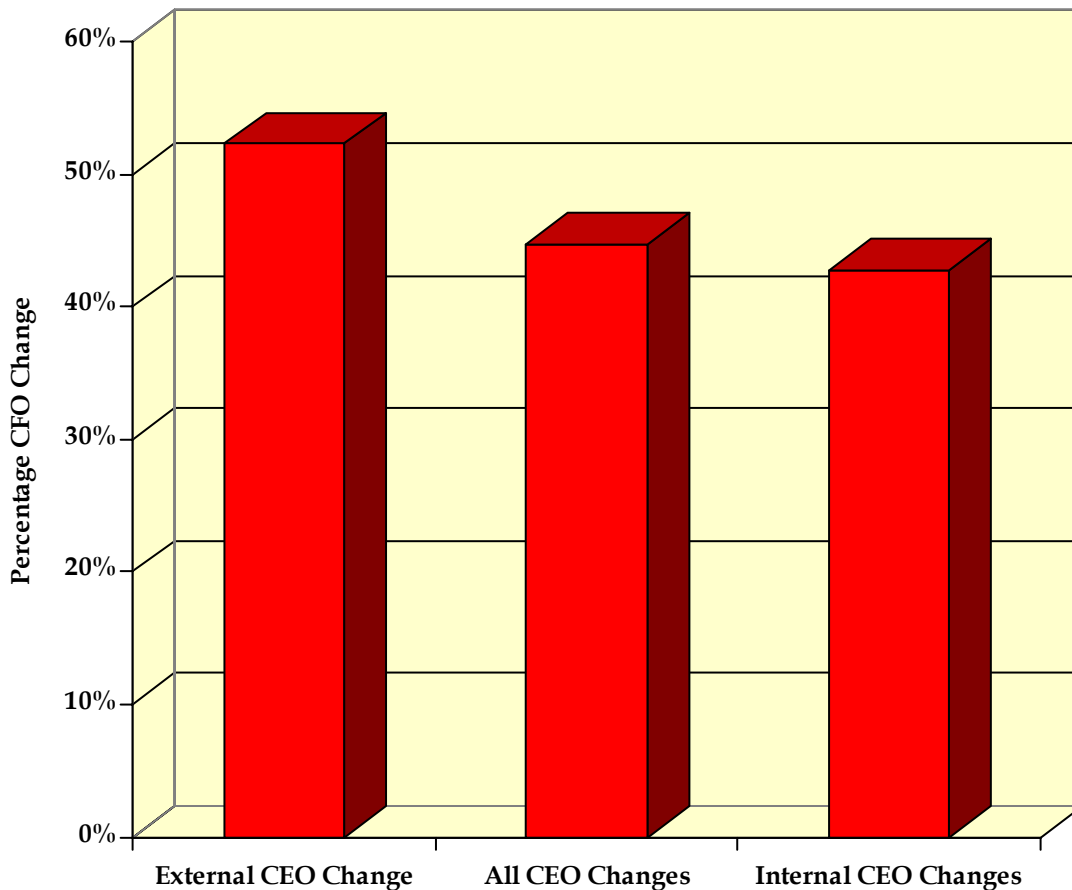


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
CEO	50	54	72	72	80	90	75	72	69	87	93	74
CFO	75	89	98	116	107	121	116	107	92	96	107	96

* Data for 2006 extrapolated based upon the rate of change observed January 1, 2006 through July 31, 2006.

When a CEO is hired from the outside, a new CFO is named within a year over 50% of the time. When a new CEO is hired from the inside, a new CFO is named within a year over 40% of the time.

CEO Position Change and Corresponding CFO Change
 2006 Fortune 500 and S&P 500
 658 Companies



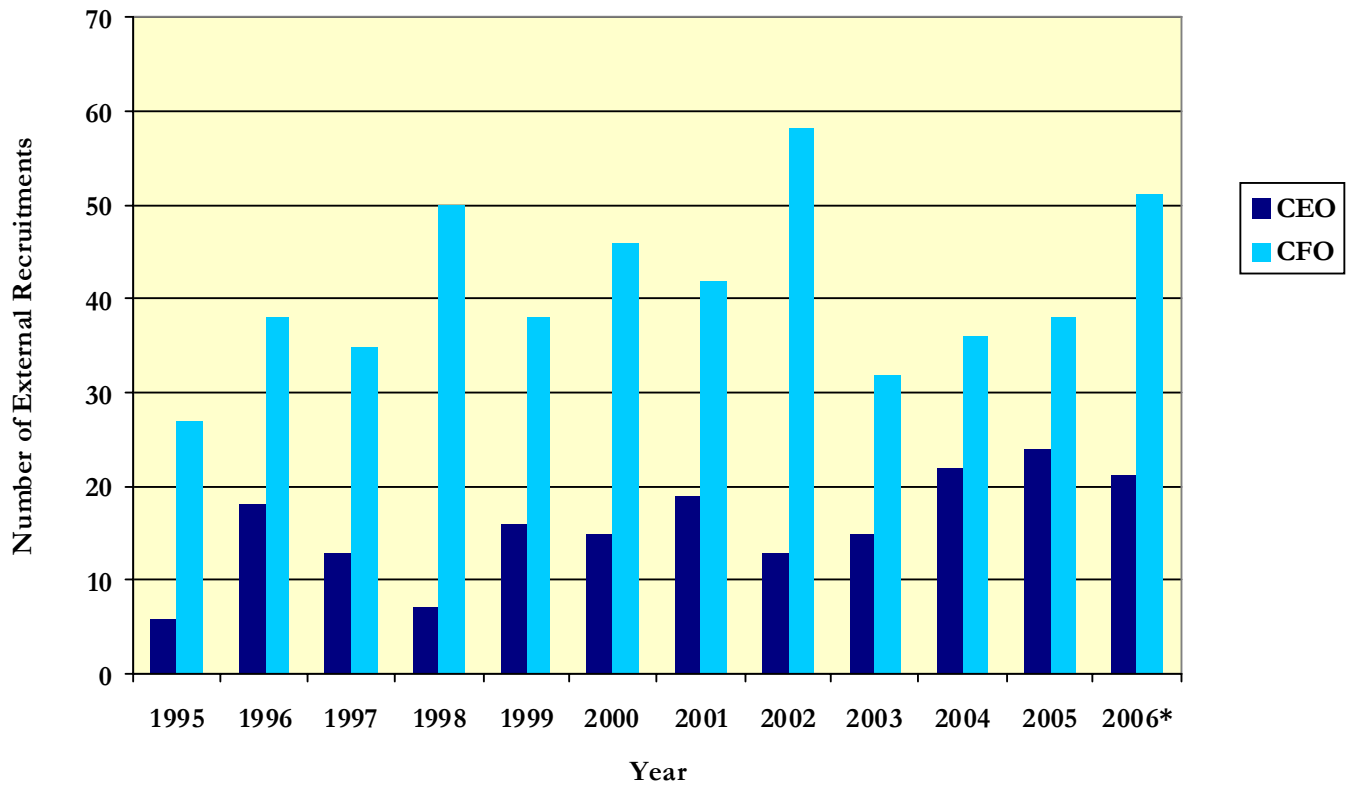
Type of CEO Change	CFO Change	No CFO Change
External	52.3%	47.7%
All	44.7%	55.3%
Internal	42.8%	57.2%

There has been a dramatic increase in the number of companies going outside for a new CFO.

External Hiring at the CEO and CFO Levels

2006 Fortune 500 and S&P 500

658 Companies

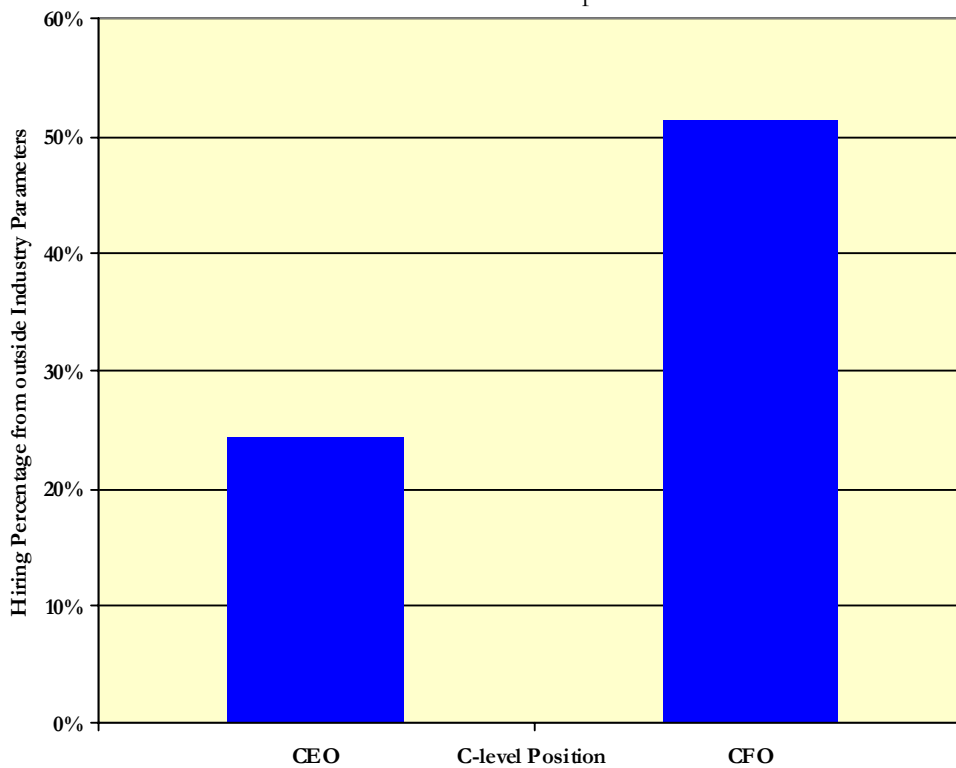


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006*
CEO	6	13	13	7	16	15	19	13	15	22	24	21
CFO	28	38	34	48	39	49	40	56	31	36	38	51

* Data for 2006 extrapolated based upon the rate of change observed January 1, 2006 through July 31, 2006.

Finance is a fungible skill that transfers readily from industry to industry. In fact, over 50% of CFO external hires come from a position outside the industry.

Industry Loyalty: CEO vs. CFO
 2006 Fortune 500 and S&P 500
 658 Companies



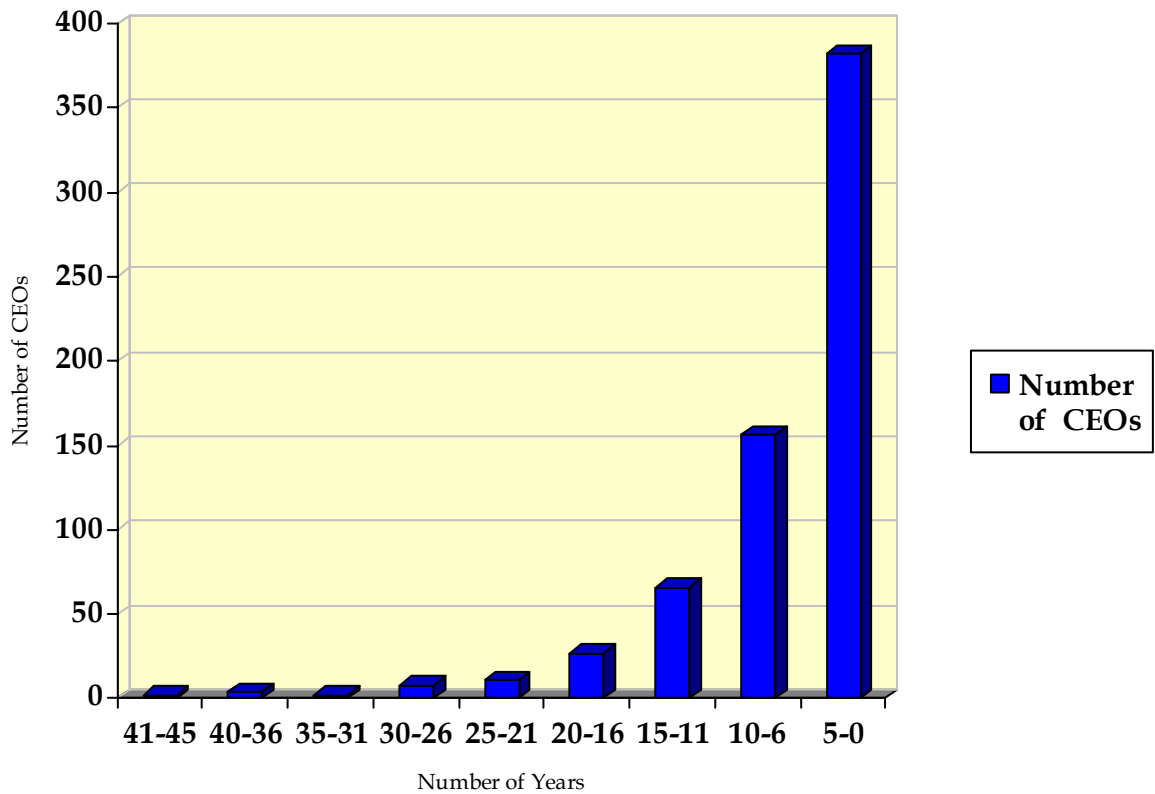
	Originates from Same Industry	Originates from Different Industry
CEO	75.7%	24.3%
CFO	48.7%	51.3%

Today's CEO has retained the position an average of just over 6 years.

Today's CEO: Length of Tenure

2006 Fortune 500 and S&P 500

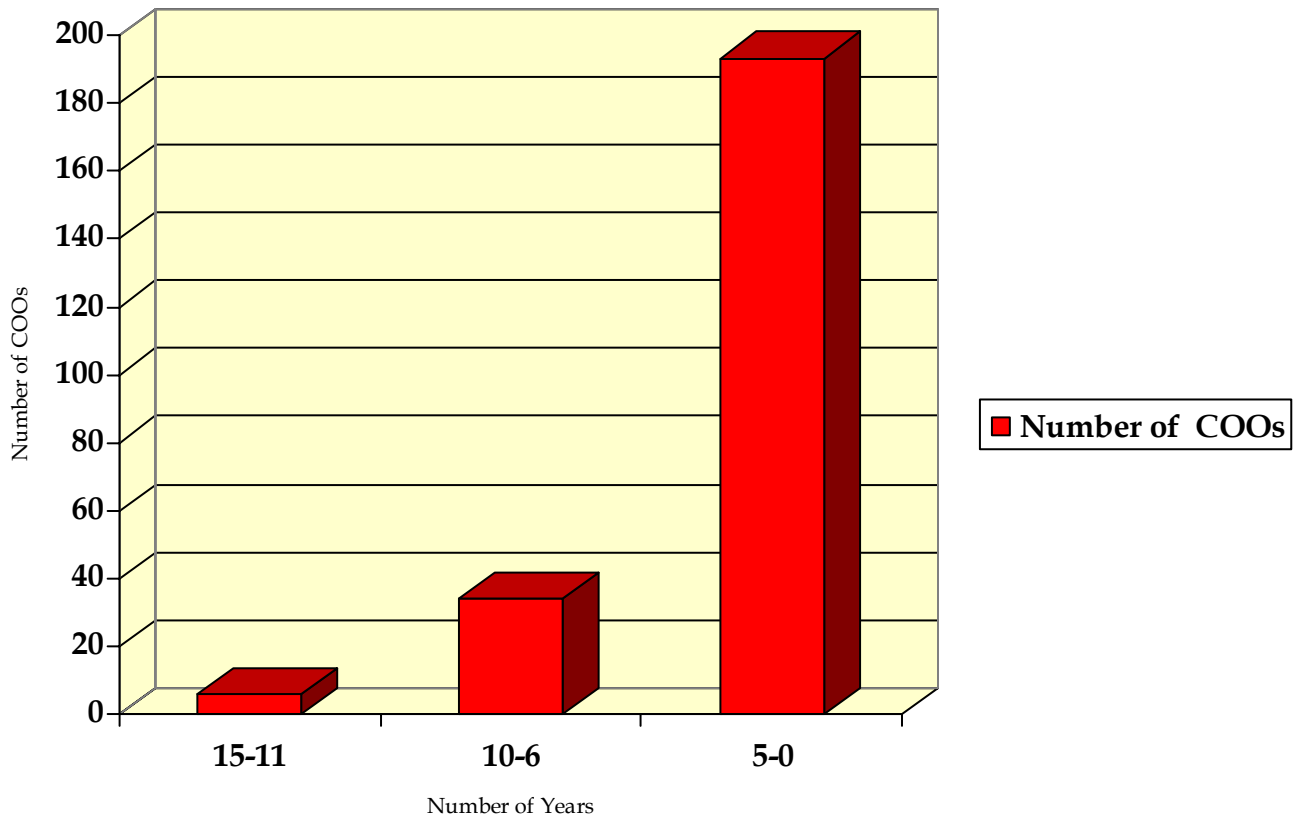
658 Companies



Number of Years	41-45	40-36	35-31	30-26	25-21	20-16	15-11	10-6	5-0
Number of CEOs	2	4	2	8	11	27	66	156	382

Today's COO has retained the position an average of just over 3 years.

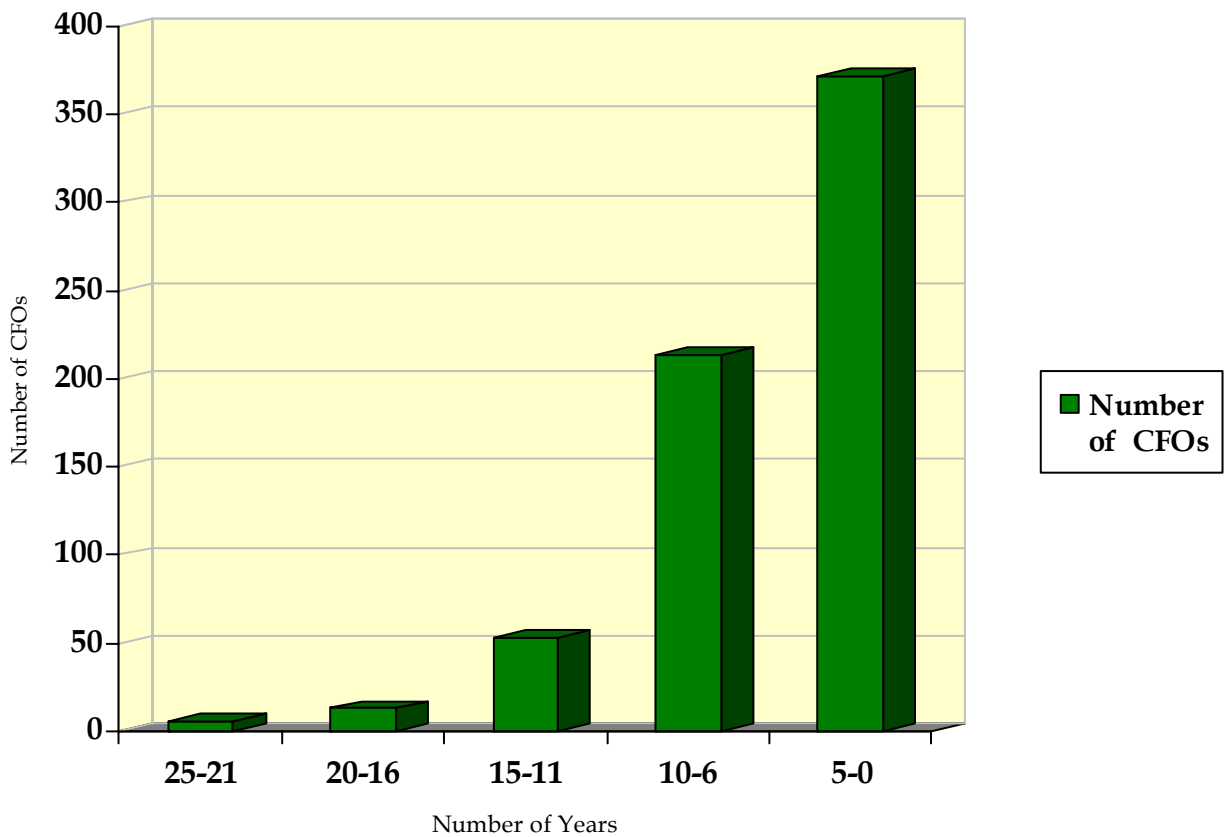
Today's COO: Length of Tenure
 2006 Fortune 500 and S&P 500
 658 Companies



Number of Years	15-11	10-6	5-0
Number of COOs	6	34	193

Today's CFO has retained the position an average of 4¹/₂ years.

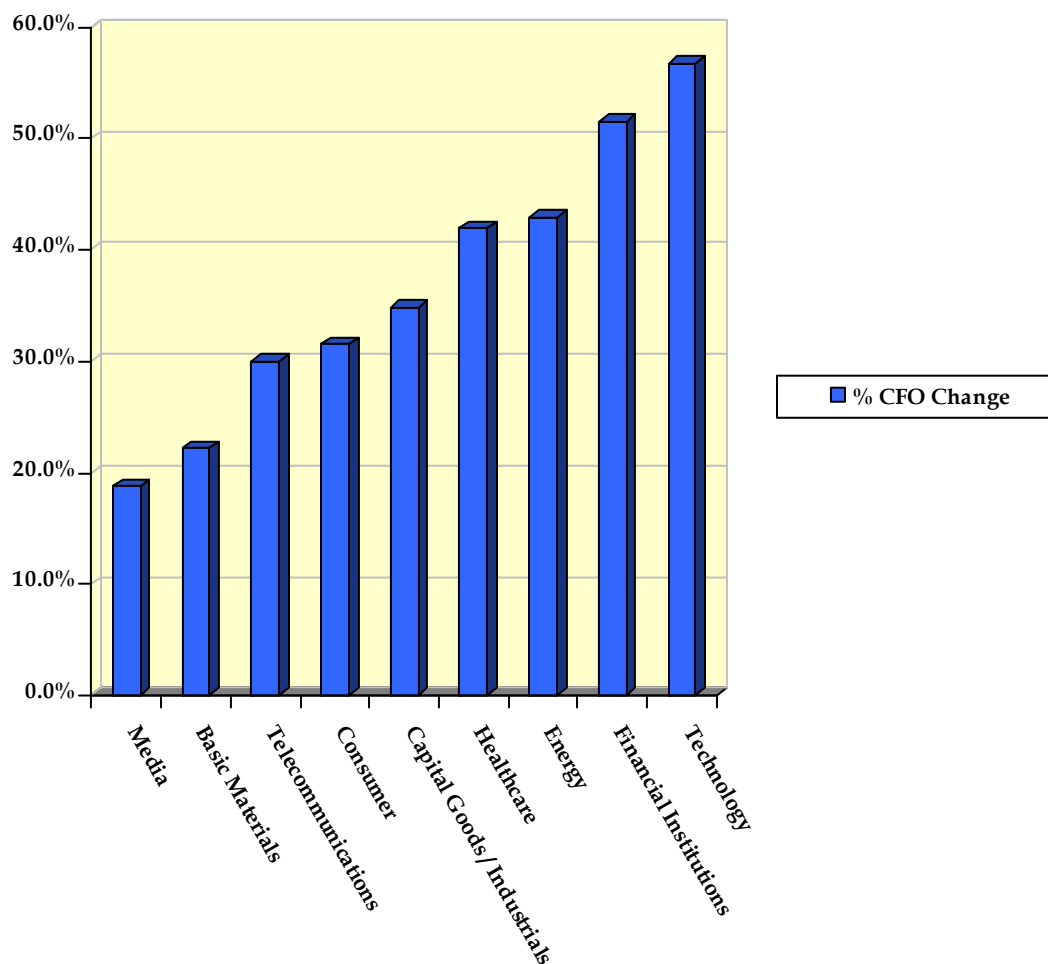
Today's CFO: Length of Tenure
 2006 Fortune 500 and S&P 500
 658 Companies



Number of Years	25-21	20-16	15-11	10-6	5-0
Number of CFOs	6	13	53	214	372

Technology and Finance Sectors are the toughest games in town for CFOs, even for the best players.

Percent Change from 2004 to 2006
227 “Best CFOs” as Designated by *Institutional Investor*



Of the CFOs designated as best in class by *Institutional Investor* in 2004, more than half in Technology and Finance left the role by 2006. CFOs in Energy and Healthcare also experienced high turnover.

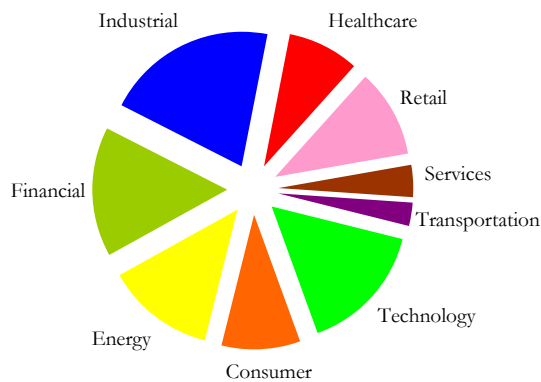
Industry	Media	Basic Materials	Telecommunications	Consumer	Capital Goods/ Industrials	Healthcare	Energy	Financial Institutions	Technology
% CFO Change (# of CFOs)	18.8% (16)	22.2% (9)	30.0% (10)	31.5% (54)	34.8% (23)	41.9% (31)	42.9% (21)	51.5% (33)	56.7% (30)

Notes on Methodology

Sample:

- 1 2006 Fortune 500 and S&P 500 Companies (658 total)
- 2 Changes tracked January 1, 1995 through July 31, 2006
- 3 Data for 2006 extrapolated based upon the rate of change observed January 1, 2006 through July 31, 2006.
- 4 Industries broken down by Fortune's classification system and then grouped into designated larger categories based on SIC codes and judgment of Crist Associates.

Sample Group Breakdown by Industry



	Consumer	Energy	Financial	Industrial	Health.	Retail	Services	Transport.	Tech.
No. of Companies	63	85	103	135	57	68	26	18	103

Resources:

- 1 Hoover's Online: www.hoovers.com
- 2 Factiva: www.factiva.com
- 3 Fortune: www.fortune.com
- 4 Board Analyst: www.boardanalyst.com
- 5 Institutional Investor: www.iinews.com

General Definitions:

- 1 Internal change: An individual is promoted to a new role at the company where she/he is already employed.
- 2 External change: An individual is elected to a position at a company to which he/she has no formal ties (i.e. compensated role, board membership).

- 3 Mergers: In a merger of equals, the combined company is considered a new entity. A change in leadership, therefore, is marked for all mergers. A change is internal if the executive was previously employed by either of the merging companies.
- 4 Acquisitions: In an acquisition, one company clearly purchases another. A change at the time of acquisition is internal if the executive comes from the company being purchased.

COO Definitions:

- 1 COO Role: If no individual operates under the title of COO at a given company, description of duties and compensation are simultaneously analyzed to determine if someone in another position (e.g. President) fulfills this role.
- 2 New COO Position: No evidence exists that a given company employed a COO at any time during the preceding 12 months.
- 3 Eliminated COO Position: No evidence exists that the COO role was filled for 24 months following the exit of a COO or the company publicly indicated that it did not intend to fill the position. **For 2005 and 2006, however, the COO position is considered to be eliminated if it had not been filled by July 31, 2006.**
- 4 CEO-COO: Should a COO be promoted to CEO, or an individual be simultaneously elected to both positions, the COO role is considered vacant since no clear second-in-command exists.