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**SEPARATION OF CEO AND CHAIRMAN ROLE INCREASES,  
ACCORDING TO RUSSELL REYNOLDS ASSOCIATES' SURVEY*****Board Members Seek Division of Power;  
U.S. Companies Follow European Trend***

**New York, February 1, 2006** — Board members are placing a priority on maintaining their independence from the Chief Executive and are increasingly advocating that the chairman and CEO roles be separated to promote a balance of power, according to a recent survey by global executive search and assessment firm Russell Reynolds Associates. While this trend is more established in Europe, data indicates that companies in the United States are increasingly following suit and rapidly heeding the call for the 'division of labor' between the corner office and the boardroom.

*The 2006 Russell Reynolds Associates Board Member Survey: Splitting Chairs* polled 100 board members with positions ranging from chairman to non-executive independent director to non-executive chairman. Directors were asked to provide their perspective on corporate leadership structure best practices.

**Splitting Chairs**

The majority of directors polled – 59% - advocate separating the chairman and CEO role. Specifically, board members noted six critical reasons why the positions should be split:

1. Director Communication: 47% believe a separate chairman provides a more effective channel for the board to express its views on management
2. Guidance: 41% want a separate chairman who can provide the CEO with guidance and feedback on his/her performance
3. Division of Labor: 37% believe that the chairman should focus on shareholder interests, while the CEO manages the company
4. Governance: 36% are concerned with governance and believe that a separate chairman allows the board to more effectively fulfill its regulatory requirements
5. Long-Term Outlook: 34% believe that separating the position allows the chairman to focus on the long-term strategy while the CEO focuses on short-term profitability
6. Succession Planning: 24% believe a separate chairman can more effectively concentrate on corporate succession plans

"Corporate leadership is more open to splitting the roles than it was several years ago," said Andrea Redmond, Co-Leader, Russell Reynolds Associates CEO/Board

Services Practice. "The advantage of having the roles separated is that the CEO can focus on leading the company, while the chairman can focus on leading the board, as well as on monitoring corporate governance and shareholder issues."

### A Growing Phenomenon

As director dissension regarding concentrated power has grown stronger, companies have taken action. Indeed, from 2001 to 2005 companies included in the Standard & Poor's 500, the NASDAQ 100, the FTSE 100 and the Eurotop 100 indexes showed an increasing rate of separating the chairman and CEO positions.

Index	Split Roles 2001	Split Roles 2005	Rate of Change
S&P 500	21%	29%	38%
NASDAQ 100	41%	45%	10%
FTSE 100	92%	93%	1%
Eurotop 100	74%	79%	7%

Regionally, companies that separate the CEO and chairman roles are much more commonplace in Europe. However, NASDAQ and S&P 500 data indicate that this trend is becoming a much more universal practice.

### A Difference of Opinion

While the trend toward separating the roles gains steam, not all directors are in favor. According to the survey, 41% percent of board members feel the chairman/CEO position should be held by a single executive. Directors cite five reasons for combining the role:

1. Recruitment: 58% feel that it is easier to recruit CEO candidates to a combined chairman/CEO role
2. Power Struggles: 46% feel that splitting the CEO's and chairman's role invites a power struggle
3. Singular Vision: 44% believe it is important for short-term and long-term strategies to be controlled by a single executive
4. Succession Planning: 39% believe that succession plans are clearer with only one top job
5. Leadership in Crisis: 24% say that a combined CEO/chairman can better rally the board in a time of crisis

"The issue of boundaries becomes much more relevant when you split the roles," said Charles Tribbett III, Co-Leader, Russell Reynolds Associates CEO/Board Services Practice. "It has been suggested that splitting the roles creates tension because the

chairman may overreach his/her boundaries and get involved in the day-to-day management of the company.”

**About Russell Reynolds Associates**

Russell Reynolds Associates is the most trusted name in global executive search and assessment. Through a global network of 33 wholly owned offices, the firm's more than 275 professionals conduct senior executive search and assessment assignments in a range of industries for public and private organizations of all sizes. With our deep industry knowledge and unwavering commitment to serving our clients, we are uniquely qualified to help clients find the best leaders for their future. The firm's Web site is [www.russellreynolds.com](http://www.russellreynolds.com).

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