



# Q4 & FY 2025 RESULTS

FEBRUARY 13 | 2026

# Forward Looking Statements and Non-GAAP

Certain statements herein are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are usually identifiable by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “likely,” “may,” “plan,” “position,” “possible,” “potential,” “probable,” “project,” “should,” “strategy,” “target,” “will,” or similar language. All statements other than statements of historical fact are forward-looking statements, including, but not limited to, statements about the Company’s strategic initiatives, future business and financial performance, revenue, earnings, cash flow, liquidity, restructuring and asset optimization plans, financial objectives, including with respect to the Company’s reorganized debt capital structure, operational plans and objectives, capital expenditures, organizational changes, cost reductions, expectations for macroeconomic conditions, marketing strategies, inflation, impairments, consumer behavior and preferences, labor costs and availability, supply chain and merchandising strategies and effects, technology investments, effective tax rates, regulatory changes and impacts, anticipated impacts of tariffs and other trade barriers, compliance with debt covenants, statements about the status of, and capacity and utilization under, the Company’s supply chain financing arrangements and statements about the Company’s future credit ratings and outlook as well as statements regarding underlying assumptions related thereto. Forward-looking statements reflect the Company’s views based on historical results, current information and assumptions related to future developments. Except as may be required by law, the Company undertakes no obligation to update any forward-looking statements made herein. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statements. They include, among others, the Company’s ability to hire, train and retain qualified employees, the timing and implementation of strategic initiatives, risks associated with the Company’s restructuring and asset optimization plans, risks relating to incurrence of indebtedness and increased leverage, risks relating to the Company’s credit ratings or perceived creditworthiness, deterioration of general macroeconomic conditions, geopolitical factors, including increased tariffs and trade restrictions, the highly competitive nature of the industry, demand for the Company’s products and services, risks relating to the impairment of assets, including intangible assets such as goodwill, access to financing on favorable terms, complexities in the Company’s inventory and supply chain, implementation and operation of information and technology systems, and challenges with transforming and growing its business. Please refer to “Item 1A. Risk Factors” of the Company’s most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”), as updated by the Company’s subsequent filings with the SEC, for a description of these and other risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statements.

## **Non-GAAP Financial Measures.**

The Company’s financial results include certain financial measures not derived in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Non-GAAP financial measures, including Adjusted Net (loss) Income, Adjusted Diluted (loss) Earnings Per Share, Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Selling, General and Administrative (“SG&A”) Expense, Adjusted SG&A Margin, Adjusted Operating (loss) Income, Adjusted Operating (loss) Income Margin, Free Cash Flow and Adjusted Net Debt to Adjusted EBITDAR (“Net Leverage Ratio”) should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing our operating performance, financial position or cash flows. For additional information about these measures and a reconciliation to their most comparable GAAP measures, please refer to the Appendix in these materials.

# AGENDA

## Business Update

Shane O'Kelly

President and Chief Executive Officer

## Financial Update

Ryan Grimsland

Executive Vice President and Chief Financial Officer

## Q&A

# BUSINESS UPDATE

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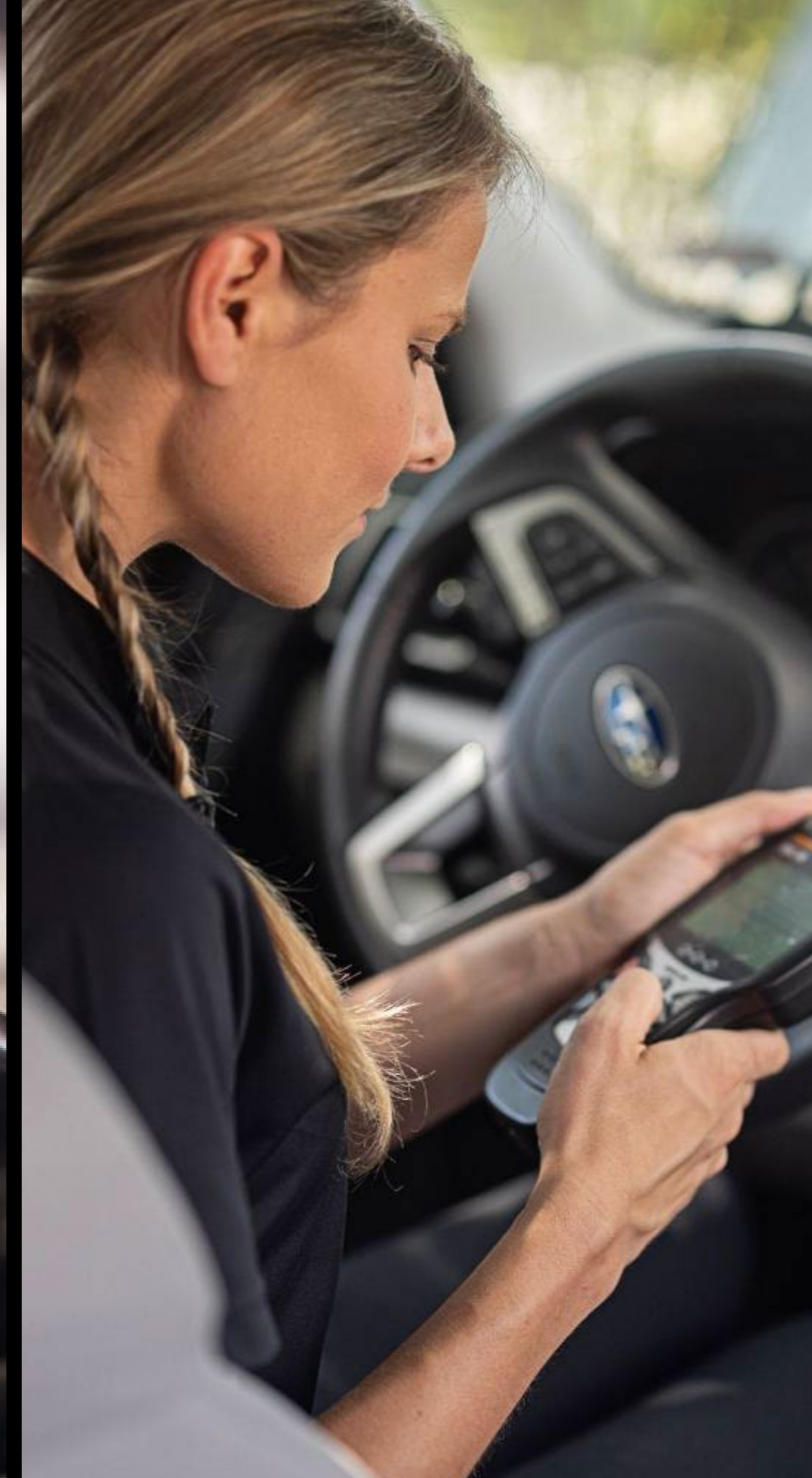
Shane O'Kelly



# SUMMARY



**FY25 Results In Line  
with Expectations**



**Entered New Phase of  
Strategic Execution**



**FY 2026  
"Our Journey  
Advances"**



# ONE YEAR INTO OUR JOURNEY

## Progress Achieved

- Rationalized asset footprint
- Sourcing, inventory management
- Customer service improvements
- Distribution center consolidation
- Market hubs, new stores and asset upgrades

## Changes Since Announcing Strategic Plan

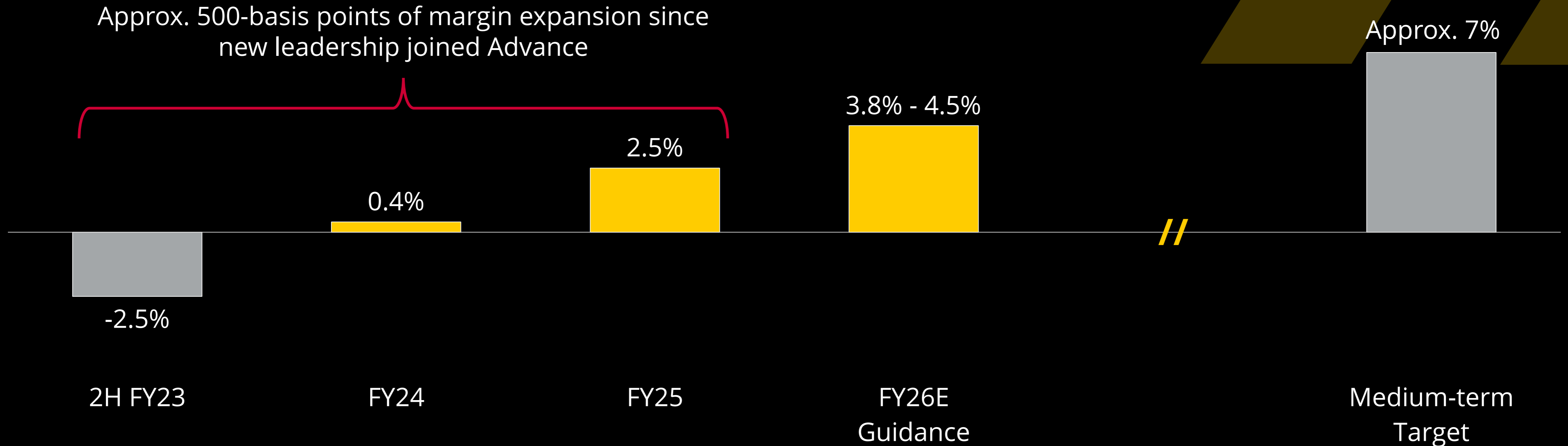
- Tariffs
- Consumer spending environment
- Debt re-financing
- Leadership transitions

## Primary Focus Areas

- Transaction and sales growth
- Store productivity
- Distribution center productivity

# STRATEGIC PLAN IS DELIVERING ADJUSTED OPERATING MARGIN EXPANSION

Approx. 500-basis points of margin expansion since new leadership joined Advance



- Stabilize Operations
- Review Asset Productivity
- Build Strategic Plan



- Execute Strategic Plan
- Drive Operational Excellence
- Improve Profitability and Free Cash Flow

The Company is not able to provide a reconciliation of these forward-looking non-GAAP measures presented herein because it is unable to predict with reasonable accuracy the value of certain adjustments and as a result, the comparable GAAP measures are unavailable without unreasonable efforts.

# STRATEGIC PILLARS AND KEY INITIATIVES

## Right Part.

### Merchandising Excellence

Strategic sourcing

Assortment management

Promotions & margin management

## Right Place.

### Supply Chain

Distribution center productivity

Hub network expansion

Transportation optimization

## Right Service.

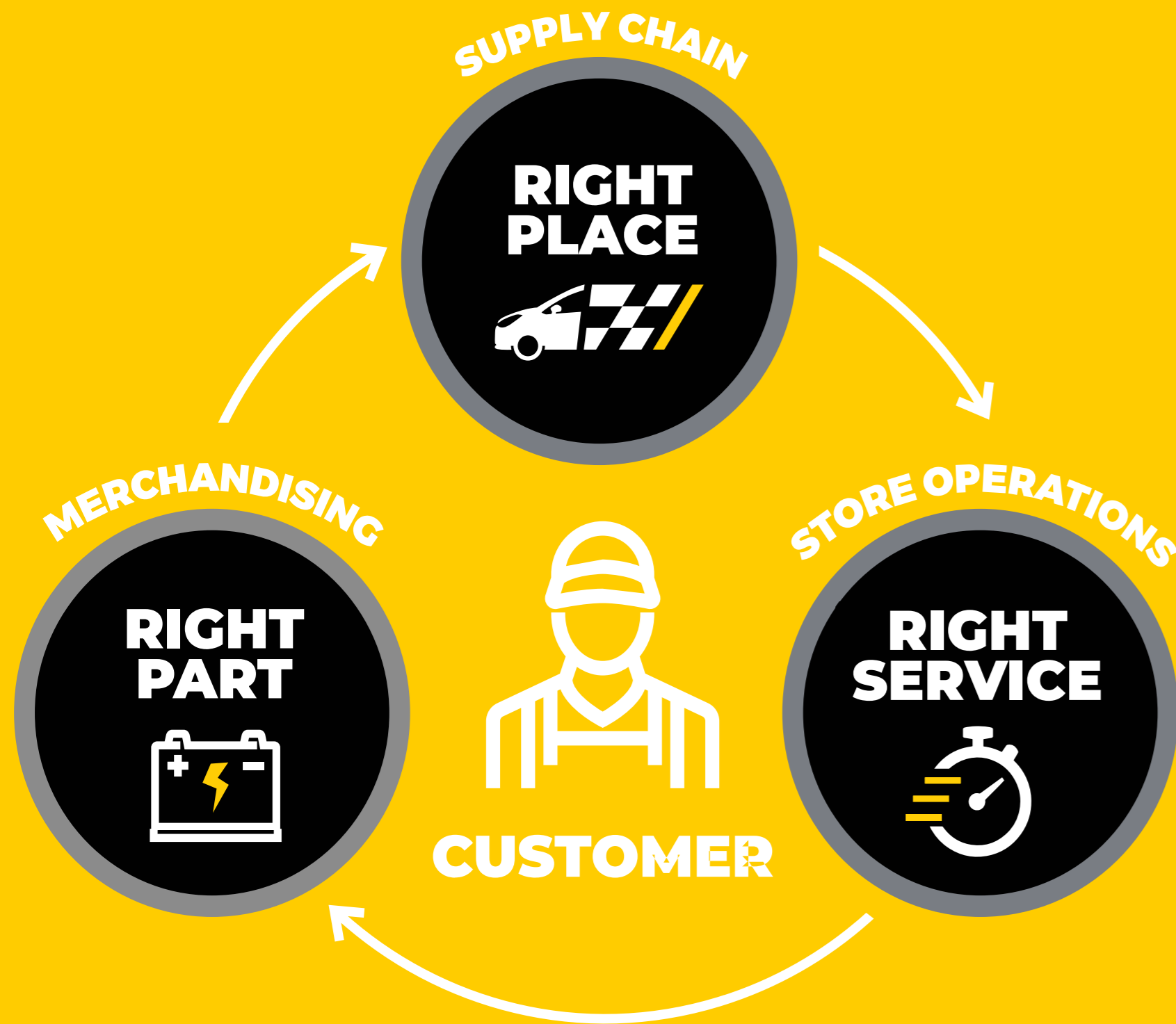
### Store Operations

Store operating model

Service-level improvements

New store growth

# KEY 2026 PRIORITIES



## Merchandising Excellence

- Strategic sourcing and vendor partnerships
- New pricing framework
- Assortment breadth and depth
- Advance Rewards loyalty program

## Supply Chain

- Completion of distribution center consolidation
- Test and launch distribution center productivity tools
- Grow market hub locations

## Store Operations

- Elevate team-member experience
- Improve DIY/ PRO service standards
- Strengthen in-store execution to drive transactions
- Accelerate new store openings

# FINANCIAL UPDATE

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Ryan Grimsland



# Q4 2025 RESULTS

Advance Auto Parts Continuing Operations

**Net Sales**

**\$2.0B**

(-1.2% YoY)

**Comparable Store  
Sales Growth**

**1.1% YoY**

**Adjusted Diluted  
Earnings Per Share**

**\$0.86**

**Net  
Leverage Ratio**

**2.4x**

TTM Adj. Net Debt/  
Adj. EBITDAR

**Adjusted  
Gross Margin**

**44.2%**

(+527 bps YoY)

**Adjusted  
SG&A Margin**

**40.5%**

(-339 bps YoY)

**Adjusted Operating  
Income Margin**

**3.7%**

(+866 bps YoY)

# FY 2025 RESULTS

## Advance Auto Parts Continuing Operations

**Net Sales**

**\$8.6B**

(-5.4% YoY)

**Comparable Store  
Sales Growth**

**0.8% YoY**

**Adjusted Diluted  
Earnings Per Share**

**\$2.26**

**Net  
Leverage Ratio**

**2.4x**

TTM Adj. Net Debt/  
Adj. EBITDAR

**Adjusted  
Gross Margin**

**43.9%**

(+164 bps YoY)

**Adjusted  
SG&A Margin**

**41.4%**

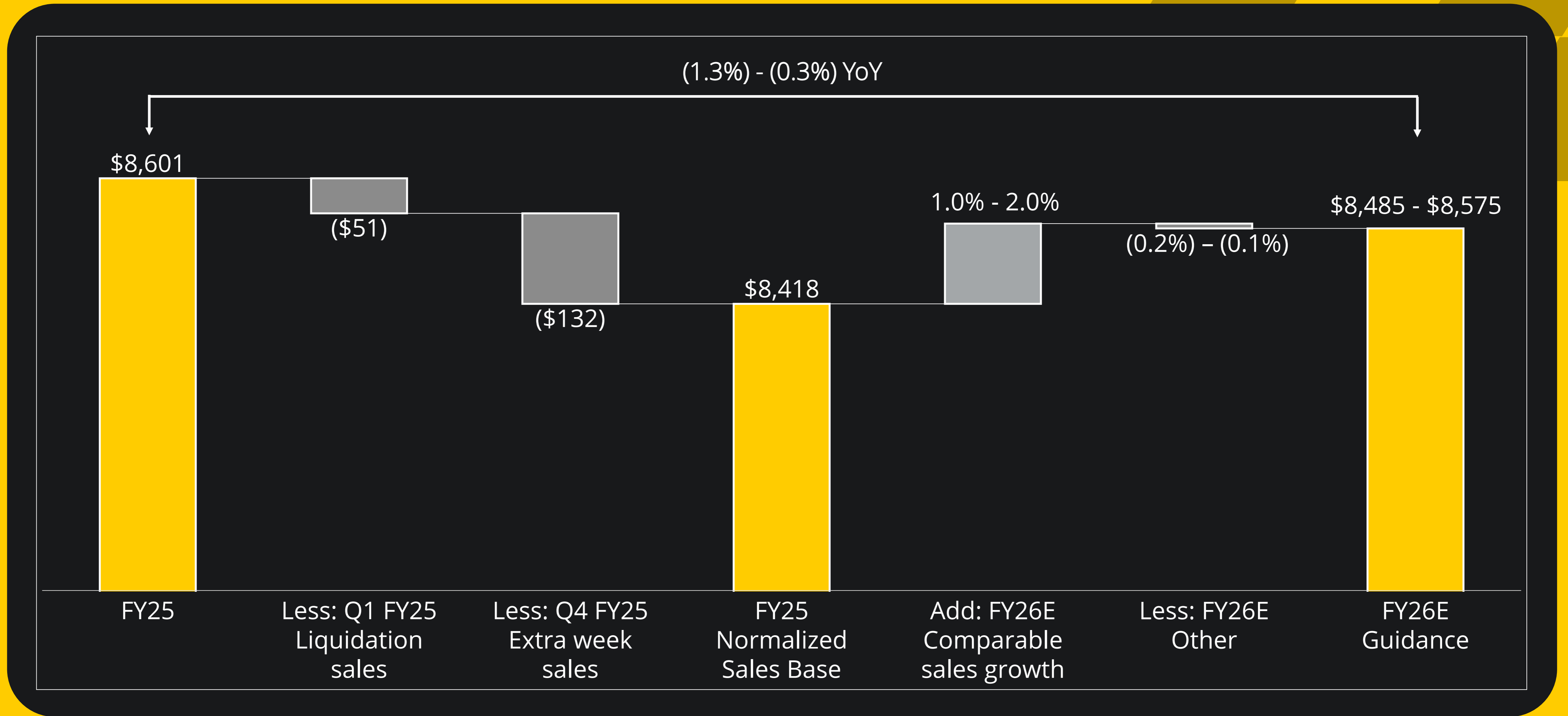
(-49 bps YoY)

**Adjusted Operating  
Income Margin**

**2.5%**

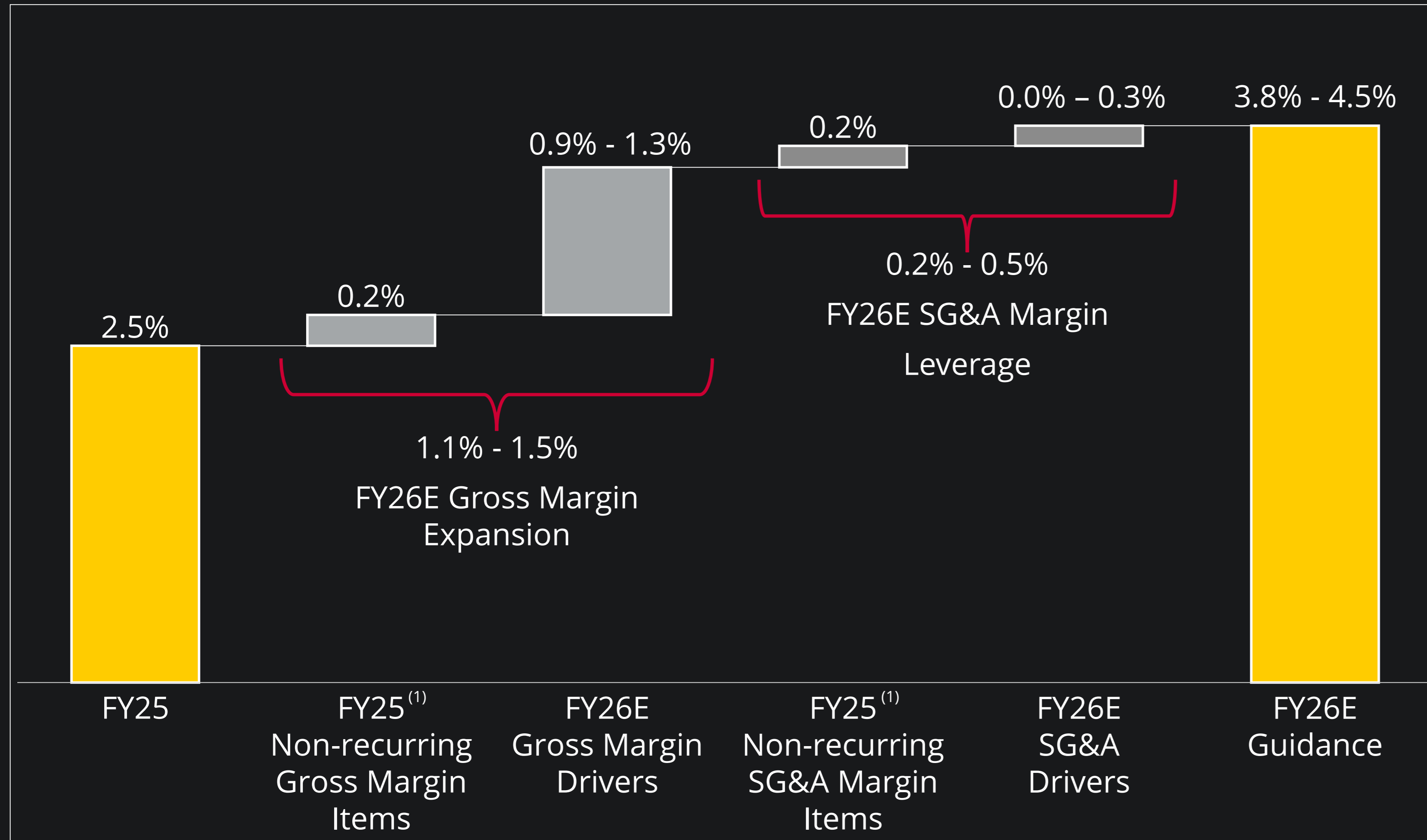
(+213 bps YoY)

# FY 2026 NET SALES GUIDANCE



The Company is not able to provide a reconciliation of these forward-looking non-GAAP measures presented herein because it is unable to predict with reasonable accuracy the value of certain adjustments and as a result, the comparable GAAP measures are unavailable without unreasonable efforts.

# FY 2026 ADJ. OPERATING MARGIN GUIDANCE



## Key Drivers

- Gross Margin**
  - Tailwinds – Product costs. Pricing & promotions.
  - Headwinds – Supply chain investments and labor inflation.
- SG&A**
  - Lower expenses YoY. Includes \$90M of non-recurring FY25 expenses
  - Tailwinds – Store tasks management and resource allocation. Indirect spend savings.
  - Headwinds – Inflation in wages, utilities and insurance. Store and market hub openings.

(1) FY25 Non-recurring Items include impact of Q1 FY25 store closing sales and FY25 extra week sales.

The Company is not able to provide a reconciliation of these forward-looking non-GAAP measures presented herein because it is unable to predict with reasonable accuracy the value of certain adjustments and as a result, the comparable GAAP measures are unavailable without unreasonable efforts.

# FY 2026 GUIDANCE SUMMARY

**(\$ in million, except margins and per share data)**

**Current - As of February 13, 2026**

**Net sales**

\$8,485 - \$8,575

**Comparable store sales growth**

1.0% - 2.0%

**Adjusted operating income margin**

3.8% - 4.5%

**Adjusted diluted EPS <sup>(1)</sup>**

\$2.40 - \$3.10

**Capital expenditures**

Approx. \$300

**Free cash flow**

Approx. \$100

**Store growth**

**Store openings**

40 - 45

**Market Hub openings**

10 - 15

(1) Includes pre-tax interest expense of approximately \$210 million and pre-tax interest income of approximately \$80 million.

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# Q&A



**APPENDIX –  
Q4 & FY 2025  
RECONCILIATION  
OF NON-GAAP  
FINANCIAL  
MEASURES**

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The Company uses certain non-GAAP financial measures described below to supplement the Company's unaudited condensed consolidated financial statements prepared and presented in accordance with GAAP and to understand and evaluate the Company's core operating performance. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented as the Company believes that such non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to important metrics used by management for financial and operational decision-making. The Company is presenting these non-GAAP metrics to provide investors insight to the information used by our management to evaluate our business and financial performance. The Company believes that these measures provide investors increased comparability of our core financial performance over multiple periods with other companies in our industry. The Company's Non-GAAP financial measures reflect results from continuing operations, including Adjusted Net (loss) Income, Adjusted Diluted (loss) Earnings Per Share ("Adjusted Diluted EPS"), Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Selling, General and Administrative expense ("Adjusted SG&A"), Adjusted SG&A Margin, Adjusted Operating (loss) Income, Adjusted Operating (loss) Income Margin, Free Cash Flow and Adjusted Net Debt to Adjusted EBITDAR ("Net Leverage Ratio"), and should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing operating performance, financial position or cash flows.

The Company has presented these non-GAAP financial measures as the Company believes that the presentation of the financial results that exclude (1) transformation expenses under the Company's turnaround plans, inclusive of the Worldpac divestiture (2) other significant expenses and (3) nonrecurring tax expense are useful and indicative of the Company's base operations because the expenses vary from period to period in terms of size, nature and significance. The income tax impact of these non-GAAP adjustments is adjusted for using the estimated tax rate in effect for the respective non-GAAP adjustments. These measures assist in comparing the Company's current operating results with past periods and with the operational performance of other companies in the industry. The disclosure of these measures allows investors to evaluate the Company's performance using the same measures management uses in developing internal budgets and forecasts and in evaluating management's compensation. Included below is a description of the expenses the Company has determined are not normal, recurring cash operating expenses necessary to operate the Company's business and the rationale for why providing these measures is useful to investors as a supplement to the GAAP measures.

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

## Transformation Expenses

Expenses incurred in connection with the Company's turnaround plan and specific transformative activities related to asset optimization that the Company does not view to be normal cash operating expenses. These expenses primarily include:

- **Restructuring and other related expenses:** Expenses relating to strategic initiatives, including severance expense, retention bonuses offered to store-level employees to help facilitate the closing of stores, incremental reserves related to the collectibility of receivables resulting from contract terminations with certain independents associated with the 2024 Restructuring Plan and third-party professionals assisting in the development and execution of the strategic initiatives.
- **Inventory write-down:** Expenses relating to the incremental write-down of inventory to net realizable value due to liquidation sales and streamlining inventory assortment due to store and distribution center closures associated with the 2024 Restructuring Plan.
- **Impairment and write-down of long-lived assets:** Expenses relating to the impairment of operating lease right-of-use ("ROU") assets and property and equipment, incremental depreciation as a result of accelerating long-lived assets over a shorter useful life, ROU asset amortization after store closure, and incremental lease abandonment expenses as a result of accelerating ROU asset amortization for leases the Company expects to exit before the end of the contractual term, net of gains on lease terminations, in connection with the 2024 Restructuring Plan and Other Restructuring Plan.
- **Distribution network optimization:** Expenses primarily relating to the conversion of the stores and distribution centers to market hubs, including, realized losses on liquidated inventory, temporary labor, nonrecurring professional service fees and team member severance.

## Other Expenses

Expenses incurred by the Company that are not viewed as normal cash operating expenses and vary from period to period in terms of size, nature, and significance. These expenses primarily include:

- **Other professional service fees:** Expenses relating to nonrecurring services rendered by third-party vendors engaged to perform a strategic business review, including the Company's transformation initiatives.
- **Worldpac post transaction-related expenses:** Expenses primarily relating to non-recurring separation activities provided by third-party professionals subsequent to the sale of Worldpac.
- **Executive turnover:** Expenses associated with executive level reorganization, including expenses for executive severance, the hiring search for leadership positions and certain compensation benefits.
- **Material weakness remediation:** Incremental expenses associated with the remediation of the Company's previously-disclosed material weaknesses in internal control over financial reporting.
- **Cybersecurity incident:** Expenses related to the response and remediation of a cybersecurity incident.
- **Other:** Includes a non-cash charge related to expected future credit losses on vendor receivables due from a vendor that filed voluntary petitions for Chapter 11 bankruptcy protection.
- **Other tax adjustments:** Certain tax items that are unrelated to the fiscal year in which they are recorded are excluded in order to provide a clearer understanding of the Company's ongoing Non-GAAP tax rate and after-tax earnings.

# RECONCILIATION OF DILUTED EARNINGS (LOSS) PER SHARE (GAAP) AND ADJUSTED DILUTED EARNINGS (LOSS) PER SHARE (NON-GAAP)

Classification	Thirteen Weeks Ended	Twelve Weeks Ended	Fifty-Three Weeks Ended	Fifty-Two Weeks Ended
	January 3, 2026	December 28, 2024	January 3, 2026	December 28, 2024
Net income (loss) from continuing operations (GAAP)	\$ 30	\$ (610)	\$ 68	\$ (587)
<b>Cost of sales adjustments:</b>				
Transformation expenses:				
Inventory write-down	-	431	-	431
Distribution network optimization	4	-	12	-
Expected future credit loss related to other receivables <sup>(1)</sup>	-	-	28	-
<b>Selling, general and administrative adjustments:</b>				
Transformation expenses:				
Restructuring and other related expenses <sup>(2)</sup>	10	61	88	61
Impairment and write-down of long-lived assets <sup>(3)</sup>	6	204	83	204
Distribution network optimization	5	6	20	20
Other expenses:				
Other professional service fees	2	10	14	15
Worldpac post transaction-related expenses	1	7	8	7
Executive turnover	1	-	5	2
Material weakness remediation	-	2	1	5
Cybersecurity incident	-	-	-	3
<b>Other income adjustments:</b>				
TSA services	-	(2)	(9)	(3)
Loss on extinguishment of debt	-	-	9	-
Provision for income taxes on adjustments <sup>(4)</sup>	(7)	(180)	(64)	(185)
Other tax (benefit) expense adjustments <sup>(5)</sup>	-	-	(126)	10
Adjusted net income (loss) (Non-GAAP)	\$ 52	\$ (71)	\$ 137	\$ (17)
Diluted earnings (loss) per share from continuing operations (GAAP)				
	\$ 0.49	\$ (10.16)	\$ 1.13	\$ (9.80)
Adjustments, net of tax	0.37	8.98	1.13	9.51
Adjusted diluted earnings (loss) per share (Non-GAAP)	\$ 0.86	\$ (1.18)	\$ 2.26	\$ (0.29)

- (1) Reflects a charge for expected future credit losses related to vendor receivables due from a vendor that filed petitions for Chapter 11 bankruptcy protection on September 28, 2025.
- (2) Restructuring and other related expenses for the thirteen weeks ended January 3, 2026 includes \$1 million of nonrecurring services rendered by third party vendors assisting with the 2024 Restructuring Plan, \$2 million of severance and other related costs and \$7 million of other-related expenses associated with location closures, including the transfer of assets. Restructuring and other related expenses for the fifty-three weeks ended January 3, 2026 includes \$38 million of nonrecurring services rendered by third party vendors assisting with the 2024 Restructuring Plan, \$18 million of severance and other related costs, \$7 million for reserves on independent loans and \$25 million of other related expenses associated with location closures, including the transfer of assets. Restructuring and other related expenses for the fifty-two weeks ended December 28, 2024 includes \$25 million of incremental receivable reserves resulting from contract terminations with certain independents as part of the 2024 Restructuring Plan, \$15 million of severance and other labor related costs as part of the 2024 Restructuring Plan, and \$21 million of nonrecurring services rendered by third party vendors assisting with the 2024 Restructuring Plan.
- (3) The Company recorded incremental accelerated depreciation and amortization for property and equipment and ROU assets of \$4 million and impairment charges for ROU assets and property and equipment of \$2 million, net of gains on sale, for the thirteen weeks ended January 3, 2026. The Company recorded incremental accelerated depreciation and amortization for property and equipment and ROU assets of \$60 million and impairment charges for ROU assets and property and equipment of \$23 million, net of gains on sale, for the fifty-three weeks ended January 3, 2026. The Company recorded incremental accelerated depreciation and amortization for property and equipment and ROU assets of \$171 million and impairment charges for ROU assets and property and equipment of \$33 million, net of gains on sale, for the fifty-two weeks ended December 28, 2024.
- (4) The income tax impact of Non-GAAP adjustments is calculated using the estimated tax rate in effect for the respective Non-GAAP adjustments.
- (5) Income tax (benefit) expenses included a discrete non-recurring tax benefit associated with capital loss deductions effectuated in the first quarter of fiscal 2025. The benefit has been excluded from Non-GAAP results in order to provide a clearer understanding of ongoing Non-GAAP tax rate and after-tax earnings.
- (6) Other professional service fees in fiscal 2024 were classified as restructuring and related expenses based on the underlying activity to which they are related.

# RECONCILIATION OF ADJUSTED GROSS PROFIT

	Thirteen Weeks Ended January 3, 2026	Twelve Weeks Ended December 28, 2024	Change Basis Points	Fifty-Three Weeks Ended January 3, 2026	Fifty-Two Weeks Ended December 28, 2024	Change Basis Points
(in millions)						
Gross Profit (GAAP)	\$ 869	\$ 347	N/A	\$ 3,733	\$ 3,409	N/A
Gross Profit adjustments	4	431	N/A	40	431	N/A
Adjusted Gross Profit (Non-GAAP)	<u>\$ 873</u>	<u>\$ 778</u>	<u>N/A</u>	<u>\$ 3,773</u>	<u>\$ 3,840</u>	<u>N/A</u>
Gross Profit Margin (GAAP) <sup>(1)</sup>	44.0%	17.4%	2,666	43.4%	37.5%	592
Adjusted Gross Profit Margin (Non-GAAP) <sup>(1)</sup>	44.2%	39.0%	527	43.9%	42.2%	164

(1) These GAAP and Non-GAAP measures are calculated as a percentage of Net sales.

# RECONCILIATION OF ADJUSTED SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Thirteen Weeks Ended January 3, 2026	Twelve Weeks Ended December 28, 2024	Change Basis Points	Fifty-Three Weeks Ended January 3, 2026	Fifty-Two Weeks Ended December 28, 2024	Change Basis Points
(in millions)						
SG&A expenses (GAAP)	\$ 825	\$ 1,167	N/A	\$ 3,776	\$ 4,122	N/A
SG&A adjustments	(25)	(290)	N/A	(219)	(317)	N/A
Adjusted SG&A (Non-GAAP)	<u>\$ 800</u>	<u>\$ 877</u>	<u>N/A</u>	<u>\$ 3,557</u>	<u>\$ 3,805</u>	<u>N/A</u>
SG&A Margin (GAAP) <sup>(1)</sup>	41.8%	58.5%	(1,665)	43.9%	45.3%	(142)
Adjusted SG&A Margin (Non-GAAP) <sup>(1)</sup>	40.5%	43.9%	(339)	41.4%	41.8%	(49)

(1) These GAAP and Non-GAAP measures are calculated as a percentage of Net sales.

# RECONCILIATION OF ADJUSTED OPERATING INCOME

	Thirteen Weeks Ended	Twelve Weeks Ended	Change	Fifty-Three Weeks Ended	Fifty-Two Weeks Ended	Change
	January 3, 2026	December 28, 2024	Basis Points	January 3, 2026	December 28, 2024	Basis Points
(in millions)						
Operating Income (Loss) (GAAP)	\$ 44	\$ (820)	N/A	\$ (43)	\$ (713)	N/A
Gross Profit adjustments	4	431	N/A	40	431	N/A
SG&A adjustments	25	290	N/A	219	317	N/A
Adjusted Operating Income (Loss) (Non-GAAP)	<u>\$ 73</u>	<u>\$ (99)</u>	<u>N/A</u>	<u>\$ 216</u>	<u>\$ 35</u>	<u>N/A</u>
Operating Income (Loss) Margin (GAAP) <sup>(1)</sup>	2.2%	(41.1)%	4,331	(0.5)%	(7.8)%	734
Adjusted Operating Income (Loss) Margin (Non-GAAP) <sup>(1)</sup>	3.7%	(5.0)%	866	2.5%	0.4%	213

(1) These GAAP and Non-GAAP measures are calculated as a percentage of Net sales.

# RECONCILIATION OF FREE CASH FLOW

	Fifty-Three Weeks Ended	Fifty-Two Weeks Ended
	January 3, 2026	December 28, 2024
(in millions)		
Cash flows from continuing operations	\$ (46)	\$ 141
Purchases of property and equipment	(252)	(181)
Free cash flow	<u>\$ (298)</u>	<u>\$ (40)</u>

(1) Includes approximately \$140 million of cash charges related to restructuring and other related expenses.

# RECONCILIATION OF ADJUSTED NET DEBT TO ADJUSTED EBITDAR

	<u>Four Quarters Ended</u>	
	<u>January 3, 2026</u>	
(in millions, except adjusted debt to EBITDAR ratio)		
Total Debt (GAAP)	\$	3,412
Add: Operating lease liabilities		2,247
Less: Cash & cash equivalents		(3,123)
Adjusted Net Debt (Non-GAAP)	\$	<u>2,536</u>
Net income from continuing operations (GAAP)	\$	68
Depreciation and amortization		272
Interest expense		139
Other income, net		(91)
Income tax benefit		(159)
Rent expense		557
Share-based compensation		36
Transformation and other charges <sup>(2)</sup>		227
Adjusted EBITDAR (Non-GAAP)	\$	<u>1,049</u>
<b>Debt to Net income from continuing operations (GAAP)</b>		<b>50.2</b>
<b>Adjusted Net Debt to Adjusted EBITDAR (Non-GAAP)</b>		<b>2.4</b>

(1) Management believes its Adjusted Net Debt to Adjusted EBITDAR ratio ("net leverage ratio") is a key financial metric for debt securities, as reviewed by rating agencies, and believes its debt levels are best analyzed using this measure. The Company's goal is to re-establish an investment grade rating. The Company's credit rating could impact the Company's ability to obtain additional funding. A negative change in the Company's investment rating, could negatively impact future performance and limit growth opportunities. The net leverage ratio calculated by the Company is a Non-GAAP measure and should not be considered a substitute for debt to net income, as determined in accordance with GAAP. The Company adjusts the calculation to remove rent expense, transformational and other non-cash charges, deduct available cash & cash equivalents and to add back the Company's existing operating lease liabilities related to their right-of-use assets to provide a more meaningful comparison with the Company's peers and to account for differences in debt structures and leasing arrangements. The Company's calculation of its net leverage ratio may not be calculated in the same manner as other companies, and thus may not be comparable to similarly titled measures used by other companies.

(2) The adjustments to the four quarters ended January 3, 2026 include expenses associated with our transformation and restructuring and related activities, in addition to other items, including a charge for expected future credit losses related to vendor receivables due from a vendor that filed petitions for Chapter 11 bankruptcy protection on September 28, 2025, the Company's material weakness remediation efforts, professional fees and executive turnover.