

THE BEST BOARDS OF DIRECTORS

BW RANK	OVERALL SCORE	SURVEY SCORE	ANALYSIS SCORE	DETAILS	BOARD PERFORMANCE POLL			GOVERNANCE GUIDELINE ANALYSIS			
					SHAREHOLDER ACCOUNTABILITY	BOARD QUALITY	BOARD INDEPENDENCE	CORPORATE PERFORMANCE	SHAREHOLDER ACCOUNTABILITY	BOARD QUALITY	BOARD INDEPENDENCE
1. GENERAL ELECTRIC	81.1	46.9	34.2	Outside directors average \$6.6 million in GE stock. New recruits diversify a board of heavyweights.	8.5	8.9	8.1	9.5	7.5	7.5	5.5
2. JOHNSON & JOHNSON	76.9	30.2	46.7	Prestige board gets high marks for independence and accountability.	8.9	9.3	8.8	8.9	10.0	8.0	10.0
3. CAMPBELL SOUP	74.7	28.9	45.8	A first? Board reduced its pay this year. Mandates stockholdings for directors and all execs.	9.1	8.8	8.9	7.0	10.0	7.5	10.0
4. COMPAQ	74.3	26.8	47.5	Wins high marks from governance advocates despite recent poor performance.	8.5	9.0	9.0	6.8	10.0	8.5	10.0
5. APRIA HEALTHCARE	74.1	26.6	47.5	Governance activists create model board and execute turnaround of health-care firm.	9.6	9.6	9.5	5.5	10.0	8.5	10.0
6. INTEL	72.6	27.6	45.0	Boasts lead director to organize outside board members without management.	8.3	8.5	8.5	9.3	10.0	7.5	9.5
7. TEXAS INSTRUMENTS	70.8	25.8	45.0	Outside directors well invested in company; highly independent board.	8.7	8.7	8.3	8.7	10.0	7.0	10.0
8. HOME DEPOT	70.4	32.1	38.3	Requires directors to visit at least 20 stores a year, yet four of 10 are insiders on board.	8.4	8.7	8.1	9.6	7.0	9.5	6.5
9. IBM	69.9	24.9	45.0	High-powered board gains high marks for performance and independence.	8.2	8.8	8.0	8.0	9.0	8.0	10.0
10. LUCENT TECHNOLOGIES	69.3	22.6	46.7	Strong board got investor endorsement before recent surprise earnings drop.	8.1	8.0	7.9	8.0	9.0	9.0	10.0
11. CISCO SYSTEMS	68.9	25.6	43.3	Investors praise huge stock gains at high-tech darling with small board.	8.1	8.0	7.9	10.0	10.0	8.0	8.0
12. MERCK	68.9	25.6	43.3	Only two insiders on 14-member board that includes new CEO from HP.	9.7	9.7	8.7	8.7	8.0	8.0	10.0
13. BRISTOL MYERS SQUIBB	67.6	22.6	45.0	Prestige board boasts CEOs of IBM, Volvo, Textron, and Lockheed Martin.	8.0	7.9	8.0	8.1	8.0	9.0	10.0
14. ALLIEDSIGNAL	66.9	24.3	42.6	Merger with Honeywell wins praise for creating shareholder value.	8.1	8.0	7.9	8.0	9.0	6.5	10.0
15. DELL COMPUTER	66.8	23.5	43.3	Founder Michael Dell is only insider on highly independent 10-member board.	8.1	8.0	7.9	9.4	9.0	8.0	9.0
16. APPLE COMPUTER	66.6	24.1	42.5	Turnaround wins plaudits for board enhanced by addition of CEO of Gap.	8.7	8.7	8.7	8.3	7.5	8.0	10.0
17. AMERICAN EXPRESS	65.1	24.3	40.8	Evaluates board performance and asks directors to own 10,000 shares each.	8.1	8.0	7.9	8.0	9.0	6.5	9.0
18. EXXON	63.9	23.9	40.0	Investors applaud Mobil merger and performance, but many directors overextended.	9.0	7.3	9.0	7.5	9.0	7.5	7.5
19. CITIGROUP	60.2	23.5	36.7	Board boasts CEOs of seven firms, including AT&T, Alcoa, Chevron, and Monsanto.	8.8	8.0	7.2	8.0	10.0	6.0	6.0
20. WAL-MART STORES	59.6	24.6	35.0	Retail star would rank higher if not for business deals with several directors.	8.7	8.0	7.9	9.3	9.0	7.0	5.0
21. HEWLETT-PACKARD	59.3	22.6	36.7	Board hiked stock ownership rules for directors to minimum of \$200K each.	7.5	8.0	8.0	8.5	7.0	8.0	7.0
22. PFIZER	59.3	26.0	33.3	Governance booster, but many directors own little stock and are on too many boards.	8.2	9.0	8.8	7.2	4.0	6.5	9.5
23. McDONALDS	59.3	22.6	36.7	Requires directors to own at least \$175K of stock each after five years.	8.1	8.0	7.9	8.0	8.0	7.0	7.0
24. COCA-COLA	56.8	23.5	33.3	Investors voice approval for board pressure that led to CEO's early departure.	7.8	8.4	8.0	8.2	8.0	7.0	5.0
25. FORD MOTOR	53.0	20.5	32.5	Ford family still dominates board with only one outside CEO of major company.	6.0	8.0	6.0	8.7	10.0	7.0	2.5

The highest possible score in this ranking is 100, with half the points coming from BUSINESS WEEK's survey of money managers and governance experts and half from an analysis of the makeup of each board. For each individual category, the maximum score is 10.

THE WORST BOARDS OF DIRECTORS

BW RANK	OVERALL SCORE	SURVEY SCORE	ANALYSIS SCORE	DETAILS	BOARD PERFORMANCE POLL				GOVERNANCE GUIDELINE ANALYSIS			
					SHAREHOLDER ACCOUNTABILITY	BOARD QUALITY	BOARD INDEPENDENCE	CORPORATE PERFORMANCE	SHAREHOLDER ACCOUNTABILITY	BOARD QUALITY	BOARD INDEPENDENCE	
1.	DISNEY	14.0	-16.8	30.8	Board reforms viewed as token gestures as Disney performance lags.	3.2	3.5	2.4	4.0	9.0	7.5	2.0
2.	RITE AID	16.1	-1.9	18.0	Audit panel met just twice last year; interim chairman missed 37% of meetings.	3.3	3.6	2.6	3.5	4.5	6.0	-1.5
3.	FIRST UNION	18.5	1.7	15.8	Unwieldy board of 27 members rife with potential conflicts.	3.3	3.6	3.8	2.1	1.5	6.0	2.0
4.	CENDANT	20.5	-9.5	30.0	Board gets blame for accounting meltdown and stock repricing.	2.2	2.6	2.1	1.9	9.0	8.0	1.0
5.	DILLARDS	24.8	7.3	17.5	Dillard's family dominates board of poorly performing retailer.	4.8	5.1	4.3	3.6	6.0	5.5	-1.0
6.	STARWOOD HOTEL	27.8	7.8	20.0	Board loaded with insiders and friends of founder CEO.	3.6	4.2	3.6	3.1	8.0	5.0	-1.0
7.	WARNACO	29.6	4.6	25.0	Small clubby board dominated by CEO in poorly performing company.	3.6	4.2	3.6	2.1	6.0	7.0	2.0
8.	WASTE MANAGEMENT	29.6	-6.2	35.8	Insider trading charges hurt board that has adopted many best practices.	4.3	4.6	5.6	1.7	7.0	5.5	9.0
9.	ARCHER DANIELS MIDLAND	29.9	-8.4	38.3	Dubious distinction: Board makes worst list for third time in a row.	2.8	3.1	2.0	2.6	8.0	8.0	7.0
10.	BANKAMERICA	30.8	6.6	24.2	Big merger still leaves big board with lots of ties to CEO McColl.	3.8	4.4	3.8	3.3	9.0	4.5	1.0
11.	FRUIT OF THE LOOM	35.4	2.9	32.5	Shareholders blame board for Chapter 11 bankruptcy filing in December.	2.0	3.2	2.4	1.0	6.0	6.5	7.0
12.	MAXXAM	35.5	1.3	34.2	Small, cozy board dominated by CEO. Makes repeat showing on worst list.	2.3	2.6	2.3	2.8	6.5	6.0	8.0
13.	GENERAL MOTORS	36.4	-4.4	40.8	Lagging performance and overextended directors trouble impatient shareholders.	2.7	3.7	5.0	3.7	10.0	5.5	9.0
14.	TENNECO AUTOMOTIVE	36.2	3.0	40.0	Investors decry poor performance of company under CEO Dana Mead.	3.3	3.6	3.3	2.6	7.0	9.0	8.0
15.	HUMANA	37.8	5.3	32.5	Return of former CEO by friendly board fails to halt stock plummet.	3.6	4.2	3.6	3.1	7.0	7.5	5.0
16.	MATTEL	38.0	4.7	33.3	Weak performance and management upheaval upset shareholders.	3.6	4.2	3.6	3.1	7.0	8.0	5.0
17.	OGDEN	38.6	5.3	33.3	Earnings shortfall damage stock, causing CEO resignation.	3.6	3.2	3.6	2.1	4.0	7.0	9.0
18.	DUN & BRADSTREET	38.6	5.3	33.3	Many directors own little stock in weakly performing company.	3.6	4.2	3.6	3.1	3.0	7.0	10.0
19.	KMART	41.2	-1.3	42.5	Lagging performance lands retailer on worst list for third time.	2.6	3.7	5.5	2.1	9.0	6.5	10.0
20.	OCCIDENTAL PETROLEUM	41.5	3.2	38.3	Lawsuit over CEO's pay led board to overhaul its governance standards.	3.3	4.0	5.0	4.8	7.0	8.0	8.0
21.	ADVANCED MICRO DEVICES	42.1	2.1	40.0	Under pressure, the company agreed to increase the board's independence.	3.0	4.0	3.7	2.7	9.0	10.0	5.0
22.	TOYS 'R' US	43.7	4.5	39.2	Board hires new CEO to lift sagging fortunes that led stock to 12-year low.	3.3	3.6	3.8	2.6	6.0	8.5	9.0
23.	AUTODESK	45.4	7.1	38.3	Pension funds irked by weak results and underinvested directors.	3.0	3.8	4.6	4.0	6.0	8.0	9.0
24.	SEARS	48.7	4.5	44.2	Lackluster performance making shareholders restless.	4.3	4.0	4.7	4.3	9.0	7.5	10.0
25.	COMPUTER ASSOCIATES	50.7	9.9	40.8	Outsized stock award enrages investors who question board independence.	3.8	5.0	4.6	6.4	8.5	8.0	8.0

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