

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. CAMPBELL SOUP	97.8	47.8	50.0	Wins plaudits for governance practices; disclosed results of recent board self-review	9.0	9.1	8.8	9.3	10.0	7.3	10.0	
2. GENERAL ELECTRIC	79.6	43.6	36.0	CEO sits on one board: his. Each outside director owns more than \$450K of GE stock	7.9	8.3	7.7	8.6	8.0	6.7	7.0	
3. IBM	76.5	33.5	43.0	Board's hiring of outside CEO and his results so far win investor favor	8.3	8.5	9.3	9.0	8.7	6.7	10.0	
4. COMPAQ COMPUTER	76.3	26.3	50.0	Nonexecutive chairman; reviews both board and director performance	8.8	8.9	8.9	8.6	10.0	8.0	10.0	
5. COLGATE PALMOLIVE	75.6	26.6	49.0	Highly independent board boasts stellar cast of outsiders, with one insider: CEO Mark	9.3	9.4	9.5	8.1	8.7	7.3	10.0	
6. CHRYSLER	74.9	35.9	39.0	Directors met with 40 major investors, adopted governance "best practices"	8.2	8.0	7.8	8.8	7.3	6.7	6.5	
7. JOHNSON & JOHNSON	71.8	35.8	36.0	Board gains kudos for overall quality and accountability to shareholders; no pensions	8.9	8.7	8.8	9.0	8.7	6.0	7.0	
8. MERCK	71.5	35.5	36.0	Created committee last year to evaluate board performance; only insider is CEO	9.3	8.8	8.3	8.8	2.7	6.0	8.0	
9. HERCULES	70.8	26.8	44.0	Board scores high for quality, independence; evaluates self for effectiveness	9.3	8.8	9.4	9.0	3.3	9.3	10.0	
10. EXXON	69.8	25.8	44.0	Outside directors each average \$490K of stock; no pensions; annual election	8.3	8.9	9.4	8.6	10.0	7.3	9.0	
11. CERIDIAN	69.6	23.6	46.0	Governance panel does biannual reviews of board and individual director performance	8.0	8.0	8.5	7.0	7.3	8.0	9.0	
12. INTEL	69.3	31.3	38.0	Outside directors each own more than \$350K of stock; high marks for quality, independence	7.7	8.3	7.3	8.3	6.7	8.0	8.0	
13. GENERAL MOTORS	66.2	35.2	31.0	Governance principles won favor, but many directors own little stock	7.5	8.5	8.0	7.6	0.7	6.7	10.0	
14. CITICORP	66.0	33.0	33.0	Investors praise performance, yet 4 of 13 are insiders; outsiders on too many boards	8.5	8.4	8.1	8.9	6.7	6.0	7.0	
15. EASTMAN KODAK	65.7	29.7	36.0	Took board too long to get new management, but wins praise for doing so	9.0	8.3	9.0	8.7	3.3	7.3	10.0	
16. MICROSOFT	64.1	22.1	42.0	Some critics say eight-person board is too "insider," but it scores well on all measures	7.3	6.5	7.0	8.3	8.7	7.3	9.0	
17. HEWLETT-PACKARD	63.5	28.5	35.0	Superior returns win investor approval; 4 of 11 outside directors own little stock	8.3	8.3	8.0	8.7	4.7	8.0	8.0	
18. ABBOTT LABORATORIES	63.1	27.1	36.0	Scores highly on independence; all but 1 of outsiders own more than \$100K of stock	9.3	9.4	9.4	9.1	5.3	6.7	9.0	
19. PHILIP MORRIS	62.5	28.5	34.0	Each director owns at least \$165K of stock; board ditched pensions this year	7.4	8.2	8.8	8.8	6.7	2.0	5.5	
20. COCA-COLA	60.0	42.0	18.0	No. 3 in survey, but board is cozy, with pensions, potential conflicts, staggered elections	8.2	8.4	7.9	9.0	3.3	2.7	4.5	
21. AMR	59.8	26.8	33.0	CEO is only insider; lacks an active chief of another major public company	8.3	8.0	8.7	8.7	6.0	4.0	9.0	
22. CATERPILLAR	57.1	28.1	29.0	Eight of 10 outsiders sit on too many boards, but board scores high for independence	9.0	9.0	9.0	8.5	4.0	3.3	9.0	
23. SEARS ROEBUCK	56.8	30.8	26.0	Once publicly ridiculed, directors gained investor confidence with turnaround	7.6	7.4	7.4	8.3	-1.3	5.3	7.5	
24. TRAVELERS	53.6	27.6	26.0	First major company to pay directors in stock; outsiders average \$2.1 million in stock	9.0	8.3	8.3	9.0	2.0	6.0	7.0	
25. HOME DEPOT	53.5	27.5	26.0	Board wins praise for active involvement; directors required to regularly visit retail outlets	9.3	9.4	9.4	9.0	4.0	6.7	5.0	

The highest possible score on 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	Governance Survey Results				Boardroom Analysis Results			
					Shareholder Accountability	Board Quality	Board Independence	Corporate Performance	Shareholder Accountability	Board Quality	Board Independence	
1. Archer Daniels Midland	-3.0	-20.0	17.0	Investors overwhelmingly scorn board for its lack of independence	1.7	2.4	1.0	3.0	3.0	7.3	-1.0	
2. Champion International	9.9	3.9	6.0	Directors own little stock; CEO on two boards of fellow directors	2.5	2.5	2.5	2.0	-7.3	7.3	3.0	
3. H. J. Heinz	13.9	1.9	12.0	Board loaded with insiders, including two on nominating panel; six directors over 70 years old	2.0	2.0	0.7	3.3	1.3	6.7	0.0	
4. Rollins Environmental	14.4	-0.6	15.0	Probably the least independent board of any public company; all members insiders	0.5	1.0	0.5	0.5	5.3	6.7	-1.5	
5. NationsBank	18.1	25.1	-7.0	Funds cheer performance, but board flunks tests of independence and accountability	8.5	8.5	8.0	8.5	0.0	2.0	-5.0	
6. AT&T	20.9	-3.1	24.0	Directors on too many boards, own little stock; lacks any outsider with hi-tech expertise	2.5	3.9	3.3	1.8	0.0	3.8	10.0	
7. Kmart	21.1	-1.9	23.0	Board replaced CEO but took too long to act; too many directors own too little stock	2.9	3.3	3.7	2.1	-4.0	6.0	10.0	
8. Unsys	23.4	3.4	20.0	Outside directors own little stock; investors disenchanted with company's performance	2.5	2.5	3.5	2.0	-2.7	4.0	9.0	
9. Ethyl	25.4	2.4	23.0	Investors still unhappy with returns and once-clubby board that has been revamped	2.0	2.5	1.0	1.5	2.7	2.0	8.0	
10. Fleming Cos.	25.6	4.6	21.0	Lackluster returns frustrate investors, who view board as too cozy	2.5	2.5	5.0	2.5	-2.7	8.7	6.0	
11. Warnaco	26.7	3.7	23.0	Half of six-member board are insiders, with four directors also on an affiliated firm	2.5	2.5	1.5	3.0	6.7	6.0	2.0	
12. Browning-Ferris	26.9	3.9	23.0	Too many insiders on board; too few directors with significant stock ownership	1.5	3.5	4.5	1.0	1.3	7.3	5.0	
13. Westinghouse	29.6	1.6	28.0	Outside directors average more than 5 boards each; lack expertise in core businesses	2.8	2.8	3.2	2.0	10.0	0.0	6.5	
14. Disney	29.8	11.8	18.0	Board too cozy, with 5 of 11 insiders, including two who draw fees from company	5.0	6.0	3.0	6.5	1.3	9.3	1.0	
15. RJR Nabisco	31.1	2.1	29.0	Four of 10 directors are insiders; outsiders average more than five boards each	2.8	2.5	3.0	1.8	6.7	6.0	5.0	
16. W. R. Grace	32.2	-0.8	33.0	Paid \$420,000 to a director's consulting firms; still lavishes pensions on directors	1.8	2.6	2.8	3.0	0.7	9.3	9.0	
17. Ogden	32.4	2.4	29.0	Board has too many insiders; 4 directors over 70 years old, including one who is 84	2.5	2.8	1.0	2.4	5.3	8.7	4.0	
18. Advanced Micro Devices	33.8	-1.2	35.0	Investors dislike CEO's control of board; CEO also chairs nominating panel	2.3	2.0	1.3	1.0	7.3	10.0	4.5	
19. Quaker Oats	33.9	4.9	29.0	Pension-lavished board shares blame for Snapple acquisition and drop in performance	3.0	3.5	3.5	2.7	2.0	6.7	8.0	
20. Morrison Knudsen	35.6	1.1	34.0	Investors blame poor board oversight for bankruptcy; scores low on accountability	2.3	2.3	1.7	2.0	2.0	8.7	9.0	
21. H&R Block	36.4	4.4	32.0	Insiders sit on nominating and compensation committees of this weak performer	2.5	2.8	2.8	2.4	5.3	8.0	6.0	
22. Time Warner	36.8	2.8	34.0	Investors unhappy with lagging performance; 1 director on 16 boards	2.8	2.5	3.3	2.5	3.3	7.3	9.0	
23. Bausch & Lomb	38.2	6.2	34.0	Board failed to exercise enough oversight over former CEO; directors own little stock	3.3	4.0	5.3	2.0	1.3	8.0	10.0	
24. Apple Computer	38.3	2.3	36.0	Investors blame board for not acting more quickly to replace former CEO Spindler	1.0	3.0	3.0	1.0	2.7	6.0	10.0	
25. Humana	38.4	4.4	34.0	CEO's son sits on eight-member board; three directors fail to own much stock	2.0	3.0	3.0	2.5	2.7	8.0	9.0	