

# Press Release

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## McDonalds tops new Corporate Governance Study by JamesDruryPartners

- Executive participation expressed as governance capacity low at some of the largest companies
- 72% shareholder return outperformance by boards with better than expected governance capacity
- Decline in boardroom business acumen continues in America

New York, 15 June, 2011 - McDonald's Inc. takes the number one spot in a new study measuring the governance capacity of America's Fortune 500 companies ahead of Baker Hughes, Honeywell International and U.S. Bancorp, while Dole Food Company and Icahn Enterprises ranked last.

Findings from the study appear in JamesDruryPartners (JDP) Governance Capacity Study, titled The Weight of America's Boards, which was released today at a press briefing in New York.

The study also suggests that the size and stature of a company does not necessarily correlate with its governance capacity. Some of the world's largest companies, with the greatest economic footprints, have surprisingly low governance capacity ratings, in spite of their global importance, market value and shareholder following. Wal-Mart, Exxon Mobil and GE, among others, are among the companies with lower-than-expected governance capacity while some of America's smaller companies have surprisingly high governance capacity ratings. These include Northern Trust, Flowserve and FMC Technologies.

"Our research shows that an ideal board weight does not exist in an absolute sense," said James Drury, Chairman and CEO of JDP. "What is appropriate for one company may not be appropriate for another. However, a company's board weight ranking should not be significantly out of sync with its revenue ranking or scale. Large-scale companies cut the widest swath in our economy – accounting for the most employees, shareholders, customers, suppliers, etc. Such large corporations owe their stakeholders equally significant governance capacity."

The study is based on a new analytic methodology in which each director's business acumen and the board's total business acumen can be valued as a predictive indicator of a board's governance capacity. The business acumen is expressed in terms of "weight" with CEO's ranking highest on a particular board. The study distinguishes between total board weight (TBW) as the combined business acumen of all of the directors on the board, average director weight (ADW) as the average level of business acumen of individual directors, and Composite Weight Rank (CWR), which is the average of TBW and ADW ranks. JDP's research measures governance capacity not governance effectiveness, i.e., the board's capacity to govern well. Whether the board uses that capacity effectively, Mr. Drury says, is a separate question.

According to the study, McDonald’s ranks number one in terms of CWR, the overall governance capacity ranking. Financial services firms dominate the TBW rankings, with Wells Fargo and BlackRock taking the top two spots and Dole Foods ranking last. Recognizing that measured TBW can be skewed upward or downward simply by the number of a board’s directors, the study ranks each board’s Average Director Weight (ADW). Here Honeywell International takes the top spot ahead of PPG Industries and Archer Daniels Midland, with Dole Foods and Icahn Enterprises again ranking at the bottom.

Subsequent analysis of study data suggests a significant correlation between “stock performance” and Average Director Weight (ADW). The analysis indicates companies, whose ADW rankings are significantly higher than their revenue rankings, greatly outperform companies, whose ADW rankings are significantly lower than their revenue rankings. These companies also outperform the S&P 500 and the DJIA:

| “Higher than Expected” Governance Capacity Boards vs. | 5-Year Comparative Difference in Stock Appreciation Growth (May 2006 – May 2011)* |
|---|---|
| “Lower than Expected” Governance Capacity Boards      | +72%  |
| S&P 500   | +69%  |
| DJIA  | +60%  |

\*) Opening to close of trading day

Among the study’s other key findings:

- A further decline in boardroom business acumen at America’s largest public corporations as the brain drain of business executives from board service continues to erode. While In 1990, 70% of active Fortune 500 CEOs served on outside boards, filling 772 seats, in 2010, only 45% served on outside boards and filled only 288 seats. This represents a 63% decline.
- The “heaviest” industries in overall governance capacity (CWR score) are Consumer Products, Industrial Manufacturing, and Consumer Packaged Goods. The “lightest” industries are Health Care Services, Industrial Services, and Utilities.

The study focused on America’s 500 largest companies based on 2009 revenue, as recorded in annual reports released during 2010. The 4,757 directors analyzed were listed in each company’s proxy statement and/or website during the term of the analysis, March 1, 2010 to September 1, 2010. The weights accorded each director are based on JDP’s assessment of their career records as profiled in corporate proxies and cross-checked with a number of reference sources, including OneSource, Board Analyst and corporate websites.

James Drury says that companies seeking to improve their “board weight” or “governance capacity” rankings can take two simple steps. “If the board is too small, considering a company’s business scale, reputation, and strategic opportunities, the board may be enlarged and/or upgraded by adding directors of more substantive business accomplishment, particularly if active and retired CEOs are underrepresented.”

Copies of the report are available at +1 (312) 654-6702 or lhancock@jdrurypartners.com

**ABOUT JAMESDRURYPARTNERS**

Founded in 2001 by Jim Drury, JamesDruryPartners focuses on the recruitment and placement of talented board directors and senior-level executives and provides an array of board advisory services. JDP's extensive board and governance practice is one of the most diverse in the industry. Its experience recruiting board directors spans 25 years, during which it has placed more than 150 directors. The firm's varied engagements include recruiting individual directors to replace retiring directors, recruiting multiple directors to rejuvenate legacy boards and filling completely new boards for IPOs and spinouts.