

McDonald's Names Alvarez President to Succeed Roberts (Update4)
2006-08-23 22:55 (New York)

(Adds chairman's earlier comment in eighth paragraph.)

By Danny King

Aug. 23 (Bloomberg) -- McDonald's Corp., the world's largest restaurant company, named Ralph Alvarez president and chief operating officer to replace Mike Roberts, who resigned after a 29-year career.

Alvarez, 51, is being promoted after running McDonald's North American unit since January 2005. Sales at U.S. stores open at least 13 months have risen for 40 straight months, Oak Brook, Illinois-based McDonald's said in a statement today. Roberts was considered by investors including Peter Jankovskis as a possible successor to Chief Executive Officer Jim Skinner.

Alvarez "is extremely competent and will do a good job," said Jankovskis, research director at Lisle, Illinois-based Oakbrook Investments LLC, which manages about \$932 million, including 735,000 McDonald's shares. "Having very strong same-store sales growth in what's viewed as a stable market is very impressive."

Roberts said in an e-mail to employees that the decision to resign "is right for me, my family, my career, and the company at this time." He didn't immediately return calls seeking comment. Spokesman Walt Riker didn't return a call for comment.

Alvarez joined McDonald's in 1994. As president of the North American unit, he was responsible for 15,000 restaurants in the U.S. and Canada.

Alvarez spearheaded the introduction of new products as the company's growth slowed, unveiling a chicken wrap last month and an Asian salad in January. McDonald's revenue growth rate slowed last year to 7 percent from 11 percent a year earlier.

Grooming

"They're always looking for folks they can groom for the top spot," said Jeffrey Malcom, who helps manage \$200 million, including 210,000 McDonald's shares, at Horan Capital Management LLC in Towson, Maryland. "I'm sure he's had a considerable hand in turning the U.S. around. I don't see why he wouldn't be a contender."

In May, McDonald's Chairman Andrew McKenna deflected a reporter's question about a possible successor to Skinner, who's 61. McKenna told a news conference after the company's annual shareholders meeting that the board has worthy candidates to consider from executives in attendance. Among them were Roberts, Alvarez and Chief Financial Officer Matthew Paull.

McDonald's had its biggest profit increase in more than a year in the second quarter on gains in Europe. Net income climbed 57 percent to \$834.1 million, and revenue rose 9.4 percent to \$5.57 billion, the company said in July.

29 Years

Roberts, who started at McDonald's in 1977, was named president and chief operating officer in November 2004, when CEO and President Charlie Bell resigned to focus on his fight against cancer. Bell died two months later.

Don Thompson, chief operations officer for McDonald's U.S. unit, was named president of the division.

McDonald's shares fell 34 cents to \$35.25 in extended U.S.

ATT70674

trading after declining 1 cent to \$35.59 in New York Stock Exchange composite trading today. The stock has risen 5.6 percent this year.

"I have tremendous confidence in Ralph's ability and look forward to working closely with him," Skinner said in the statement.

--With reporting by Chris Burritt in Greensboro, North Carolina.
Editor: Nol (jto).

Story illustration: For a financial analysis of McDonald's, see {MCD US <Equity> FA <GO>}. For the company's management, see {MCD US <Equity> MGMT <GO>}. For today's top Bloomberg News stories on retail and consumer companies, click {RTOP<GO>}.

To contact the reporter on this story:
Danny King in Los Angeles at (1)(323) 782-4243 or
dking19@bloomberg.net

To contact the editor responsible for this story:
Michael Nol at (1) (212) 617-2384 or mnol@bloomberg.net.

[TAGINFO]

MCD US <Equity> CN

NI US
NI COS
NI WNEWS
NI RES
NI IL
NI TOP

#<208357.275492.1.0.7.4.25>#
-0- Aug/24/2006 02:55 GMT