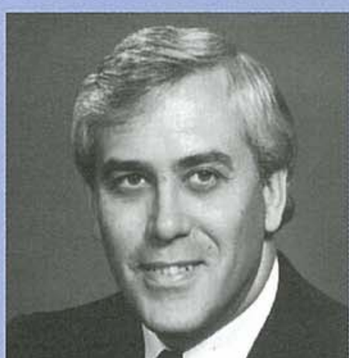
Michael Rose

"To create change! I've always believed that's the only reason to go on a board," says **Michael Rose.** "And that applies, whether it's a corporate board, or the board of your local school, or church."

"Mike was instrumental in the transformation of General Mills."

—Steve Sanger, CEO, General Mills



Rose has a long history of doing exactly that: creating change. When he was chief executive of hotel operator **Promus Corp**, he presided over a nonstop transactional whirlwind that enriched Promus shareholders immensely.

He has brought the same approach to his directorships. "Mike was instrumental in the transformation of **General Mills** from a conglomerate to a very focused food company," explains **Steve Sanger**, CEO of General Mills. "He brought key transactional ability to General Mills," Sanger notes.

The old-line food producer got itself involved in a wide range of businesses, from toys to television to restaurants. One of Rose's foremost contributions at General Mills was aggressively making the case for spinning off the company's restaurant businesses. Rose believed that managing consumer brands, like Betty Crocker and Cheerios, requires very different competencies from managing restaurants, which he describes as "intensely operational."

"There were people within management who didn't immediately warm to the idea" of divesting the restaurants, Rose reports. "I sent out a position paper, much like a management consultant might do. I outlined all the reasons for considering the move." Ultimately, the restaurant portfolio—including nationwide chains Olive Garden and Red Lobster—became **Darden Restaurants**, an independent firm on whose board Rose also sits. "I think the results have been good for both companies," he adds.

A fifteen-year board service limit at General Mills means Rose has to step down from the company this year. CEO Sanger notes that Rose's last General Mills board meeting was, quite appropriately, concerned with a major transaction that confirmed the focus that Rose had been advocating. General Mills is acquiring Pillsbury, another Minneapolis based food processor.

"He played the same role he's always played: as a very experienced and sound strategic counselor," says Sanger.

The complicated, $10.2 billion acquisition gives **Diageo**, Pillsbury's UK-based owner, a minority stake in General

BORN
March 2, 1942 in Akron, OH.
58 years old.

EDUCATION
Law degree, Harvard, 1966;
BA, University of Cincinnati, 1963.

CAREER HISTORY
Formerly chairman of Promus Hotel Corp and CEO of its predecessor, Holiday Inns.

FAMILY
Married to Debbie ("Yes, *that* Mrs. Fields") Fields, founder of the chain of cookie stores. Five children and five stepchildren.

HOME
Memphis. Spends summers in Aspen, CO.

FAVORITE BOOK
Any book on American history.

FAVORITE MUSIC
Classical.

FAVORITE RESTAURANT
His home.

I DON'T LEAVE HOME WITHOUT ...
A Palm Pilot organizer. "I'm tiptoeing into the 21st Century."

CURRENT BOARDS
Darden Restaurants, FelCor Lodging Trust, First Tennessee National Corp, General Mills, Nextera Enterprises, ResortQuest International, Steinmart.

Mills. In a unique twist, the deal effectively guarantees Diageo a minimum return on its investment. If General Mills stock, which has traded recently at $36, hasn't reached $42.55 by the acquisition's first anniversary, General Mills will owe Diageo an additional $600 million.

Rose did the same thing at **Ashland Oil.** "Throughout his career at his own company—and also as a director—he's always taken the view of creating and enhancing shareholder value," says former Ashland senior vice president **J.A. "Fred" Brothers**. "He's always looked at deals and strategies from the shareholders' perspective."

At Ashland, Brothers says Rose deserves credit for spurring important strategic shifts. In recent years the chemical, oil and construction concern has exited the coal business, sold its exploration interests, augmented its already successful road construction business, and strengthened its petroleum business through a deal with **Marathon**.

"Mike was at the forefront of those efforts," Brothers says. "He actively opposes hanging onto low-return businesses. And just as actively, he insists on supporting high-return businesses. His is one of the voices that count."

Rose's own career set the stage for his role as a director. He joined what was then **Holiday Inns, Inc.** in the early 1970s and quickly ascended the corporate ranks, becoming a board member in 1978, president in 1979, chief executive in 1981, and chairman in 1984.

"By 1989, we had none of the businesses that were in the company I originally joined," Rose recounts. Indeed, Holiday Inns changed its business almost as frequently as Rose changed titles. In a bold move, the firm opened one of the first Atlantic City casinos in 1978, and acquired casino operator **Harrah's** in 1980. It later expanded its portfolio of hotel chains with the Embassy Suites and Hampton Inns brands.

As the 1980s came to an end, Rose sold the namesake Holiday Inns chain to UK-based **Bass PLC**. The business surviving the sale assumed the Promus name. Still not ready to rest, Rose proceeded to split Promus into two separate companies: Promus Hotel Corp and **Harrah's Entertainment**, which had blossomed into a global casino chain. Rose retired as Promus's chairman following a 1997 merger with **Doubletree**. Last year, Promus merged with **Hilton Hotels**.

"Talk about developing yourself as a director," Rose says of his deal-laden tenure at Promus. "All of those transactions were great lessons for me as a board member."

Indeed, Rose's deal making at Promus wasn't just done for the sake of excitement and expansion. Shareholders benefited. *Fortune* magazine ranked Promus as the large-cap company that created the most value for its investors during the decade of the 1980s. "That's the important part," Rose says. "Not just that we created a lot of activity."

The ceaseless wheeling and dealing makes Rose sound like something of an impresario. But he, in fact, keeps a very sober attitude towards major transactions. "At best, acquisitions have a tenuous track record in American business history," Rose argues. "Every time you consider one, you must do it with a careful eye. It absolutely must create value."

Ashland's Brothers says Rose is exceptionally skilled at assessing the economic details of value creation. "Mike's very astute when it comes to corporate finance," he cheers. "Many directors are not. But Mike understands balance sheets, Wall Street, and the financial community as well as anyone."

"He's been outstanding!" Sanger sums up. "General Mills will miss him."

The family on a vacation in Africa