

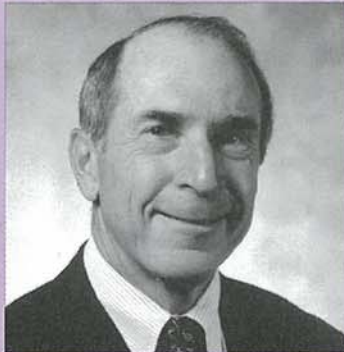
Paul Hazen

Paul Hazen knows a thing or two about mergers.

When English-based **Vodafone** launched a hostile bid for German-

"He's developed an almost instinctual appreciation for what does and does not work across companies."

—Bob MacDonnell, General Partner, KKR



based **Mannesmann**—the first large inter-European takeover—looking to Vodafone director Hazen was a natural. The former CEO and chairman of **Wells Fargo**, Hazen had a stellar track record at the San Francisco-based bank.

In his 30-year Wells Fargo career, Hazen helped grow the bank from a regional institution to a national powerhouse. What's more, the bank's mergers, especially its recent union with **Norwest**, have been extremely successful by bank merger standards.

Hazen's banking background has given him considerable financial acumen and a broad sense of what makes various businesses fly, say fellow directors. At companies such as Safeway, the hard-driven, sometimes brutally honest Hazen has helped make some major management and strategic improvements.

"He's focused and disciplined, and has a great ability to see where the savings and potential will be in a merger," says **Bob Joss**, dean of **Stanford University's Graduate School of Business** and a Wells director. "A lot of people may have an idea, but not have Paul's discipline and determination to get a job done. He's never dissuaded by how tough it is."

English-based Vodafone's 1999 hostile bid for Germany's Mannesmann broke ground for a few reasons. Never before had there been a hostile bid between two successful companies from the two nations. The deal, which would create Europe's largest telephone business, was immensely complicated. Vodafone would have to convince the target firm's shareholders of the value of the transaction. But there were additional, cultural issues. Initially, some high-profile German politicians were against the deal.

Many Vodafone board members, along with CEO **Chris Gent**, looked to Hazen for his fortified financial skills and merger expertise. "I think he is extremely savvy about financial matters. He's excellent at reading a balance sheet," says **Michael Boskin**, a Stanford economics professor and fellow Vodafone director. "But in this case he was very good at strategy and managing the time frame—the chess game of it all. For his efforts, Hazen was appointed Vodafone's deputy chairman.

One of Hazen's current roles is senior

BORN

November 28, 1941; Lansing, MI.

EDUCATION

Amherst (1 Yr.); BS, University of Arizona; MBA, UC Berkeley.

CAREER HISTORY

Former Chairman & CEO, Wells Fargo & Co.

FAMILY

Wife, Sandy, 2 sons, Brandt and Brooke.

HOME

Pebble Beach, CA.

FAVORITE BOOK

Quiller Memorandum by Adam Hall.

FAVORITE MOVIE

Waking Ned Devine.

FAVORITE MUSIC

Willie Nelson.

FAVORITE RESTAURANT

Joe LoCocos, Greenbrae, CA.

I DON'T LEAVE HOME WITHOUT...

Golf clubs, reading glasses and calendar.

CURRENT BOARDS

Vodafone, Safeway, Phelps Dodge, Epiphany, Willis, Xstrata.

advisor to **KKR**, a leading private equity firm that is a major investor in **Safeway**. **Bob MacDonnell**, a general partner at KKR, says he brought Hazen onto the Safeway board because of his record at Wells Fargo. "Wells is one of the best run organizations in the country," says MacDonnell. The bank has a history of very strong management. You need only look at how well the stock has done over the past 10 years. It's been a clear winner."

That stock price was bolstered when, three years ago, Wells gobbled up Norwest, creating a company with a large geographic presence west of the Mississippi. Unlike many other major bank mergers, however, this transaction justified its original intent by reaching financial targets and generating significant shareholder value.

That's largely because of the teamwork between Hazen, who became the new company's chair, and CEO **Dick Kovacevich**, formerly of Norwest. Together, they fused the two company cultures. They successfully melded best business practices, product offerings and business models, says **Don Rice**, a longtime Wells director and President and CEO of biotech firm **UroGenesys**. "They worked closely together and set an example for everyone else."

The partnership between the two executives was hardly common. In order to push the deal through, Hazen was willing to relinquish his CEO post. "I think what that says is that Paul saw what was right for shareholders and was willing to go ahead with it," says Joss. "Paul could set his own ego aside. The Norwest merger is a real tribute to Paul. I can't think of another example when two former CEOs worked together as a team on a new company."

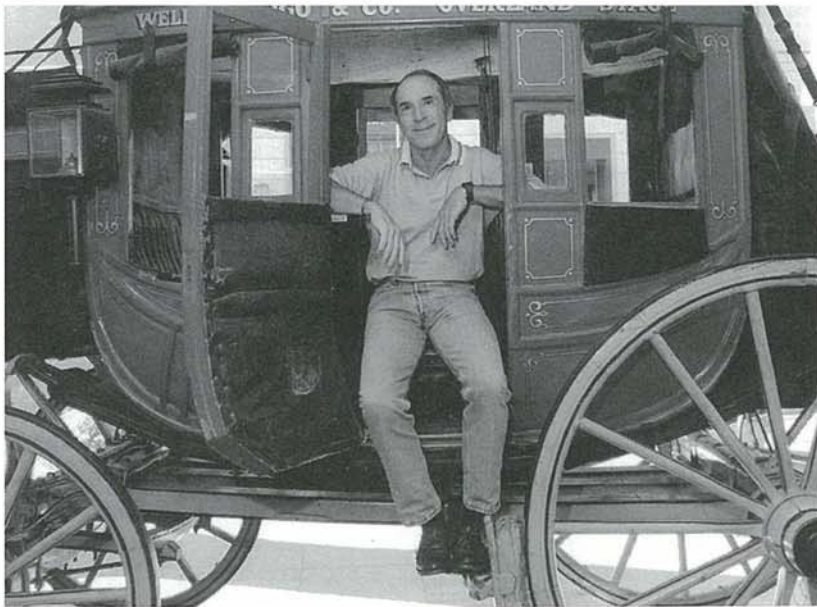


Photo Courtesy of San Francisco Chronicle

There's a tendency in bank mergers, adds Joss, for banks to combine their assets in a less-than-discriminate fashion. "But Paul has a good nose for doing things right. He's kind of like a dog with a bone," he jokes. "He just won't let go until it's done. His ability to execute and drive through is tremendous."

The first major instance where Hazen exhibited this merger skill at Wells was in the mid 80s, when he set his sites on California-based **Crocker Bank**. Hazen was instrumental in negotiating the sale with then-owner **Midland Bank**.

Crocker was underperforming at the time, says Joss, which added additional challenges. He pulled it off laudably, creating synergies that other bank presidents may have missed. "That deal was really the first major in-market merger in California," says Rice. "And it was a clear home run."

Hazen's gift for company combinations cuts across many sectors. In 1992, the Safeway board wanted to acquire the Southern-Calif.-based **Vons Supermarket** chain. Safeway had recently brought on a new CEO, who, focused on the company's other problems, hesitated. "Paul was very forceful in persuading the CEO that this was something the company needed to do," says MacDonnell. "Some board members would have just gone

with the flow." The deal transpired.

Hazen's experience in banking has given him an extremely broad business sense, say directors. He's developed an almost instinctual appreciation for what does and does not work across companies.

He also sets strict performance guidelines. At Safeway, he ushered in new standards for prioritizing the value of management, says MacDonnell, weeding out underperformers. "It not only increased the ability of our managers," he says. "It also increased the morale of our best performers. It's difficult if you're doing a really good job to see that others who are not carrying their weight are continuing on unnoticed."

And when the tough management changes had to be made, Hazen was also there. "He sat in on some of the discussions. That's unusual. Those discussions aren't very pleasant, and most directors would not want to do that kind of thing."

Hazen's method of evaluating and upgrading Safeway's management also extended to the company's real estate properties, says MacDonnell. "Upgrading assets is something he's made work well here and at Wells. He's a very credible manager, who's honest, energetic and committed. Maybe the best outside director I've known."