Raymond Troubh

It's a testament to **Ray Troubh** that his name is intricately linked with the biggest corporate scandal of the last 25 years—and he comes out a hero.

Troubh was tapped as an experienced outsider to become chairman of **Enron** in its post-disaster incarnation. The discredited board desperately needed an infusion of integrity. Barely 10 weeks after he joined the board, Troubh was one of three directors who authored The Powers Report. It was a meticulous—and damning—account of the off-the-book partnerships that were the beginnings of Enron's public downfall.

Troubh and fellow directors **William Powers Jr.** and **Herb Winokur Jr.** supervised a legal team from **Wilmer, Cutler & Pickering** that gathered information. "We acted as a sounding board," Troubh recalls. "We pushed them in their research and questioned their preliminary judgments. We had some heated discussions."

The report came at the onset of relentless scandals that spread beyond Enron to **WorldCom**, **Tyco**, **Global Crossing** and others. Congress was mounting 17 investigations on Enron alone. The report allowed Enron's angry shareholders and employees and a disenchanted public to take a breather. It was one large step toward accountability and transparency.

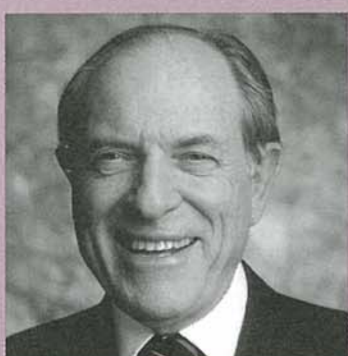
"It defined the problem," says **Richard Hanselman**, chairman of **Health Net**, who has been on six boards with Troubh (rhymes with "probe"). "I can't think of a better man to take on that clearly very difficult assignment. If somebody invited me to go on the Enron board, I don't think I'd do it."

Troubh's veracity and qualifications are unquestioned, Hanselman adds. Troubh, a financial consultant, has been a Supreme Court law clerk, an associate of **Sullivan & Cromwell** and a partner of **Lazard Freres** specializing in mergers and acquisitions.

Now Troubh, who works about 60 hours a week, is spending about 30 to 35 percent of his time on Enron. "I'm enjoying it," he says. "The people I'm working with are very bright, and they're determined to salvage something of value from this mess."

Troubh reports that the vote from friends and professional colleagues runs "50–50" that he was crazy to take on the Enron assignment. Would he do it again? "Absolutely. I consider it an extraordinary opportunity to be involved in the making of new law."

Harvey Berger, chairman and CEO of **Ariad Pharmaceuticals**, recalls Troubh's assistance during another troubled time three years ago. "We had a difficult time financially and had to go into litigation with a group of investors," Berger says. "Ray helped me and the entire board craft a plan." Troubh asked questions to ensure that the company had pre-



BORN
May 3, 1926; Portland, Me.

EDUCATION
A.B., Bowdoin College; LL.B., Yale Law School

CAREER HISTORY
Financial consultant, current or former non-executive director of more than 25 public companies, and former general partner, Lazard Freres & Co.

FAMILY
Wife, Jean, five children and stepchildren, 12 grandchildren

HOME
New York, N.Y.

FAVORITE MUSIC
Country and blues; Roy Orbison

FAVORITE RECENT BOOK
Master of the Senate: The Years of Lyndon Johnson by Robert A. Caro.

MOST ADMIRED PERSON
Winston Churchill. "I think he saved the world."

I DON'T LEAVE HOME WITHOUT…
Reading glasses and a book. "I can't stand airport waits, so I read."

CURRENT BOARDS
Ariad Pharmaceuticals Inc.; Diamond Offshore Drilling Inc.; Enron Corp.; General American Investors Company, Inc.; Gentiva Health Services, Inc.; Hercules, Inc.; Triarc Cos, Inc.; WHX Corp.

pared responses in case any one of various situations arose.

Troubh remembers it. What he brought to the table, he believes, was a lack of fear of litigation. This is based on his experience as a lawyer and as a board member. "I said, 'Don't panic.'... The threat of a lawsuit doesn't bother me. If a board has acted honestly, you can defend it."

Troubh is also respected for his ability to stand up to management. In the early 1980s at **Becton-Dickinson**, he refused to approve a management bonus after a year of subpar performance. Troubh, chairman of the compensation committee, "smoothly but firmly" pressed the point, says Hanselman.

"I'm very proud of that moment," Troubh states. "Management was in shock that a director would say, 'You didn't earn it.'"

Company management often accepts Troubh's advice, even if it means short-term pain. According to industry sources, **Jay Gellert**, president and CEO of Health Net, was the only CEO of a managed care organization to receive no bonus in 2001. Part of the reason was Troubh, a member of the compensation committee. The decision came after the company failed to meet one of its goals for earnings per share.

Gellert nonetheless has nothing but praise for Troubh: "Over the long haul, which is the way he thinks, I don't think anyone would question his judgment."

Troubh extends his tough standards to companies that don't provide board members with the information they need well in advance of meetings.

"I raise hell—I am really tough and nasty and angry when the board doesn't get its information on time," Troubh asserts. "I embarrass [management] during meetings. After a while, the information starts getting to the board members in time."

He's proud of being one of a rare breed of "professional directors" — people who do nothing but sit on boards. Such people, he maintains, are relatively immune to the temptations and conflicts of interest that have dragged down so many companies in the past year. And almost nothing fazes these individuals, he believes: "I've been on 26 boards at some point or another."

But Troubh has been criticized for taking too many directorships. At one point in 1996, he was on 17 public company boards. "I'm able to accommodate all those boards," he insists.

Colleagues at several companies seem to agree with that and more. "Ray is the single most helpful and thoughtful director we've got," says Ariad's Berger. "He has not missed a board meeting in 10 years."

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—Richard Hanselman, chairman, Health Net

Troubh and his wife, Jean, at a benefit dinner for the City Parks Foundation in New York in 1999.

Troubh keeps abreast of new good governance practices, colleagues say. At **Time Warner** in the early 1990s, Troubh advocated premium-priced options for top management, says Hanselman. The company later adopted this plan. These options are priced higher than a company's current share price—15 percent to 30 percent higher in Time Warner's case. In a bull market, this means that management has to meet a higher performance hurdle before cashing in the options.

"I thought it was a terrific idea for Time Warner, which had been something of a flashy company that had gone through ups and downs," Troubh recalls. He didn't invent the idea but had read about it in other proxy statements. "I read hundreds of proxy statements every year," he says.

Colleagues appreciate this acumen, especially since it comes with a noticeable lack of pretension. "He's as down to earth as anyone can be," says **James Tisch**, chairman and CEO of **Diamond Offshore Drilling**.

How does Troubh, 76, spend his time between board meetings? "I read stuff—I read about accounting problems, corporate governance issues, collateral material like business magazines," he says. Troubh keeps his energy up via naps on the couch in his Rockefeller Center office. He also squeezes in tennis games whenever he can.