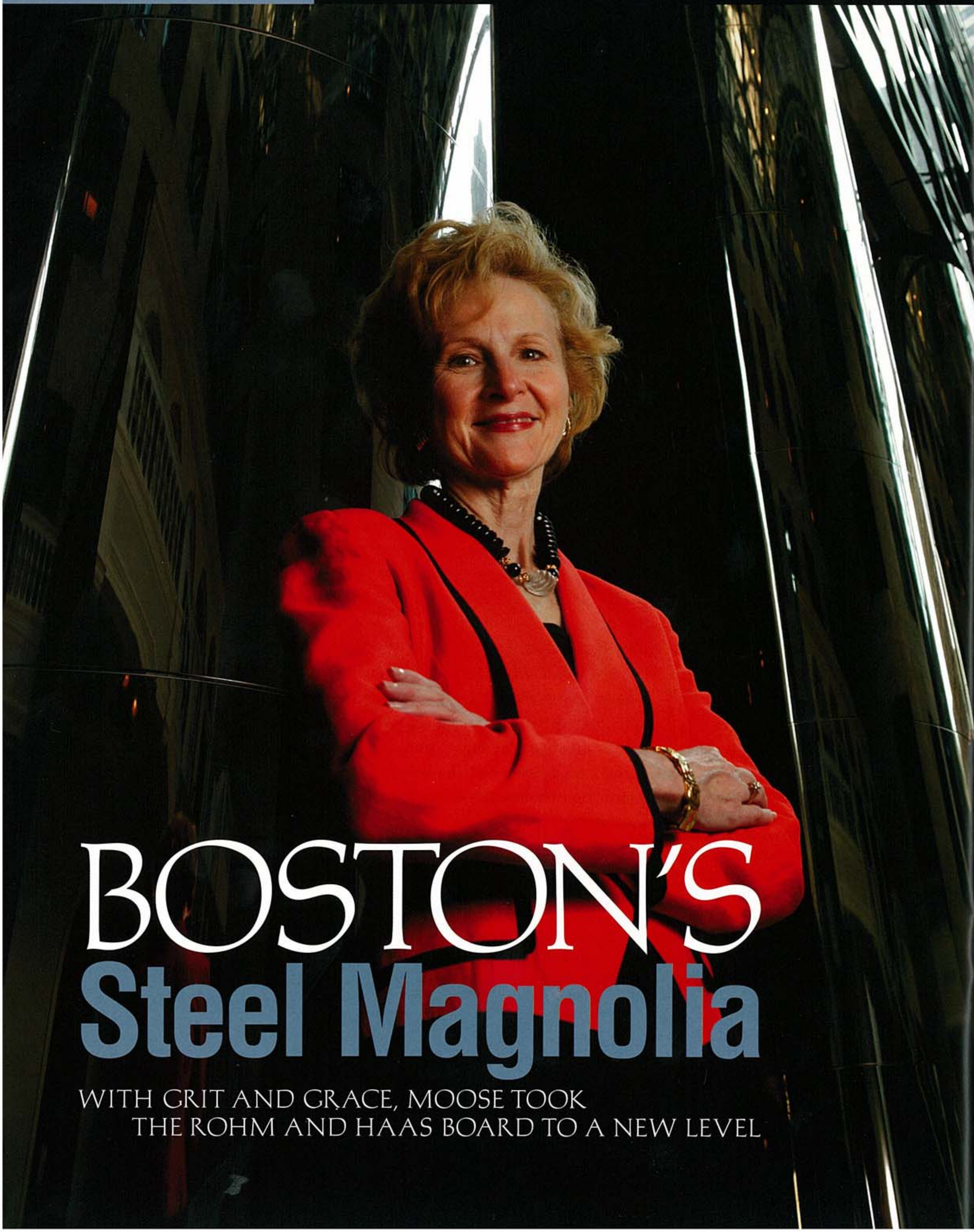

BOSTON'S Steel Magnolia

WITH GRIT AND GRACE, MOOSE TOOK THE ROHM AND HAAS BOARD TO A NEW LEVEL

Armed with a freshly minted doctorate in economics from Harvard in 1968, Sandy Moose was interviewing for a job at The Boston Consulting Group. Her meeting with Bruce Henderson, BCG's founder and a pioneer in modern corporate strategy, turned into a raging argument about the experience curve. Henderson fiercely defended his then-novel concept, which turned some mainstream economic theories on their head. Moose, who at 25 was less than half Henderson's age, attacked aspects of his thesis with polite tenacity.

"After about three hours Bruce looked at me and said, 'Lady, if you want a job you've got one, but I've never heard of a woman before in management consulting.'" Thirty-six years later, Moose — who retired this year from BCG but continues to serve as a senior advisor — clearly relishes the story that launched her trailblazing career. While the episode spotlights the gender barrier Moose cracked in her firm and in her field, it also reveals early signs of the perception, persistence and preparedness that Moose brings to the corporate boardroom — qualities that help her boards expose and overcome barriers to their own success.

As chair of the nominating committee at Rohm and Haas, Moose is the driving force behind a board evaluation program that has made a difference both in company strategy and company performance. As a result, Rohm and Haas, one of the world's largest producers of key ingredients in paints, adhesives and electronic materials, has hired a new chief technology officer, reshaped its research strategy and started pouring two thirds of its $6.4 billion research budget into coatings and electronics, its fastest-growing and most profitable segments.

Long before Sarbanes-Oxley, board evaluations were a standard practice at Rohm and Haas. Soon after the 1992 boardroom revolt at General Motors, Rohm and Haas directors had already adopted many principles for board effectiveness advocated by corporate governance reformers. When Paul Miller, Moose's predecessor as nominating committee chair, retired in 1998, the directors selected Moose to take his place and continue the tradition. "It showed the respect her fellow colleagues had for her," says Jim Henderson, the retired CEO of Cummins Engine, Co. Henderson sits on the Rohm and Haas nominating committee with Moose. "She became the de facto leader of the board. Of course, we knew women were qualified to do this, but it still was unusual."

Her style is penetrating, but at the same time she has a way of opening dialogue rather than being directive.

RAJIV GUPTA • CEO • ROHM AND HAAS

In 1999, more than 90 years after Otto Rohm, a chemist, and Otto Haas, a businessman, partnered to make a chemical product for turning hides into leather, the company had acquired Morton International for $4.9 billion. That, along with other acquisitions, positioned Rohm and Haas to diversify its portfolio of products and take advantage of the globalization and specialization trends dominating the chemical industry. But over the next two years, the chemical industry experienced one of its worst downturns ever and both revenue and profitability declined.

In 2001, Moose, working closely with CEO Rajiv Gupta, expanded the scope of the board's traditional self-assessment survey. "It was a continuation of a thorough and thoughtful process to ensure the board effectiveness with no outside stimulus to do this," Henderson says. "I know of no other board that did this so explicitly prior to Sarbanes-Oxley."

The survey questions and follow-up discussions were designed to identify topics board members felt were missing from the agenda or needed more attention. Directors were asked to respond to statements with a five-point scale ranging from "strongly agree" to "strongly disagree." They were encouraged to elaborate with written comments. After analyzing the results, Moose and Gupta followed up with each director to flesh out the comments further.

The evaluation process, which culminated with discussions by the full board, yielded more substantial outcomes than anyone imagined. "We learned we really needed much more focus on technology, a change in the chief technology officer and for the board to spend much more time on strategy than operational items because our industry was in the midst of significant change and we were in the midst of significant change," Gupta says.

In its traditional business, research at Rohm and Haas had focused on small improvements in the ingredients its customers use to make products such as paints, packages, fruit juices and electronic devices. But small improvements yielded small increases in revenue. With the mergers completed, the company had to figure out the best ways to exploit a host of new capabilities that would allow the company to grow more quickly. Today, for example, Rohm and Haas's electronic materials businesses focus on inventing new materials that make electronic devices faster, smaller and more powerful.

"Part of it was thinking about where we go from here," Moose says. "What were we going to do to grow the business and how were we going to broaden our base of technologies? What was our R&D philosophy going to be? If we were looking for big hits, that was obviously a different level of spending, a different level of risk." The self-assessment process revealed issues that had been percolating but had not previously reached a full boil.

The bottom line? With the reshaping of the research strategy and the restructuring of the company, earnings per share

BORN: February 17, 1942, in Boston, Mass.

EDUCATION: B.A., Wheaton College; M.A. Ph.D., economics, Harvard University

CAREER HISTORY: President, Strategic Advisory Services; senior advisor, senior vice president, director, The Boston Consulting Group

FAMILY: Two stepchildren, two grandchildren

HOMETOWN: Chestnut Hill, Mass.

MOST MEMORABLE SUMMER JOB: Research assistant to the president of the Boston Federal Bank in 1965

BEST VACATION IN PAST FIVE YEARS: Trip around South America, including visits to Tikal in Guatemala, the Amazon, the Falkland Islands, Iguazu Falls, Easter Island, the Galapagos and Machu Picchu.

BEST BOOK READ OVER LAST YEAR: *The Da Vinci Code*, by Dan Brown, "for fun."

MOST ENTERTAINING MOVIE SEEN OVER LAST YEAR: *Something's Gotta Give*

FAVORITE QUOTATION: "Trust yourself when all men doubt you," from Rudyard Kipling's poem "If"

IF I COULD GO BACK IN TIME AND HAVE DINNER WITH A FAMOUS AMERICAN, IT WOULD BE: Ben Franklin, for his intellect, wisdom, wit, creativity and charm

CURRENT CORPORATE BOARDS: Rohm and Haas Company, Verizon Communications, The AES Corporation

have grown from a loss of 32 cents in 2001 to a gain of 95 cents in 2002 and $1.30 in 2003.

Today, each meeting of the Rohm and Haas directors is devoted to delving deeply into one aspect of corporate strategy, and one meeting each year is devoted entirely to technology. Instead of overly technical reports, the chief technology officer presents an overview of each technology along with a snapshot of its status and its prospects for success.

While the extensive self-assessment process takes place every two years, Moose always asks for feedback on how each meeting went, how the next one could be better and what topics emerged that need further attention at future board meetings.

"This is a strong board with strong people," Henderson says, and while any one of them could effectively function as lead director, there are elements of Moose's manner that make her perfect for the job. "Her style is penetrating, but at the same time she has a way of opening dialogue rather than being directive," explains Gupta.

In addition to serving on the Rohm and Haas board since 1981, Moose has served on the board of Verizon Communications since its creation from the merger of Bell Atlantic and GTE in 2000. Moose joined the GTE board in 1978, when she was just 36.

"Her professional background as a business consultant gives her a natural focus on strategic issues, and she asks very probing questions about the strategic direction on the technology side," says fellow Verizon board member Walter Shipley. Verizon, like all telecommunications companies, must make expensive bets on next-generation technologies and outmaneuver competitors in its own industry, the cable television industry and satellite companies.

"She's on top of it," Shipley concludes. "She's in no way naïve in terms of what the strategic issues are, and some directors can be when the complexities of the business are so technical and so detailed that just keeping up with the changes is a challenge." Shipley is the retired CEO of The Chase Manhattan Corporation.

This year, Moose became the chair of the corporate governance committee at Verizon, which has come under scrutiny from corporate governance watchdogs. CalPERS withheld its vote from the entire audit committee in the 2004 proxy because the committee had authorized the company's auditor to perform non-audit services. The pension giant also singled out Moose, contending that Verizon's relationship with BCG compromises Moose's independence. Verizon counters that the $3.5 million contract in question ended more than three years ago, which eliminates the conflict under NYSE rules.

Recently Moose has agreed to take her skills to a new board. Dick Darman, former director of the U.S. Office of Management and Budget during the first Bush administration, recruited Moose for the board of AES, which he chairs. AES is a global power company that is on its way back up after getting caught in the post-Enron collapse of energy stocks. Darman has worked with Moose on the boards of several mutual funds, where he saw the value of her analytical approach and long experience in working on corporate strategy.

He also knew that Moose's experience on the boards of Verizon and Rohm and Haas would be relevant to the challenges facing AES — globalization and industries undergoing dramatic restructuring. "She's very smart, she's very gracious and yet she's tough-minded," Darman says. "Those are important qualities for a director to have. Some people have two out of the three. She's got all three." ○