

William R. Loomis, Jr. was a teenager when his father commanded the U.S. Navy flagship in the Gulf of Tonkin during the Vietnam War. A highly decorated officer, the senior Loomis was vocal within the Navy about his opposition to the war. His position was grounded not in moral issues, but strategic ones. "He simply thought that it was not possible to win the war from a military perspective," says his son.

Through actions like this, the late Captain Loomis drilled lessons about responsibility and leadership—as well as the danger of harboring false illusions—into his two children. They are lessons that Loomis, the 58-year-old former CEO of the investment banking firm Lazard, applies in the corporate boardroom today. "He may be one of the best directors I've ever been exposed to," says Leslie Wexner, founder, chairman and CEO of Limited Brands. "He's engaged, he understands his obligations as an outsider to represent the shareholder, he's diligent and he has a judicial point of view."

Colleagues say what makes Loomis outstanding is his ability to distill a complex assortment of facts to their essence and form a dispassionate view of the best strategy. "He doesn't force an issue, but the force of his intellect gets you to go to that position," says Sam Fried, Limited Brands' senior vice president for law, policy and governance.

It was just such a winning combination of forcefulness and humility that helped Loomis push an unwelcome—but ultimately successful—strategy at Terra Industries. The company suffered a serious downturn in 1999. At the time, Terra both manufactured nitrogen fertilizer and owned hundreds of farm service retail outlets that sold it. Loomis, the chairman since joining the board in 1996, wanted Terra to sell the distribution business to reduce its debt,

which seemed unsustainable under the depressed market conditions. At first, recalls current Terra Chairman Hank Slack, the majority of board members and senior management opposed the idea, thinking it was not the best strategy.

"It was a classic example of the illusion of synergies," Loomis says. "From the outside, it looked logical because they appear to be in the same business, but they're not in the same business and they don't have the same financial characteristics."

Loomis argued that the appreciation of Terra's stock did not depend on "whether or not they were in the distribution business, but whether or not they could survive until a recovery in nitrogen prices." With Terra's debt,

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Loomis felt the risk was too high.

Eventually, the logic of his arguments presented with patience and stamina won the day, first with support from Terra's largest shareholder followed by the executive team and the other independent directors. "Bill is prepared to take a tough route to what he considers the best outcome," Slack says.

Loomis continued to play a pivotal role as Terra dramatically pared its cost structure to survive in an unusually difficult environment. From year-end 1999 to 2004, Terra's stock appreciated more than 500% to nearly \$9. "What he put in place during all this period,"

Slack says, "was a cornerstone to the company's financial recovery."

Loomis took the occasion of a change in CEO in 2001 to step down as chairman, announcing plans to leave the board when his term expired. He suggested that others might also consider making space for new directors. When Loomis left in May 2003, four other longtime directors retired, too. "I think constructively using your own departure to cause a larger change allows that to happen in a way that is graceful and without animosity," Loomis says. "It becomes a movement."

During his career as an investment banker, Loomis was more enamored with solving problems and advising on strategy than in racking up a fat portfolio of headline-grabbing deals. "I have been in many boardrooms and have known no one who can fly in the face of the majority and point out the pros and cons of a position as well as he," says lawyer Martin Lipton, a founder of Wachtell, Lipton, Rosen & Katz. "He has great judgment, great insight and is someone who can quickly grasp a business situation."

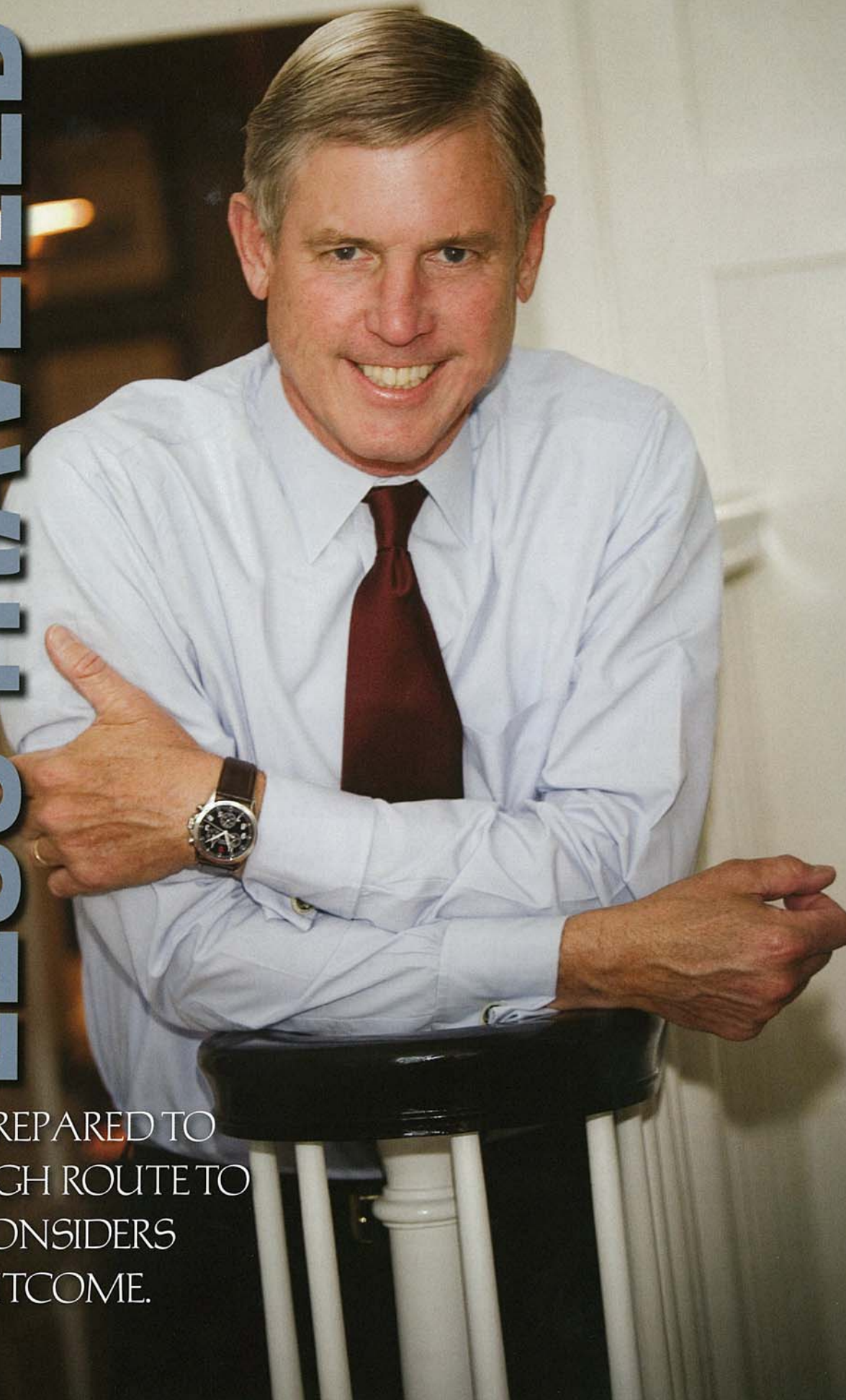
To Wexner, Loomis' reflective qualities set him apart from other investment bankers—qualities that are well suited to the boardroom. "When something has to be decided or action has to be taken immediately, Bill does it," Wexner says. But Loomis will also call back a few days later with a thoughtful analysis, communicated in the most self-effacing way. "He'll say, 'Maybe I differ with you, but as I've thought about this...'"

Loomis is very deliberate about the way he expresses a dissenting viewpoint. "I see a lot of directors who confuse being bombastic with being independent and who will talk too much and talk too caustically," he says. "The more that you are taking a controversial position, the more you have to test yourself and be careful that you are not being egotistical."

Even as a young partner at Lazard, Loomis was willing to challenge those far senior when he felt it was in the

ARROAD LESS TRAVELLED

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BORN: May 2, 1948, in San Diego, Calif.

EDUCATION: BA in political economy, Williams College; Thomas J. Watson Fellowship for Creative Writing in Asia, 1971–1972; MBA Harvard Business School

CAREER HIGHLIGHTS: CEO, Lazard LLC; Deputy CEO, Lazard Freres & Co.; Head of Banking, Lazard Freres & Co.

HOMETOWN: Santa Barbara, Calif.

FAMILY: Married Kristin Loomis in 1980; 1 daughter, 3 sons.

MOST MEMORABLE SUMMER JOB: Night clerk and watchman in a cheap hotel next to a bar on Catalina Island.

MOST RECENT BOOK READ: *Ten Days to D-Day* by David Stafford.

FAVORITE ARTIST: The late British maritime artist Montague Dawson.

FAVORITE CHARITY: The Marine Corps Law Enforcement Foundation.

SOMETHING MOST PEOPLE WOULD BE SURPRISED TO KNOW ABOUT ME: "I repeated a year in high school."

WON'T LEAVE HOME WITHOUT: Hot sauce for airplane food.

FAVORITE QUOTATION: "Figures don't lie, but liars can figure."

CURRENT PUBLIC COMPANY BOARDS: Limited Brands.



client's best interest. When The Limited was attempting to buy retailer Carter Hawley Hale in a highly publicized hostile takeover in the mid-1980s, Loomis worked on the deal alongside Felix G. Rohatyn, the Lazard managing director who had helped save New York City from bankruptcy a decade earlier. "Felix Rohatyn was the lead banker, the senior partner, and at some point while we were making a decision, I can remember very vividly, Bill said, 'No, I don't think that's the right thing to do,' disagreeing with Felix and myself," Wexner recalls. "I think, upon reflection, he was right."

In just four years on the board of Alcan before his term ended this spring, Loomis provided strategic insight as the global aluminum and packaging company undertook several bold moves,

including the largest hostile takeover of a French company, Pechiney S.A.; the change of CEO; and the spinoff of Novelis, its rolled product business, which accounted for a quarter of the company's revenue.

"I can think of many instances where without his intervention the board might have gone in one direction, when after his intervention the board went into another direction," says non-executive Chairman L. Yves Fortier. The clarity of Loomis' judgments helped the board reach consensus, he added. "He was often a bridge builder. In particular instances, there were two views emerging, I would look across the table at Bill, hoping he was going to intervene, and he generally did."

Loomis' soft-spoken approach and

articulate arguments make difficult decisions look easy, but they are anything but. His decisiveness in the boardroom belies soul-searching at home. "It's a case of conviction instilling courage," Loomis says. "It's easier for me to figure out, rightly or wrongly, what position I should take than it is for me to be potentially unpopular. But at the end of the day I don't believe I have any choice."

The responsibility to follow his conscience flows directly from lessons that Loomis absorbed from his father. "When you grow up in that environment, the idea that you're going to go to a meeting and say, 'It's not really my problem; I'll sit this one out,' doesn't occur to you," he says. "It's more the agony of: 'We have to deal with this.'"

At Lazard, Loomis was also viewed as a bridge builder, but even he could not succeed at healing the gaping rifts that followed a difficult merger of the previously separate firms in New York and Europe. When an executive committee appointed Loomis CEO, it handed him the Herculean task of imposing organization and smoothing discord, but Loomis had little authority. Within a year, he decided it was better to resign than allow his frustration to turn 25 happy years to bitterness. As his father told him after retiring from the Navy, "There comes a time when you should close the book and move on and not relive the war."

After a month traveling in Burma—a journey that recalled earlier adventures in Asia during college and on a fellowship—Loomis settled on a plan for his retirement: the Ph.D. program in history at the University of California, Santa Barbara. His wife, Kristin, and their four children packed up their lives in Connecticut and moved. He may join one or two more boards when he finds the right match. For now, he almost bubbles with enthusiasm as he discusses his academic research and plans for a potentially juicy book. The subject: controversial Wall Street characters in the early 20th century. ○