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At **UBS**, Activism Pays Off --- Big Institutions Score Rare Wins In Swiss Business

By Anita Greil

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ZURICH -- Those shareholders of **UBS** AG who had agitated for change landed two victories Tuesday in a rare show of activism in Switzerland.

The bank said Chairman Marcel Ospel will step down and shareholders could take part in its plan to raise about \$15 billion in a rights issue of discounted shares -- moves shareholders had pushed for in recent months.

In Zurich, **UBS** shares rose 12% to 32.40 Swiss francs (\$32.62).

"I was surprised that everything went so fast today: Ospel's departure, the write-downs and the capital increase," said Robert Scholl, manager at pension fund Aargauische Pensionskasse, which controls one million **UBS** shares and has about eight billion francs in assets. "But it seems that everything is on the table now."

Swiss institutional shareholders, such as pension funds, have been criticized by shareholders' rights groups elsewhere for not flexing their combined voting power at corporate annual meetings. The Swiss, like other continental European shareholders, have lagged behind their U.K. and U.S. counterparts in pushing companies on strategy and governance issues.

But the losses posted by **UBS** and the bank's sale of stakes to the Government of Singapore Investment Corp. and a Middle Eastern investor whom **UBS** declined to identify have moved shareholders into action.

Swiss pension fund Profond, as well as shareholder activists Actares and Ethos, criticized **UBS**'s decision to exclude current shareholders when the bank raised 13 billion francs in February. By contrast, the plan **UBS** laid out Tuesday meets shareholders' request to participate in the capital increase, and it was welcomed even though it means their holdings in **UBS** will be diluted further.

"I've confirmed to **UBS**'s board this morning that we will support their proposal," said Herbert Brandli, president of Profond, which has 2.5 billion francs in assets under management and holds about one million **UBS** shares valued at about 31.4 million francs. More than a month ago, Profond requested that **UBS** include a vote on a 10 billion-franc rights issue at its April 23 annual meeting.

UBS also said Tuesday that it wrote down an additional \$19 billion in assets in the first quarter, leading to a net loss of 12 billion francs, and said Mr. Ospel had decided not to stand for re-election to the board.

Some shareholders expressed disappointment about the write-downs, but said they had become likely in recent weeks. Some also were somewhat skeptical about the appointment of Peter Kurer as chairman. Mr. Kurer, a 58-year-old Swiss national, is the bank's chief legal counsel and a member of its executive board.

Mr. Kurer is "a member of the group of people who share responsibility for the current situation," said Roby Tschopp, chairman of Actares, a lobby group that doesn't own **UBS** shares but is voting on behalf of shareholders who transfer their voting rights to the group. "We [would] have preferred an outsider."

Goran Mijuk contributed to this article.

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