

Profond Criticizes UBS Over Capital Increase Plan, WSJ Reports
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By Alan Purkiss

Jan. 17 (Bloomberg) -- UBS AG, which plans to sell convertible notes to the Government of Singapore Investment Corp. and a Middle Eastern investor, was criticized by Profond, a Swiss pension fund, for shutting existing shareholders out of the capital increase, the Wall Street Journal reported.

In a letter sent to the Swiss bank on Jan. 15, Profond, which owns about a million UBS shares, requested that a rights offer be made, so current investors can avoid dilution of their holdings, the newspaper said.

Herbert Braendli, Profond's president, said in an interview with the Journal that UBS's plan to raise a total of 13 billion Swiss francs (\$11.8) from the Singapore sovereign wealth fund and the Middle East investor is a "cloak-and-dagger operation" at the expense of existing shareholders, "who didn't get information in time."

UBS intends to issue mandatory convertible notes paying a coupon of 9 percent to the new investors; this is subject to approval by shareholders at an extraordinary meeting on Feb. 27, the newspaper said, adding that Profond's request probably comes too late to be put on the agenda.

Commenting on the request, UBS referred to a recent letter to shareholders in which it said the idea of a rights offer had been rejected on grounds of cost, complications and time, the Journal added.

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