
Statement regarding UBS AG

Zürich / London, 16 April 2008

Olivant wishes to reiterate its concerns regarding the challenges faced by UBS.

Whilst we welcome and support a number of the recent decisions taken by the Supervisory Board, fundamental challenges remain which must be addressed with urgency.

The most pressing issue is that UBS needs to commit to a proper search for a Chairman; there is no more important task for UBS than ensuring that it selects the best candidate available to lead the company through this challenging period.

We are therefore calling on the Supervisory Board to confirm before the Annual General Meeting on 23 April that:

- 1. A serious and thorough search process will be undertaken for an external candidate to be Chairman of the Supervisory Board*
- 2. Any appointment of an interim Chairman will be strictly for the duration of the search only.*

We have set out in our second letter (dated 7 April) to Mr. Marchionne the criteria which we believe should be considered in the selection of an appropriate Chairman. These criteria include independence and relevant experience.

In this context, we view with concern the proposed appointment as Chairman of Peter Kurer, an internal candidate. Furthermore, we do not believe that there has been any attempt by the Supervisory Board or Dr. Panke, Chairman of the Nominating Committee, to conduct a credible search for a successor to Mr. Ospel following his resignation. We believe that none of the most appropriately qualified Swiss bankers, such as Messrs. Ackermann, Rudloff or Granzio, were approached on even an informal basis.

We consider Mr. Kurer's appointment a serious concern, both as regards protecting the value of our investment in the currently difficult risk environment as well as delivering the considerable increase in shareholder value that we believe to be achievable, given strong and insightful strategic leadership.

We consider Mr. Kurer to be an insider, as a member – for seven years – of the Group Executive Board, and of the Risk Committee. On this basis, we do not believe that he can bring the objectivity required to the role, nor that he represents a break from the insular corporate governance tradition of UBS. We are pleased that he plans to disband the executive Chairman's Office of the Supervisory Board, but note that he played a pivotal role as General Counsel in supporting its establishment by Mr. Ospel in 2002.

We also note that Mr. Kurer has no banking, strategic, credit or market risk experience – all skills that are of critical importance given the situation in which UBS finds itself. In addition, whilst we have the highest respect for the experience represented by the other members of the Supervisory Board, they, excepting Executive Deputy Chairman Haeringer, also lack these specific skills. Nor has Mr. Kurer led any public company in the capacity of Chairman, CEO, CFO or equivalent.

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We do not believe Mr Kurer is the best qualified, or right, candidate to take over as Chairman of a bank with a complex business model, that has recorded the largest proprietary trading losses in history, has 85,000 employees, a balance sheet of over \$2 trillion and significant strategic challenges and opportunities. We can see no rational reason for the Supervisory Board to recommend his nomination other than to exclude an outsider.

The unexpected nomination of Mr. Kurer by the Supervisory Board – in substitution for Mr. Ospel - was only made on 1 April, the last day permissible for publication of the agenda for the Annual General Meeting. This provided neither time for due reflection by shareholders, nor time to propose additional agenda items.

Additionally, the proposed appointment of Mr. Kurer for a full term means that no search for an external candidate can be conducted for a year, as no serious candidate will be willing to have his name put forward for a Chair which is occupied on other than a strictly interim basis.

Furthermore, the decision by the Supervisory Board to fill all of its twelve seats means that no additional external candidates can be appointed until the next Annual General Meeting (unless shareholders call for an Extraordinary General Meeting).

In summary, we continue to call upon the Supervisory Board to clarify its intentions; for the proposed Chairman, Mr. Kurer, to confirm that he will be appointed on a strictly interim basis; and for the Supervisory Board to launch a rigorous and credible process to recruit a Chairman with the skills required by UBS at this critical juncture.