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■ **Russia's Norilsk Nickel** sweetened its bid for Canada's Lion-Ore to \$6.28 billion, trumping Xstrata's latest offer. **Pages 5, 23**

■ **Zurich Financial Services** raised its medium-term profitability target and said it may seek further acquisitions. **Page 6**

■ **Barclays** said it was progressing in achieving regulatory approval to buy ABN. **Page 23**

■ **U.S. stocks ended** lower, giving up earlier gains after a rally inspired by more deal

Iran continues to expand its uranium-enrichment program in defiance of U.N. Security Council demands to suspend it, the nuclear watchdog said, setting the stage for potential further sanctions. **Page 3**

■ **Bush shared** intelligence asserting bin Laden was working in 2005 to set up a unit inside Iraq to hit U.S. targets. Iraqi police said a body found near Baghdad may be one of three abducted American soldiers.

■ **U.S. Democrats** are squaring off with Bush over the plight of Iraqi refugees. **Page 9**

■ **The U.S. is eroding** rights world-wide as it fights terror, Amnesty International said.

■ **Lebanon's defense minister** issued an ultimatum to Islamic militants barricaded in a Palestinian refugee camp to surren-

Big pay deals irk a CEO

*One Swiss executive
wants national vote
to force tighter rules*

By EDWARD TAYLOR

In Switzerland, long a safe haven for big money, a backlash is developing against outsized executive compensation.

The push is being spurred on by an unlikely source: a CEO. Thomas Minder, a 47-year-old chief executive of small cosmetics manufacturer Trybol AG, is going to shareholder meetings at Swiss giants like Novartis SA to challenge their CEO pay packages.

Mr. Minder has been collecting signatures to call a national vote—as permitted under the Swiss constitution—to amend Swiss law to force more transparency and accountability on executive compensation. He says his goal is to create ways for shareholders to veto pay packages and create more “sensible” pay practices in Switzerland, a country where wealth has traditionally been welcomed, rather than frowned upon.

Across Europe, growing disenchantment with high executive pay is increasingly a political issue. In

Comparing payday

Average CEO compensation in 2005 for companies with approximately \$500 million in world-wide annual sales; in millions of U.S. dollars



Data are for locally headquartered companies; figures represent the total of basic compensation, performance bonuses, company contributions, perquisites and long-term incentives
Source: Towers Perrin

France, the losing candidate for the presidency, Ségolène Royal, called on Airbus to withdraw its proposed 10,000 job cuts after it disclosed that Noël Forgeard, former chief executive of Airbus and its parent, European Aeronautic Defence & Space Co., received €6.1 million (\$8.2 million) in an exit pay package. The company said the package was provided

for in his contract, but Ms. Royal called the payment a “scandal.”

In Germany, Finance Minister Peer Steinbrück has said Europe's social model couldn't be sustained if the wages of low earners fall as company profits rise.

Switzerland is set to introduce greater disclosure of executive compensation for companies listed on the Swiss exchange. Starting next year, companies must disclose the salaries of the highest-paid member of the management board. Previously, Swiss companies released only the total salaries of the combined management board and the individual salary of the highest paid member of the supervisory board, which is akin to a U.S. board of directors. And the Swiss government is considering further amendments to laws governing public companies, aimed at improving corporate-governance practices.

Some of the companies that will be affected by any new rules include engineering and industrial concern ABB Ltd., food maker Nestlé SA, drug giant Novartis and banks UBS AG and Credit Suisse Group.

Current law allows Swiss companies to disclose less detail on executive pay than U.S. companies. They aren't required to disclose individ-

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Swiss executive targets CEO pay

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ual pay packages for chief executives and often don't have to mention benefits such as personal loans or housing allowances.

The government's efforts on further pay disclosure don't go far enough for Mr. Minder, however. He wants to introduce a law that allows shareholders to block pay packages, among other measures.

Mr. Minder says he pays himself "far less" than 100,000 Swiss francs, or about \$81,300, a year and took on his campaign because pay levels are so high that "executives don't suffer personal financial hardship even if their performance at the helm of the company is miserable."

"We need to bring this relationship between pay and performance back into line," Mr. Minder says.

Among his 25 proposals: giving shareholders the right to block or approve pay packages; a complete ban on "golden parachutes," or pay packages given to executives upon leaving a company; and measures that would force institutional shareholders to disclose how they voted on issues such as approving bonuses.

In setting pay, companies also should consider factors such as customer satisfaction and staff morale, he says.

Mr. Minder says he follows his own recommendations in setting his compensation. He owns the company, and he sets his pay, considering factors including the company's revenue and the views of customers and its 30 employees.

Many large multinationals based in Switzerland already voluntarily disclose more information than required by law about executive compensation, in line with their international rivals. The more-detailed disclosures at Nestlé and Novartis, for example, often draw public criticism at home.

At Novartis's annual sharehold-

ers' meeting in early March, Mr. Minder questioned the size of Chief Executive Daniel Vasella's pay package. Mr. Minder pointed out that the Novartis CEO's pay rose to about 44 million francs last year from about two million francs in 1996.

While Mr. Vasella's pay package wasn't put to a shareholder vote, the company said his golden parachute—the equivalent of five years' salary—won't be renewed when the CEO's contract expires in 2009.

Novartis spokesman John Gilardi said the decision to end the award of the golden parachute was a mutual decision made between Mr. Vasella and the remuneration committee and is "completely unrelated to anything Mr. Minder has done."

Mr. Gilardi said the value of Mr. Vasella's package last year represented the cumulative value of share grants over a number of years. More than 90% of Mr. Vasella's compensation is linked to performance-related variables such as stock price, the spokesman added. Novartis declined to comment on Mr. Vasella's salary in 1996, saying the company hadn't then adopted the policy of disclosing the chairman's salary.

Novartis said it needs to pay salaries that are competitive globally to attract the best scientists. The average Novartis employee's salary rise has outpaced the Swiss average, he said.

Spokespeople for UBS, Credit Suisse and Nestlé declined to comment on Mr. Minder's cause. They said their compensation practices reflected international standards and were necessary to attract global talent to their companies.

If Mr. Minder collects 100,000 signatures, his proposals will be put to the Swiss Parliament and federal councilors. They can come up with a counterproposal or allow a popular vote on Mr. Minder's pro-

posals, thanks to the Swiss tradition of direct democracy. Mr. Minder has until May 2008 to hand in the signatures, and he says he is "very well on track," without being specific. A national vote may not follow for at least a year.

While the chances of success for a popular vote, known as a plebiscite, are very slim, the move to force a vote makes the issue part of the mainstream political agenda, said Wolf Linder, a professor of politics at the University of Berne. "Many political ideas have been brought to a vote by means of popular initiatives and often against the firm conviction of almost all political elites," he said.

Peugeot plans highlight battle faced by industry

Continued from first page
els and generally tightening up operations not directly related to production. The 30% cost reduction is in addition to an annual €600 million decrease in overhead that the company has been achieving on average in recent years.

The company will also reduce its jobs in France by 4,800 this year by offering incentives, thereby avoiding forced layoffs. It said, however, that it has no plans for any new plant closures. In January, Peugeot shuttered its U.K. assembly plant near Coventry, England. Improving quality will be another focus of the plan, Mr. Streiff said. The company aims to halve its warranty costs and reduce by one-third the frequency of teething problems with models after they have been launched.