

# compensation report

## 2009

Excerpt from UBS's Annual Report 2009



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# Compensation and shareholdings

**The UBS Total Reward Principles are designed to align employees' interests with those of shareholders – the creation of long-term value and sustainable shareholder returns. These principles, reproduced in full at the end of the report, are established by the Human Resources and Compensation Committee (HRCC) of the Board of Directors (BoD), and provide the basis for 2009 compensation practices.**

## Letter from the Human Resources and Compensation Committee of the Board of Directors

### Dear Shareholders

Throughout 2009, the new UBS has faced the crucial challenge of rebuilding its key businesses, regaining the trust of shareholders and clients and establishing and developing the pursuit of its longer term strategy to bring about sustained profitability. All these factors taken together have underscored the need to attract and retain key talent, which is critical to attaining our strategic goals. At the same time, the increased competitive market pressures, extensive regulatory oversight and a rapidly changing commercial environment have also continued. Our approach to providing both a robust and impactful compensation and talent framework has certainly been affected by these often competing pressures.

At the start of 2009, in response to lessons learned from the financial crisis, UBS acted as a forerunner in implementing a new executive compensation framework. The framework, which is now in place, incorporates significant deferral for senior management and places more emphasis on compensation at risk. We also integrated the focus on "economic profit" as a key driver of compensation accruals. During the year, and building on work already started in 2008, we revised the Total Reward Principles, which summarize the compensation principles for all UBS employees. These principles focus

on a number of long-standing drivers including risk awareness, effective risk and capital management, sustainable profitability, and client focus. They also highlight the importance of deferred pay, and include additional forfeiture clauses in order to better align employee compensation with medium and longer-term shareholder value.

Rewards based on longer-term risk-adjusted performance, especially for key senior management, has increased in importance. Thus for 2009 performance year, the first awards have recently been granted to Group Executive Board (GEB) members under the Performance Equity Plan and the Cash Balance Plan introduced at last year's Annual General Meeting (AGM). In addition the Incentive Performance Plan (IPP) has been introduced as a key long-term performance and retention tool in 2010. The IPP is specifically designed to reward participants whose performance can be linked to adding sustainable value to UBS over the next five years.

We will again hold an advisory vote on compensation at the AGM in April 2010. Shareholder participation in compensation matters remains crucial and, as such, shareholders will be asked to vote on the 2009 compensation report.

The HRCC and the full BoD are committed to reinforcing the relationship between compensation and

long-term performance. We continually assess the alignment of our compensation framework with shareholder interests, the ability of that framework to withstand a fluctuating market and its effectiveness at supporting the execution of the firm's people strategy. We have closely followed international developments in compensation, and are compliant with the frameworks defined by the Financial Stability Board and Swiss Financial Market Supervisory Authority (FINMA), as well as those in other jurisdictions where we have a substantial presence. In 2009, we extended our HRCC charter to reflect a greater scope of responsibility, particularly in relation to business risks.

While developments in this area continue, we are confident that our compensation framework for 2009, and the resultant overall compensation program achieved the appropriate balance between the demands of our strategic goals, our economic positioning, general market conditions and the need to effectively reward and incent our talent – the most important resource to achieving our long-term goals.



Sally Bott  
Chairman of the HRCC

## Compensation governance

### Human Resources and Compensation Committee

The HRCC is composed of three independent members of the BoD. On 31 December 2009, the members were Sally Bott (committee chair), Bruno Gehrig and Helmut Panke. Hostettler & Partner AG provided independent external advice to the committee and Towers Perrin supported the committee with market data during the year.

### Authorities and responsibilities

The HRCC is responsible for reviewing the Total Reward Principles and for submitting them to the BoD. Additionally, on behalf of the BoD, the committee has the following key areas of responsibility:

- reviewing and approving the design of the total compensation framework, including compensation strategy, programs and plans, and proposing significant changes to plans and new plans to the BoD for approval;
- defining the relationship between compensation and performance;

- reviewing variable incentive funding throughout the year and proposing the final outcome to the BoD for approval;
- approving base salaries and annual incentive awards for GEB members, excluding the Group Chief Executive Officer (Group CEO) whose compensation needs to be approved by the BoD upon recommendation by the HRCC;
- proposing individual GEB appointments to the BoD and approving the associated employment agreements; and
- working with the Governance and Nominating Committee and the full BoD on reviewing succession plans for GEB members including the Group CEO.

In addition, the HRCC charter was amended in 2009 to reflect the changing regulatory environment, in particular the need to review compensation structures with human resources (HR) and the risk management function to ensure they do not encourage excessive or unnecessary risk-taking.

Authorities for compensation-related decisions are governed by the "Organization Regulations of UBS AG" (Organization Regulations), "Annex B – Responsibilities and authorities", and "Annex C – Charter for the committees of the Board of Directors of UBS AG". The structure is shown below.

### Compensation authorities

Recipients	Compensation recommendations developed by	Approved by	Communicated by
Chairman of the BoD	Chairman of the HRCC <sup>1</sup>	HRCC	HRCC
Group CEO	Chairman of the BoD / HRCC	BoD	HRCC
Members of the GEB	Group CEO	HRCC	Group CEO
Independent BoD members (remuneration system and fees)	Chairman of the BoD / HRCC	BoD	Chairman of the BoD

Recipients	Variable compensation recommendations developed by	Approved by	Communicated by
Employees (excl. GEB)	Respective member of the GEB together with functional management team	Divisional pools: HRCC Overall: Board of Directors	Line Manager

<sup>1</sup> The Human Resources and Compensation Committee.

#### Decision-making process for Group Executive Board Member Total Compensation

One of the most important responsibilities of the HRCC is to decide and approve the actual amount of variable cash and equity compensation to be awarded to each GEB member for performance during 2009. This relies on a detailed and balanced review of not only Group performance, but also that of the relevant business division and also the impact of specific individuals. It considers Group and divisional performance information (economic profit, other financial and non-financial factors such as leadership effectiveness, strategy execution, reputation impact, etc.) performance assessments from the Board, initial compensation recommendations from the Group CEO, contractual and related commitments and relevant market data.

Final decisions regarding compensation for each of the members reflected both management and the HRCC's desire to appropriately recognize performance in this difficult year but also to be necessarily constrained in light of absolute and relative overall performance.

#### **The 2010 non-binding vote on the compensation report**

We value the opinions of our shareholders and, at the AGM to be held in April 2010, we will provide shareholders with an opportunity to express their views through a vote on this compensation report. As the ultimate decision on compensation is legally within the powers of the BoD, such a vote is non-binding and advisory in nature. We believe that this vote presents a meaningful way of involving our shareholders in compensation matters. We also encourage shareholders to share their views regarding our compensation programs and related matters directly with BoD members by contacting the Company Secretary.

## Total Reward Principles

In September 2009, revised Group-wide Total Reward Principles were approved by the BoD following a review by the GEB and a proposal by the HRCC. The Total Reward Principles summarize the compensation structure for all UBS employees. While the principles reflect recent regulatory developments, they also focus on long-standing drivers including reward for performance, sustainable profitability, effective risk and capital management, outstanding client focus and teamwork as well as sound governance practices. They also build on our strategy of enhancing reputation, integration and execution.

The reward structure aims to:

- align reward with sustainable performance;
- support appropriate and controlled risk taking;
- foster effective individual performance management and communication; and
- attract and engage a diverse, talented workforce.

### Align reward with sustainable performance

Within the context of UBS as a whole and the markets in which we operate, the sustainable performance of an employee's business division is a key component of reward. In considering the Group and business division performance, a range of factors will be taken into account including financial results, risk, capital usage, market positioning and the views of shareholders and other stakeholders. Assessment will focus on both current key performance indicators, and the long-term actions that preserve and improve our ability to deliver value in the future.

Business division reward recommendations are determined in consultation between the Group CEO and the CEO(s) of each division, as advised by the Group Chief Financial Officer (Group CFO), Group Head HR and, where appropriate, Group Risk. Proposals recommended by the Group CEO are reviewed by the HRCC and final approval is provided by the BoD.

### Support appropriate and controlled risk taking

Rewards are consistent with our risk framework and tolerance. Performance reviews recognize the different risk profile and nature of each business, including additional factors such as the quality and time-horizon of earnings, the nature of the relevant industry segment and competitive trends.

Employees are rewarded for achievement against a range of financial and non-financial objectives, and not only on the basis of individual revenues. Extraordinary profits, as well as losses, are examined in the context of the track record of an employee's performance, risk management and market conditions, and measurement of performance will be adjusted for activities and future risks that are not adequately reflected in annual profits. Rewards determined for risk, compliance and control functions are determined independently from the revenue producers they supervise and support.

### Foster effective individual performance management and communication

Beyond contribution to business results and achievement of individual performance objectives, rewards also take into account:

- observing our corporate values and principles;
- implementing our strategy of enhancing reputation, integration and execution;
- demonstrating leadership of clients, business, people and change;
- leading and supporting effective collaboration and teamwork;
- actively managing risk and professional behavior; and
- finding the appropriate balance between risk and reward.

### Attract and engage a diverse, talented workforce

Our reward structure is designed to provide talented employees with rewards that are appropriately balanced between fixed and variable elements, that are competitive within the market and are paid out over an appropriate period of time.

Given the importance of these principles, they are reproduced in their entirety at the end of this report. As previously mentioned, these principles form the foundation for our overall compensation framework and program in 2009.

### Components of compensation

In general, total compensation comprises an annual base salary, reflecting the individual's role, skills and knowledge, local market-based benefits and, where applicable, a discretionary incentive award. Base salary levels are sufficient to allow for a flexible discretionary incentive policy. Discretionary annual incentives may vary from year to year, particularly for senior revenue producers and more highly paid employees. Discretionary incentive awards may be split between immediate cash and long-term awards to be granted in the form of either deferred UBS equity or deferred cash. The proportion of deferred incentive awards generally vest over three years, and increase with total compensation in order to maintain focus on our long-term profitability and continued responsible behavior of the employee. Stock options and/or appreciation rights may be awarded as part of total reward to recognize the capabilities of key employees who are expected to carry out our strategic objectives. For employees in senior positions, reward focus is founded on sustainable long-term profitability that may require the application of multi-year performance conditions to recognize outstanding performance. Guaranteed incentive awards are used only exceptionally and are generally limited to a one-year duration.

## Cash and equity incentives

### Compensation plan awards

This section describes key features of the deferred compensation plans that are used to deliver variable incentive awards to members of the GEB and other employees.

#### Cash Balance Plan

The Cash Balance Plan (CBP) applies to GEB members only and is designed as one of several tools to ensure that GEB compensation is directly and tightly linked to performance over the longer term. This ensures that the effect of risk events which occur after grant are fully captured “over the life of the instrument”. As such, the CBP relies on a cash deferral system. Generally, 50% of a GEB member’s variable incentive is delivered via the CBP.

Of that amount, the plan allows for a maximum payout of only 60% in March 2010, and is subject to an additional cash-cap. A minimum of 40% of a cash incentive award is deferred and paid out during the two following years subject to forfeiture, i.e. the entire cash incentive is only paid out over a three-year period.

The forfeiture provisions allow for unvested awards to be reduced (including to nil) in certain events including termination for cause, certain financial losses, behavior that contributes substantially to a material restatement of financial results or to harm to UBS’s reputation, breaches of legal or regulatory requirements or of risk and compliance policies, and a number of other events such as solicitation of staff or clients and disclosure of proprietary information. Therefore, if an executive leaves UBS, any remaining balance in the plan will be kept at risk until the time called for by the plan.

#### Performance Equity Plan

The Performance Equity Plan (PEP) applies to GEB members and is one of two deferred equity components that comprise the remaining 50% of their variable incentive award. This plan focuses on creating mid- to long-term added value over a three-year period. At the start of the performance period, executives are granted a certain number of restricted performance shares that, subject to the achievement of predefined economic profit and total shareholder return targets at a Group level cliff vest after three years.

The number of vested shares can be between zero and two times the number of the initially granted shares, and depends on achievement against two referenced performance targets:

- *Economic profit (EP)* is a market-recognized standard for measuring risk-adjusted profit. It is an internal measure which is broadly calculated by subtracting the cost of equity from the annual net profit attributable to UBS share-

holders. EP is only realized when the return on capital achieved is greater than the firm’s cost of capital.

- *Total shareholder return (TSR)* measures the total return of a UBS share, i.e. both the dividend yield and the capital appreciation of the share price. TSR is measured over a three-year period relative to the Dow Jones Banks Titans 30 Index®, a global index comprising the top 30 companies in the banking sector as defined by Dow Jones. The Dow Jones Banks Titans 30 Index® has been chosen as a TSR measure because of its relevance to UBS (banking), its transparency (known listed companies), and its sector coverage (30 leading global banks assessed by market capitalization, revenues, and net profit), as well as for its objectivity and independence (managed by Dow Jones).

The three-year target performance levels were set after consideration of our strategic business plan.

Vesting is subject to continued employment with UBS. The awards are also subject to forfeiture in certain circumstances, including in the event of certain harmful acts, such as breaches of legal, regulatory and compliance standards or behavior that contributes substantially to a material financial loss, restatement or reputational risk.

#### Incentive Performance Plan

The IPP, which applies to GEB members and certain other senior employees, is designed to be aligned with the long-term performance and value of UBS shares. The award is granted to senior key talent who are actively leading the drive to achieve sustained profitability at UBS and who are expected to contribute most significantly to our long-term future and economic success. The IPP acknowledges the strategic importance of retaining our key talents, returning to leading performance levels in all of our businesses and growing the UBS share price.

Participants are granted a certain number of restricted performance shares that cliff vest after five years. The number of vested shares can be between one and three times the number of initially granted performance shares, depending on the achievement of the share price target (i.e. share price at the end of the five-year performance period adjusted for dividends). Vesting is subject to continued employment with UBS. The awards are subject to the same forfeiture provisions outlined above in relation to PEP awards.

#### Equity Ownership Plan/Senior Executive Equity Ownership Plan

Eligible employees receive a portion of their annual variable compensation above a certain threshold in the form of a



mandatory Equity Ownership Plan (EOP) award. This award can be in actual UBS shares or in notional UBS shares. For certain employees in the Global Asset Management business only, a percentage of their variable incentive award that would have been delivered in UBS shares was instead granted over a specifically created Alternative Investment Vehicle. The vesting and forfeiture provisions of these awards mirror those of EOP.

EOP awards vest in one-third increments over a three-year vesting period, subject to certain conditions. In early 2009, and again in 2010, a small number of senior employees received a portion of their variable compensation in UBS shares or notional UBS shares under the related Senior Executive Equity Ownership Plan (SEEOP). These shares vest in one-fifth increments over a five-year vesting period, subject to certain conditions.

For awards granted in 2010 for the 2009 performance year, we decided to raise the deferral level in keeping with industry trends and regulatory considerations and our desire to enhance further the link between pay and longer term performance and alignment with shareholder interests. Participation in the deferral program affected all employees with total compensation over a threshold. Further a "cash-cap" on variable cash payments was also introduced for this year. In addition, the forfeiture provisions of EOP and SEEOP have been broadened to include forfeiture in the event of certain harmful acts, such as breach of legal, regulatory and

compliance standards or individual behavior that contributes substantially to a material financial loss, restatement or reputational risk.

#### Conditional Variable Compensation Plan

As part of the constrained 2008 compensation program, the firm implemented Conditional Variable Compensation Plan (CVCP) as a one-time forward looking compensation plan. Under this program awards were granted to certain employees (excluding GEB members) in second quarter 2009. These awards constituted a contingent right to receive cash at vesting, subject to the satisfaction of predefined performance conditions, and were scheduled to vest in three equal tranches over a three-year period.

Under the CVCP, a tranche is forfeited if either the Group or the relevant business division has no profit in the financial year preceding the year of vesting (or if there is any government recapitalization during the vesting period). Following the announcement of the UBS financial results for 2009, the first tranche of the CVCP award has been forfeited as the critical performance condition – a net profit for 2009 defined according to International Financial Reporting Standards (IFRS) – was not met. For 2009, 9,500 employees forfeited CVCP awards amounting to approximately CHF 300 million. The remaining two tranches will continue to vest, subject generally to continued employment with UBS and to the defined requirements being met in subsequent years.

## Variable compensation funding framework

### Overview

Following approval of the revised Total Reward Principles, we also reviewed the framework used to fund variable compensation. This year, we amended our variable compensation funding framework to explicitly further take into consideration factors such as profitability after deducting cost of capital and also the underlying business risk.

The variable compensation pool for each division is based on the fully costed economic profit performance together with relevant key performance indicators and other qualitative measures. This includes market-driven needs mainly evaluated by competitive benchmarking. These adjustments are necessary in certain business areas where the economic contribution is currently insufficient, but where we decide, based on our long-term strategy, to remain and build our business. The use of performance-driven pool funding, based on risk-adjusted profit, is in line with our view of how to set the most effective compensation strategies and also with new regulatory requirements.

### Market driven pool funding

Within UBS, not all units achieved a satisfactory level of economic contribution in 2009. However, achievement of our strategic goals including offering a greater integrated firm to our clients calls for us to continue investment in these lines of business. Different businesses are at different stages of development and different places on a profitability spectrum. Further, competitors are emerging from the global economic crisis at differing paces which is creating significant compensation tension. Our compensation system needs to be able to anticipate and respond to these pressures in

order to maintain our ability to attract and retain key talent. We need to be able to react decisively by maintaining the flexibility to pay top-performing individuals adequately and appropriately by taking into account predefined personal objectives, and achievements against other relevant key performance indicators, as set out in the Total Reward Principles.

### Benchmarking against peers

Compensation and benefit levels are primarily result-driven and further benchmarked against appropriate peers. These companies are selected for the similarity of their core business to that of UBS, as well as for comparable size, geographic distribution, business strategy and performance. Typically, these are also the companies from which we are most likely to hire and to which we are most likely to lose employees. When benchmarking GEB members, generally ten peers are considered to represent the most relevant labor market for compensation namely Bank of America Merrill Lynch, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Morgan Stanley and RBS. In the view of the HRCC, our executive compensation structure is positioned appropriately relative to these peers. For certain positions, in particular those below the GEB, additional competitors may be taken into account including other major international banks, the large Swiss private banks, private equity firms and hedge funds, which are increasingly becoming attractive alternatives for our employees.

However, market data is only one of several factors in the compensation decision-making process. Market data informs but does not directly drive any individual decision on compensation.

# Compensation framework

## Compensation structure

### Chairman of the Board of Directors

Since 2009, the Chairman of the BoD has, in principle, received a fixed base salary comprising cash and the right to receive a pre-determined number of UBS shares that vest after four years. This compensation package does not include any variable or performance-dependent component, but does keep the Chairman's pay aligned with sustainable added value through its share component. However, although the initial quantity of shares is pre-determined, those shares nevertheless remain subject to forfeiture if there is a loss-making year during the vesting period.

→ Refer to the "2009 compensation for the Board of Directors and Group Executive Board" section of this report for details of the Chairman's compensation for 2009

The process to determine the overall compensation for the Chairman of the BoD starts with an annual performance assessment by the full BoD (excluding the Chairman) and is then based on a recommendation to the full Board from the HRCC. Pay levels for comparable roles outside of UBS are also taken into account.

### Independent members of the Board of Directors

Reflecting their independent status, the remuneration of independent members of the BoD includes no variable component, and is therefore not dependent on the financial perfor-

mance of the Group. Fees for independent members are reviewed annually. The HRCC reviews a proposal by the Chairman of the BoD, and then submits a recommendation to the full BoD. Fees are paid 50% in cash and 50% in blocked UBS shares. However, members can elect to have 100% of their remuneration paid in blocked UBS shares. These shares are attributed with a price discount of 15% and restricted from sale for four years from the date they are granted. None of the independent members of the BoD have a contract with UBS that provides benefits upon the termination of their term of office.

### Group Executive Board

Members of the GEB are entitled to a fixed salary. In addition, they may receive variable compensation under the CBP, the PEP and/or the IPP to be granted in 2010.

The table below gives an overview of the compensation structure, including details of awards granted in February 2010, with regard to the 2009 performance year.

## All UBS employees

### Base salary

Base salaries reflect each individual's role, skills and knowledge, as well as our need to remain competitive in the relevant labor market. Base salaries comprise a fixed amount of cash, and any adjustments are limited to significant changes in job responsibility or market conditions.

## Compensation structure

Elements of compensation	Chairman of the Board	Independent members of the Board	Members of the GEB	Other senior employees
Fixed pay	Base salary in cash Fixed quantity of UBS shares	Fixed fee (min. 50%; max. 100% in restricted share awards)	Base salary in cash	Base salary in cash
Variable cash compensation	No	No	Yes, subject to the Cash Balance Plan (CBP)	Yes
Variable equity compensation	No	No	Performance Equity Plan (PEP) Incentive Performance Plan (IPP)	Equity Ownership Plan (EOP) Incentive Performance Plan (IPP)

During 2009, the banking industry faced increasing regulatory pressure to ensure that salaries comprise a sufficient proportion of total remuneration, while still allowing a firm to operate a flexible incentive policy. We recognized this risk-based requirement and increased employee base salary levels in certain parts of the business where this was deemed both necessary and appropriate. While we need to pay competitively in relation to the market, nevertheless, we believe that a policy which encourages a general increase in fixed remuneration simply in order to reduce the proportion of variable remuneration would only increase fixed costs, and is not in the long-term interest of shareholders.

### Benefits

In order to help attract and retain the best employees in each local market where we operate, we provide employee benefits that are competitive within each of these markets. Changes, terminations and the introduction of new benefits are governed by the procedures contained in the Organization Regulations. We consider benefits to be a supplemental element of total compensation and those offered may vary substantially from location to location.

Generally there are no special benefits for GEB members; they receive the same benefits as all other employees in the location and business where they work.

### Pensions

In Switzerland, our general pension plan is made up of two defined contribution elements: one plan covering base salary and the other covering variable compensation. Management shares the same retirement plan benefits as all other employees.

Outside Switzerland, we provide appropriately-designed local pension plans in which employees and executives participate on an equal basis. In the US, employees and management can choose to participate in a 401(k)-defined contribution plan which is open to all employees. In addition, some employees and management participate in legacy defined benefit plans that are no longer available to new hires. In the UK, employees and executives either participate in a pension plan operated on a defined contribution basis or participate in a legacy defined benefit plan which was open to all employees but is now unavailable for new hires.

→ Refer to “[Note 30 Pension and other post-retirement benefit plans](#)” in the “[Financial information](#)” section of the [Annual Report 2009](#) for details on the various retirement benefit plans established in Switzerland and other major markets

### Cash and equity incentives

“Pay for performance” is the guiding principle of the UBS reward policy. In accordance with the Total Reward Principles, variable compensation awards take into account a range of performance factors including delivering sustainable profit-

ability, effective risk and capital management, client focus, teamwork and sound governance. Since performance can vary, the amount of variable compensation an individual receives can also vary considerably from year to year.

For many years, we have awarded a portion of variable remuneration in the form of UBS shares that are deferred over three (and, in case of senior management, five) years. This approach applies to all employees earning above a certain threshold, not only to executives and other senior employees. These awards align employees’ interests with those of shareholders by fully exposing employees to fluctuations in the UBS share price. In 2008, we announced the development of the CBP and PEP for management, and the first awards under these plans were granted in 2010 with regard to the 2009 performance year.

During 2009, a further review was carried out and as a result, the following changes are being introduced in spring 2010 (for the 2009 performance year):

- an increase in the amount to be deferred into UBS shares for higher-paid staff above a fixed threshold;
- a reduction in the fixed threshold;
- a limit on the amount of the incentive that may be paid out immediately in cash;
- the inclusion of additional forfeiture provisions applying to unvested shares in the event of material financial losses, restatement, breach of risk or compliance parameters, and reputational risk; and
- the introduction of the IPP with a five-year performance period for senior employees (including GEB members).

### Employment contracts

Employment contracts are determined locally within each jurisdiction, and do not contain any extended notice periods or special severance terms. Provisions are regularly reviewed in accordance with changing legislation and market conditions.

During 2009, notice periods in employment contracts for new GEB members were reduced from twelve to six months in line with international trends. Under the new contracts, any variable incentive paid up to the date of termination is fully discretionary and based on Group, business division and personal performance during the executive’s period of employment. Any variable cash incentive will generally be delivered via the CBP. Equity awards delivered in prior years are not accelerated at termination, except in case of death or disability, but continue to vest on a pro-rata basis and are subject to a range of forfeiture provisions after the period of employment has ended. We do not include “golden parachutes” – ex gratia payments due to termination of employment – in contracts with GEB members.

### Regulatory framework

Emerging and increasingly complex regulations in a number of jurisdictions now impact the way in which UBS and our peers are able to pay employees. We believe that our compensation

practices for 2009 already materially comply with the relevant rules and guidelines issued by the G-20, as well as by FINMA, the US Federal Reserve, the UK Financial Services Authority and other jurisdictions in which we have a substantial presence. These rules require that material portions of compensa-

tion, in particular for senior management and risk-takers, are principally deferred into UBS shares over at least a three-year period. These awards are also required to be subject to forfeiture linked to conduct that contributes to substantial future underperformance or restatement of financial results.

## 2009 performance

Besides total UBS and market performance, business division and individual performance are key criteria in our employee reward process.

### Business division performance

When considering compensation funding for 2009, the HRCC took into account a thorough assessment of business divisional performance as well as the improvement in the stability, security and risk position of the firm and overall improvement in underlying Group profitability throughout the year.

In December 2009, each divisional CEO met individually with the Group CEO, Group CFO and Group Head HR for a detailed assessment of their incentive accruals in light of the above data, expected business results and other factors such as market positioning and business protection.

Based on the outcomes of these discussions as well as the results and trends evidenced by the Group and divisional financial results, the HRCC proposed to the BoD the final annual variable compensation pool for 2009 and approved the individual divisional pools.

→ Refer to the “UBS business divisions and Corporate Center” section of the Annual Report 2009 for more information on the performance of UBS’s business divisions

### Individual performance

Individual performance is formally assessed each year by measuring achievement against personal objectives. These objectives are focused on a range of financial and non-financial areas such as:

- contribution to Group and business division results;
- exceptional contribution in cooperating across all businesses;
- strategic leadership skills and potential;
- outstanding professional and technical expertise;
- a commitment to UBS;
- adherence to corporate values and principles;
- active risk management; and
- the creation of shareholder value.

For employees in senior or key positions, performance against each objective and key performance indicators is rigorously evaluated, not only by an individual’s immediate superior but also by peers and subordinates. This 360-degree assessment is qualitative and quantitative – comprising financial and operational results for the year, as well as indicators of future performance.

# 2009 compensation for the Board of Directors and Group Executive Board

## Board of Directors remuneration

### Chairman of the Board of Directors

The total compensation awarded to the Chairman of the BoD, Kaspar Villiger, who was elected at the mid-April AGM 2009, for the 2009 financial year was CHF 676,571.

Although the compensation framework provides for the Chairman of the BoD to receive a pre-determined fixed number of UBS shares in addition to his base salary, Kaspar Villiger has elected not to receive a share award and he has decided to voluntarily reduce his annual base salary from CHF 2 million to CHF 850,000.

### Highest paid member of the Board of Directors

Due to the voluntary reduction by the Chairman of the Board, the highest paid member of the BoD is David Sidwell, Chairman of the Risk Committee (RC), with total fees of CHF 725,000 (base fee of CHF 325,000 and RC retainer of CHF 400,000).

### Remuneration for the former Chairman of the Board of Directors

Peter Kurer, former Chairman of the BoD, did not stand for reelection at the AGM on 15 April 2009, and retired from UBS as of April 2009. He received his base salary until the termination date of 30 April 2009. For ongoing advisory requirements and assistance in the handover to his successor, Peter Kurer received a flat salary of CHF 1,000,000. For 2009, as was the case for 2007 and 2008, he did not receive any discretionary incentive or fixed share awards. After assessing his tenure as Chairman and the specific organizational transition requirements, the HRCC deemed it appropriate to approve a one-time contribution of CHF 3,332,000 into the UBS pension fund on his behalf to cover the deficit in his pension fund.

## Independent members of the Board of Directors

The table "Remuneration details and additional information for independent members of the BoD" shows remuneration for independent members of the BoD between the 2009 and 2010 AGMs. Fees for 2009 to 2010 remained unchanged except for the chair of the HRCC, whose remuneration was increased due to the additional workload associated with the extensive plan, policy and regulatory changes introduced during 2009.

## Group Executive Board compensation

In 2009, total compensation for members of the GEB in their capacity as such, reflected not only the individual performance of each executive, but also the improved operating performance of each business division and the overall UBS Group. The HRCC also considered the relevant external competitive market and the steps required to ensure that the firm makes further significant strides in 2010 towards its strategic objectives.

The total compensation for the highest-paid member of the GEB this year, Carsten Kengeter, amounted to CHF 13 million for the financial year 2009. The majority of this was granted in the form of notional shares that vest over 3–5 years.

After Carsten Kengeter was hired in September 2008, he joined in December 2008 as a member of the former Group Managing Board and Global co-Head of Fixed Income, Currencies and Commodities (FICC). He was further promoted to the GEB as co-CEO of the Investment Bank, together with Alexander Wilmot-Sitwell, on 27 April 2009, and maintained his FICC role in parallel until early 2010. He was previously a Partner and Co-Head of Goldman Sachs' Securities division for Asia (ex-Japan), and represented a

## Compensation details and additional information for executive members of the BoD

CHF, except where indicated<sup>a</sup>

Name, function <sup>1</sup>	For the year ended	Base salary	Annual incentive award (cash)	Annual incentive award (shares – fair value) <sup>c</sup>	Discretionary award (options – fair value) <sup>d</sup>	Benefits in kind <sup>e</sup>	Contributions to retirement benefits plans <sup>f</sup>	Total
Kaspar Villiger, Chairman	2009	602,083	0	0	0	74,488	0	676,571
	2008							
Peter Kurer, former Chairman	2009	666,667	0	0	0	37,561	89,780	794,008
	2008	1,333,333	0	0	0	58,267	174,047	1,565,647
Marcel Ospel, former Chairman	2009							
	2008	666,667	0	0	0	80,755	87,023	834,445
Stephan Haeringer, former Executive Vice Chairman	2009							
	2008	1,125,000	0	0	0	108,846	195,802	1,429,648

<sup>1</sup> 2009: Kaspar Villiger was the only non-independent member in office on 31 December 2009; Peter Kurer did not stand for reelection at the AGM on 15 April 2009. 2008: Peter Kurer was the only executive member in office on 31 December 2008; Marcel Ospel did not stand for reelection at the AGM on 23 April 2008 and Stephan Haeringer stepped down during the year as a member of the BoD, and both of these payments are pro-rata for the four and nine months, respectively, in their functions.

very strong strategic hire for the Investment Bank. Carsten Kengeter's drive, leadership and impact have materially contributed to the turnaround in the FICC business, to the effective unwinding of a large portion of the legacy positions and to the overall effort to transform the Investment Bank as a whole. The resulting compensation is fully supported by the HRCC in light of the skills and experience that he possesses, the commitments made at his hiring in December 2008, and the accomplishments achieved during 2009.

The Group CEO, Oswald J. Grübel, would have been entitled contractually to an incentive award. However, in light of UBS's performance, he decided not to accept any incentive awards for 2009, a decision which was endorsed by the HRCC.

#### Remuneration for members of the Group Executive Board who stepped down during 2009

During 2009, Marcel Rohner, Jerker Johansson, Raoul Weil, Walter H. Stürzinger, Rory Tapner and Marten Hoekstra stepped down from the GEB. Their total awards of approximately CHF 39 million are heavily influenced by contractual obligations.

Marcel Rohner stepped down as Group CEO on 26 February 2009. In honoring the twelve-month notice period of his contract, he received his annual salary of CHF 1,500,000. For 2009, as also for 2008, he did not receive any discretionary incentive awards. After assessing his tenure as Group CEO and the specific organizational transition requirements, the HRCC deemed it appropriate to approve a one-time contribution of CHF 1,200,000 into the UBS pension fund on his behalf to cover the deficit in his pension fund.

#### Base salary

Base salaries are fixed for all GEB members and reviewed annually by the HRCC. Any adjustments are limited to significant changes in market rates or to movements in the foreign exchange (FX) rate relative to the Swiss franc. Following its review in 2009, the committee decided not to change the Swiss franc amount, but adjusted the salary for GEB members who are paid in other currencies due to movements in the FX rates.

#### Benefits

There were no material changes to GEB benefits during 2009.

→ Refer to "Note 30 Pension and other post-retirement benefit plans in the "Financial information" section of the Annual Report 2009 for details on the various retirement benefit plans established in Switzerland and other major markets

→ Refer to the "2009 performance" and "Variable compensation funding framework" sections for information concerning the committee's determination of variable incentive awards for 2009, and to the "Cash and equity incentives" section for details of the compensation plans awarded to GEB members

#### Compensation to former members of the Board of Directors and Group Executive Board

Compensation and benefits in kind paid to former members of the BoD and the GEB reflect legacy agreements still honored by UBS. These benefits have been discontinued for any member of the BoD and the GEB who stepped down after 1 January 2008.

Audited

#### Explanation of the tables outlining compensation details of executive members of the BoD and members of the GEB:

- Local currencies are converted into CHF using the exchange rates as detailed in "Note 39 Currency translation rates" in the "Financial information" section of the 2009 Annual Report.
- The entire cash incentive is only paid out over a three-year period and is subject to forfeiture.
- Values per performance share at grant: CHF 16.30 for PEP awards and CHF 22.20 for IPP awards granted in 2010 related to the performance year 2009. These are based on the performance share valuation which will be used for accounting purposes under IFRS 2. The valuation was carried out by PricewaterhouseCoopers and takes into account the relevant performance conditions, targets set, and the range of possible outcomes for these.
- No options were granted in 2010 for the performance year 2009.
- Benefits in kind – car leasing, company car allowance, staff discount on banking products and services, health and welfare benefits and general expense allowances – are all valued at market price.
- Swiss executives participate in the same pension plan as all other employees. Under this plan, employees receive a company contribution to the plan which covers compensation up to CHF 820,800. The retirement benefits consist of a pension, a bridging pension and a one-off payout of accumulated capital. Employees must also contribute to the plan. This figure excludes the mandatory employer's social security contributions (AHV, ALV) but includes the portion attributed to the employer's portion of the legal BVG requirement. The employee contribution is included in the base salary and annual incentive award components.

In both the US and the UK, executives participate in the same plans as all other employees. In the US the plans differ between the two business divisions. For each business division there are two different plans. The grandfathered plans, which are no longer open to new hires, operate, depending on the business division, either on a cash balance basis or a career average salary basis and participants accrue a pension based on their annual compensation limited to USD 250,000 (or USD 150,000 for Wealth Management Americas employees). In the defined contribution plan, participants receive company contributions to the plan based on compensation limited to USD 245,000. US management may also participate in a 401(k) defined contribution plan (open to all employees), which provides a company matching contribution for employee contributions. In the UK, management participates in either the principal pension plan, which operates on a defined contribution basis and is limited to an earnings cap of GBP 100,000, or a grandfathered defined benefit plan which provides a pension on retirement based on career average base salary (uncapped).



## Remuneration details and additional information for independent members of the BoD

CHF, except where indicated<sup>a</sup>

Name, function <sup>1</sup>	Audit Committee	HR & Compensation Committee	Governance & Nominating Committee	Corporate Responsibility Committee	Risk Committee	Strategy Committee	For the period				Share percentage <sup>3</sup>	Number of shares <sup>4,5</sup>		
							AGM to AGM	Base fee	Committee retainer(s)	Benefits in kind			Additional payments	Total
Sergio Marchionne, Senior Independent Director, Vice Chairman			M				2009/2010	325,000	100,000	0	250,000 <sup>6</sup>	675,000	100	51,845
			M			M	2008/2009	325,000	200,000	0	250,000 <sup>6</sup>	775,000	100	76,228
Ernesto Bertarelli, former member							2009/2010							
			M	M			2008/2009	325,000	200,000	0	0	525,000	100	51,596
Sally Bott, member <sup>2</sup>			C				2009/2010	325,000	350,000	0	0	675,000	50	27,261
			M		M		2008/2009	162,500	75,000	0	0	237,500	50	12,280
Michel Demaré, member	M						2009/2010	325,000	200,000	0	0	525,000	50	21,203
							2008/2009							
Rainer-Marc Frey, member <sup>2</sup>						M	2009/2010	325,000	200,000	0	0	525,000	100	40,301
					M	M	2008/2009	162,500	150,000	0	0	312,500	50	16,158
Bruno Gehrig, member <sup>2</sup>			M	M			2009/2010	325,000	200,000	0	0	525,000	50	21,203
	M						2008/2009	162,500	100,000	0	0	262,500	50	13,572
Ann F. Godbehere, member	M				M		2009/2010	325,000	250,000	0	0	575,000	50	23,222
							2008/2009							
Gabrielle Kaufmann-Kohler, former member							2009/2010							
				C	M		2008/2009	325,000	250,000	0	0	575,000	50	29,731
Axel P. Lehmann, member						M	2009/2010	325,000	200,000	0	0	525,000	100	40,301
							2008/2009							
Rolf A. Meyer, former member <sup>2</sup>							2009/2010							
	M	M					2008/2009	162,500	150,000	0	0	312,500	50	16,158
Helmut Panke, member						M	2009/2010	325,000	300,000	0	0	625,000	50	25,242
			M			M	2008/2009	325,000	300,000	0	0	625,000	50	32,316
William G. Parrett, member <sup>2</sup>	C						2009/2010	325,000	300,000	0	0	625,000	50	25,242
	M						2008/2009	162,500	100,000	0	0	262,500	50	13,572
David Sidwell, member						C	2009/2010	325,000	400,000	0	0	725,000	50	29,281
					M	C	2008/2009	325,000	450,000	0	0	775,000	50	40,072
Peter Spuhler, former member <sup>2</sup>							2009/2010							
							2008/2009	162,500	0	0	0	162,500	100	15,945
Peter R. Voser, member						M	2009/2010	325,000	100,000	0	0	425,000	50	17,164
	C					M	2008/2009	325,000	400,000	0	0	725,000	50	37,487
Lawrence A. Weinbach, former member <sup>2</sup>							2009/2010							
	M						2008/2009	162,500	100,000	0	0	262,500	50	13,572
Joerg Wolle, former member							2009/2010							
			C	M			2008/2009	325,000	300,000	0	0	625,000	50	32,316
<b>Total 2009</b>												<b>6,425,000</b>		
Total 2008														6,437,500

Legend: C = Chairperson of the respective committee; M = Member of the respective committee

<sup>1</sup> There were 11 independent BoD members in office on 31 December 2009. Michel Demaré, Ann F. Godbehere and Axel P. Lehmann were appointed at the AGM on 15 April 2009 and Ernesto Bertarelli, Gabrielle Kaufmann-Kohler and Joerg Wolle stepped down from the BoD at the AGM on 15 April 2009. There were 11 independent BoD members in office on 31 December 2008. David Sidwell was appointed at the AGM on 23 April 2008, and Rolf A. Meyer, Peter Spuhler and Lawrence A. Weinbach stepped down from the BoD at the Extraordinary General Meeting (EGM) on 2 October 2008. Sally Bott, Rainer-Marc Frey, Bruno Gehrig and William G. Parrett were appointed at the EGM on 2 October 2008. <sup>2</sup> Remuneration for 2008/2009 is for six months only, as such members either stepped down or were appointed on 2 October 2008. <sup>3</sup> Fees are paid 50% in cash and 50% in restricted UBS shares. However, independent BoD members can elect to have 100% of their remuneration paid in restricted UBS shares. <sup>4</sup> For 2009, shares valued at CHF 14.57 (average price of UBS shares at SIX Swiss Exchange over the last 10 trading days of February 2010) included a price discount of 15%, for a new value of discount price CHF 12.38. These shares are blocked for four years. For 2008, shares valued at CHF 11.38 (average price of UBS shares at virt-x, now SIX Swiss Exchange, over the last 10 trading days of February 2009) included a price discount of 15%, discount price for a new value of CHF 9.67. These shares are blocked for four years. <sup>5</sup> Number of shares is reduced in case of the 100% election to deduct social security contribution. All remuneration payments are submitted to social security contribution / withholding tax. <sup>6</sup> This payment is associated with the Senior Independent Director function.

In addition, for 2008/2009 only, one-off cash payments were made to the Chairmen of the RC (CHF 500,000), the Governance and Nominating Committee (GNC) (CHF 300,000) and the HRCC (CHF 200,000). These payments reflect the substantial workload of setting up the new RC, and expanding the mandate of the GNC and the HRCC.

## Compensation Report 2009

## Audited Total payments to all members of the BoD

CHF, except where indicated <sup>a</sup>		For the year ended	Total
Aggregate of all members of the BoD	2009		7,895,579
Aggregate of all members of the BoD	2008		10,267,240

## Audited Total compensation for all members of the GEB

CHF, except where indicated <sup>a</sup>								
Name, function	For the year ended	Base salary	Annual incentive award CBP and cash <sup>b</sup>	Annual incentive award PEP <sup>c</sup>	Annual incentive award IPP <sup>c</sup>	Benefits in kind <sup>e</sup>	Contributions to retirement benefits plans <sup>f</sup>	Total
Carsten Kengeter, co-CEO Investment Bank (highest-paid)	2009	669,092	5,003,470	6,155,869	1,349,336	0	12,545	13,190,312
Marcel Rohner, Group Chief Executive Officer (highest-paid)	2008	1,500,000	0	0	0	161,768	152,934	1,814,702
Aggregate of all members of the GEB who were in office on 31 December 2009 <sup>1</sup>	2009	12,000,055	25,734,711	13,453,424 <sup>3</sup>	15,696,333	270,971	1,551,068	68,706,562
Aggregate of all members of the GEB who were in office on 31 December 2008 <sup>1</sup>	2008	7,815,943	0	0	0	457,652	817,315	9,090,911
Aggregate of all members of the GEB who stepped down during 2009 <sup>2</sup>	2009	2,447,544	38,443,097	0	0	215,151	171,122	41,276,914
Aggregate of all members of the GEB who stepped down during 2008 <sup>2</sup>	2008	1,614,871	0	0	0	234,838	258,423	2,108,132

<sup>1</sup> Numbers and distribution of GEB members in 2009: 13 GEB members in office on 31 December. 2008: 12 GEB members in office on 31 December. <sup>2</sup> Number and distribution of GEB members in 2009: includes two months in office as a GEB member for Marcel Rohner, three months in office for Walter H. Stürzinger and Raoul Weil, four months in office for Jerker Johansson, six months in office for Rory Tapner and ten for Marten Hoekstra. 2008: includes four months in office as a GEB member for Peter Kurer, eight months in office for Marco Suter and ten months for Joe Scoby. <sup>3</sup> Included in the share awards are SEEOP awards at a fair value of GBP 4,655,950 and EOP awards at a fair value of GBP 1,594,250.

Audited Compensation paid to former members of the BoD and GEB<sup>1</sup>

CHF, except where indicated <sup>a</sup>				
Name, function	For the year ended	Compensation	Benefits in kind	Total
Georges Blum, former member of the BoD (Swiss Bank Corporation)	2009		92,399	92,399
	2008		101,579	101,579
Franz Galliker, former member of the BoD (Swiss Bank Corporation)	2009		10,659	10,659
	2008		69,596	69,596
Walter G. Frehner, former member of the BoD (Swiss Bank Corporation)	2009		25,371	25,371
	2008		74,663	74,663
Hans (Liliane) Strasser, former member of the BoD (Swiss Bank Corporation)	2009		9,758	9,758
	2008		32,673	32,673
Robert Studer, former member of the BoD (Union Bank of Switzerland)	2009		18,751	18,751
	2008		126,208	126,208
Alberto Togni, former member of the BoD (UBS)	2009	320,136	355,983	676,119
	2008	318,461	427,949	746,410
Philippe (Alix) de Weck, former member of the BoD (Union Bank of Switzerland)	2009		93,135	93,135
	2008		109,703	109,703
Aggregate of all former members of the GEB <sup>2</sup>	2009	0	18,293	18,293
	2008	0	171,180	171,180
Aggregate of all former members of the BoD and GEB	2009	320,136	624,349	944,485
	2008	318,461	1,113,551	1,432,012

<sup>1</sup> Compensation or remuneration that is connected with the former members' activity on the BoD or GEB, or that is not at market conditions. <sup>2</sup> Includes two former GEB members.

## Shares and options held by the Board of Directors and Group Executive Board (at end of 2009)

### Audited Share and option ownership of members of the BoD on 31 December 2008/2009

Name, function <sup>1</sup>	For the year ended	Number of shares held	Voting rights in %	Number of options held	Potentially conferred voting rights in % <sup>2</sup>	Type and quantity of options <sup>3</sup>
Kaspar Villiger, Chairman	2009	22,500	0.001	0	0.000	
	2008	–		–		
Sergio Marchionne, Senior Independent Director, Vice Chairman	2009	164,154	0.009	0	0.000	
	2008	87,926	0.005	0	0.000	
Ernesto Bertarelli, former member <sup>4</sup>	2009	–		–		
	2008	89,434	0.005	0	0.000	
Sally Bott, member	2009	12,281	0.001	0	0.000	
	2008	1	0.000	0	0.000	
Michel Demaré, member	2009	2,500	0.000	0	0.000	
	2008	–		–		
Rainer-Marc Frey, member	2009	16,158	0.001	0	0.000	
	2008	0	0.000	0	0.000	
Bruno Gehrig, member	2009	16,572	0.001	0	0.000	
	2008	3,000	0.000	0	0.000	
Ann F. Godbehere, member	2009	0	0.000	0	0.000	
	2008	–		–		
Gabrielle Kaufmann-Kohler, former member <sup>4</sup>	2009	–		–		
	2008	18,713	0.001	0	0.000	
Peter Kurer, former Chairman <sup>4</sup>	2009	–		–		
	2008	416,088	0.025	372,995	0.022	xli: 85,256 xlvi: 95,913 lvi: 95,913 lxiv: 95,913
Axel P. Lehmann, member	2009	18,151	0.001	0	0.000	
	2008	–		–		
Helmut Panke, member	2009	64,287	0.003	0	0.000	
	2008	31,971	0.002	0	0.000	
William G. Parrett, member	2009	17,573	0.001	0	0.000	
	2008	4,000	0.000	0	0.000	
David Sidwell, member	2009	40,073	0.002	0	0.000	
	2008	1	0.000	0	0.000	
Peter R. Voser, member	2009	68,310	0.004	0	0.000	
	2008	30,823	0.002	0	0.000	
Joerg Wolle, former member <sup>4</sup>	2009	–		–		
	2008	41,509	0.002	0	0.000	

<sup>1</sup> This table includes vested, unvested, blocked and unblocked shares and options held by members of the BoD including related parties. <sup>2</sup> No conversion rights are outstanding. <sup>3</sup> Refer to "Note 31 Equity participation and other compensation plans" in the "Financial information" section of the Annual Report 2009 for more information on stock option plans. <sup>4</sup> Members of the BoD who stepped down at the AGM 2009.

## Audited Share and option ownership of members of the GEB on 31 December 2008 / 2009

Name, function <sup>1</sup>	For the year ended	Number of shares held	Voting rights in %	Number of options held	Potentially conferred voting rights in % <sup>2</sup>	Type and quantity of options <sup>3</sup>
Oswald J. Grübel, Group Chief Executive Officer	2009	0	0.000	4,000,000	0.217	lxx: 4,000,000
	2008	–	–	–	–	–
Marcel Rohner, former Group Chief Executive Officer <sup>4</sup>	2009	–	–	–	–	–
	2008	711,366	0.042	1,055,043	0.063	xxxii: 31,971 xli: 213,140 xlvi: 277,082 lvi: 319,710 lxiv: 213,140
John Cryan, Group Chief Financial Officer	2009	235,929	0.013	382,673	0.021	iii: 21,362 iv: 20,731 vii: 20,725 xii: 5,454 xiii: 5,294 xvi: 5,292 xxi: 23,626 xxiii: 23,620 xxvi: 23,612 xxviii: 5,526 xxix: 5,524 xxx: 5,524 xxxviii: 17,072 xl: 17,068 xlii: 17,063 xliv: 14,210 xlv: 14,210 xlvi: 14,207 liii: 5,330 liv: 5,328 lv: 5,326 lxi: 17,762 lxii: 17,762 lxiii: 17,760 lxvi: 53,285
	2008	235,929	0.014	382,673	0.023	iii: 21,362 iv: 20,731 vii: 20,725 xii: 5,454 xiii: 5,294 xvi: 5,292 xxi: 23,626 xxiii: 23,620 xxvi: 23,612 xxviii: 5,526 xxix: 5,524 xxx: 5,524 xxxviii: 17,072 xl: 17,068 xlii: 17,063 xliv: 14,210 xlv: 14,210 xlvi: 14,207 liii: 5,330 liv: 5,328 lv: 5,326 lxi: 17,762 lxii: 17,762 lxiii: 17,760 lxvi: 53,285
Markus U. Diethelm, Group General Counsel	2009	112,245	0.006	0	0.000	–
	2008	112,245	0.007	0	0.000	–
John A. Fraser, Chairman and CEO Global Asset Management	2009	480,464	0.027	1,088,795	0.059	viii: 76,380 xix: 127,884 xxv: 127,884 xlvi: 170,512 xlviii: 202,483 lvi: 213,140 lxiv: 170,512
	2008	–	–	–	–	–

## Share and option ownership of members of the GEB on 31 December 2008 / 2009 (continued)

Name, function <sup>1</sup>	For the year ended	Number of shares held	Voting rights in %	Number of options held	Potentially conferred voting rights in % <sup>2</sup>	Type and quantity of options <sup>3</sup>
John A. Fraser, Chairman and CEO Global Asset Management	2008	561,216	0.035	1,144,808	0.068	i: 56,013 viii: 76,380 xix: 127,884 xxv: 127,884 xl: 170,512 xlviii: 202,483 lvi: 213,140 lxiv: 170,512
	2009	–	–	–	–	
Marten Hoekstra, former CEO Wealth Management US <sup>4</sup>	2008	245,397	0.015	684,168	0.041	ii: 8,679 vi: 8,421 ix: 8,421 xi: 8,823 xiv: 4,262 xv: 8,563 xviii: 8,561 xxxiii: 42,628 xl: 53,285 xlviii: 53,285 lvi: 85,256 lxiv: 154,931 lxvii: 239,053
	2009	–	–	–	–	
Jerker Johansson, former Chairman and CEO Investment Bank <sup>4</sup>	2008	521,544	0.031	753,410	0.045	lxviii: 745,990 lxix: 7,420
	2009	–	–	–	–	
Carsten Kengeter, co-CEO Investment Bank	2008	516,909	0.028	905,000	0.049	lxxi: 905,000
	2009	–	–	–	–	
Ulrich Körner, Group Chief Operating Officer	2008	0	0.000	0	0.000	
	2009	–	–	–	–	
Philip J. Lofts, Group Chief Risk Officer	2008	179,234	0.010	577,723	0.031	iii: 11,445 iv: 11,104 vii: 11,098 xii: 1,240 xiii: 5,464 xvi: 1,199 xxi: 9,985 xxiii: 9,980 xxvi: 9,974 xxviii: 1,833 xxix: 1,830 xxx: 1,830 xxxviii: 35,524 xl: 35,524 xlii: 35,521 xlvii: 117,090 lvi: 117,227 lxiv: 85,256 lxvii: 74,599
	2009	186,434	0.011	577,723	0.034	iii: 11,445 iv: 11,104 vii: 11,098 xii: 1,240 xiii: 5,464 xvi: 1,199 xxi: 9,985 xxiii: 9,980 xxvi: 9,974 xxviii: 1,833 xxix: 1,830 xxx: 1,830 xxxviii: 35,524 xl: 35,524 xlii: 35,521 xlvii: 117,090 lvi: 117,227 lxiv: 85,256 lxvii: 74,599

## Audited Share and option ownership of members of the GEB on 31 December 2008 / 2009 (continued)

Name, function <sup>1</sup>	For the year ended	Number of shares held	Voting rights in %	Number of options held	Potentially conferred voting rights in % <sup>2</sup>	Type and quantity of options <sup>3</sup>
Robert J. McCann, CEO Wealth Management Americas	2009	602,481	0.033	0	0.000	
	2008	–		–		
Franco Morra, CEO UBS Switzerland	2009	153,860	0.008	325,086	0.018	lvi: 43,911 lxiv: 66,866 lxvii: 114,309 lxxii: 100,000
	2008	–		–		
Walter H. Stürzinger, former Chief Operating Officer, Corporate Center <sup>4</sup>	2009	–		–		
	2008	296,886	0.018	372,995	0.022	xx: 31,971 xli: 63,942 xlvii: 85,256 lvi: 95,913 lxiv: 95,913
Rory Tapner, former Chairman and CEO Asia Pacific <sup>4</sup>	2009	–		–		
	2008	827,809	0.049	1,379,533	0.082	vii: 281,862 xix: 213,140 xxxi: 213,140 xli: 170,512 xlvii: 159,855 lvi: 170,512 lxiv: 170,512
Raoul Weil, former Chairman and CEO Global Wealth Management & Business Banking <sup>4</sup>	2009	–		–		
	2008	315,698	0.019	432,409	0.026	xix: 53,285 xlvii: 102,281 lvi: 127,884 lxiv: 148,959
Alexander Wilmot-Sitwell, co-CEO Investment Bank	2009	286,767	0.016	353,807	0.019	xlvi: 53,282 xlix: 2,130 liii: 35,524 liv: 35,524 lv: 35,521 lxiv: 106,570 lxvii: 85,256
	2008	304,655	0.018	353,807	0.021	xlvi: 53,282 xlix: 2,130 liii: 35,524 liv: 35,524 lv: 35,521 lxiv: 106,570 lxvii: 85,256
Robert Wolf, Chairman and CEO, UBS Group Americas / President Investment Bank	2009	785,631	0.043	948,473	0.051	xxv: 287,739 xlili: 213,140 xlviii: 127,884 lvi: 106,570 lxiv: 106,570 lxvii: 106,570
	2008	827,307	0.049	948,473	0.056	xxv: 287,739 xlili: 213,140 xlviii: 127,884 lvi: 106,570 lxiv: 106,570 lxvii: 106,570

## Share and option ownership of members of the GEB on 31 December 2008 / 2009 (continued)

Name, function <sup>1</sup>	For the year ended	Number of shares held	Voting rights in %	Number of options held	Potentially conferred voting rights in % <sup>2</sup>	Type and quantity of options <sup>3</sup>
Chi-Won Yoon, Chairman and CEO Asia Pacific	2009	367,573	0.020	623,253	0.034	i: 11,577
						v: 11,229
						viii: 11,227
						x: 2,252
						xiv: 6,446
						xvii: 2,184
						xxii: 8,648
						xxiv: 8,642
						xxvii: 8,635
						xxxiv: 4,262
						xxxv: 3,374
						xxxvi: 3,371
						xxxvii: 3,371
						xxxviii: 6,200
						xxxix: 4,262
						xl: 6,198
						xliv: 10,659
						xlvi: 10,657
						lviii: 21,316
						lvi: 21,314
lv: 21,311						
lxi: 8,881						
lxii: 8,880						
lxiii: 8,880						
lxvi: 42,628						
lxxii: 350,000						
	2008	–		–		
Jürg Zeltner, CEO Wealth Management	2009	16,502	0.001	205,470	0.011	iii: 809
						iv: 784
						vii: 784
						xlii: 4,972
						xliv: 7,106
						xlvi: 7,103
						xlvi: 7,103
						xliv: 93
						l: 161
						li: 149
						lii: 127
						liii: 7,106
						liv: 7,103
						lv: 7,103
						lvii: 110
						lviii: 242
						lix: 230
						lx: 221
						lxi: 7,105
						lxii: 7,105
lxiii: 7,103						
lxv: 223						
lxvii: 42,628						
lxxii: 90,000						
	2008	–		–		

<sup>1</sup> This table includes vested and unvested shares and options held by members of the GEB, including related parties. <sup>2</sup> No conversion rights are outstanding. <sup>3</sup> Refer to "Note 31 Equity participation and other compensation plans" in the "Financial information" section of the Annual Report 2009 for more information. <sup>4</sup> GEB members who stepped down during 2009.

**Vested and unvested options held by independent members of the BoD and  
by members of the GEB on 31 December 2008/2009**

Type	Number of options	Year of grant	Vesting date	Expiry date	Subscription ratio	Strike price
i	11,577	2002	31.01.2002	31.01.2012	1:1	USD 21.24
ii	8,679	2002	31.01.2002	31.07.2012	1:1	USD 21.24
iii	33,616	2002	31.01.2003	31.01.2012	1:1	CHF 36.49
iv	32,619	2002	31.01.2004	31.01.2012	1:1	CHF 36.49
v	11,229	2002	31.01.2004	31.01.2012	1:1	USD 21.24
vi	8,421	2002	31.01.2004	31.07.2012	1:1	USD 21.24
vii	314,469	2002	31.01.2005	31.01.2012	1:1	CHF 36.49
viii	87,607	2002	31.01.2005	31.01.2012	1:1	USD 21.24
ix	8,421	2002	31.01.2005	31.07.2012	1:1	USD 21.24
x	2,252	2002	28.02.2002	28.02.2012	1:1	USD 21.70
xi	8,823	2002	28.02.2002	28.08.2012	1:1	USD 21.70
xii	6,694	2002	28.02.2003	28.02.2012	1:1	CHF 36.65
xiii	10,758	2002	28.02.2004	28.02.2012	1:1	CHF 36.65
xiv	10,708	2002	29.02.2004	28.02.2012	1:1	USD 21.70
xv	8,563	2002	29.02.2004	28.08.2012	1:1	USD 21.70
xvi	6,491	2002	28.02.2005	28.02.2012	1:1	CHF 36.65
xvii	2,184	2002	28.02.2005	28.02.2012	1:1	USD 21.70
xviii	8,561	2002	28.02.2005	28.08.2012	1:1	USD 21.70
xix	394,309	2002	28.06.2005	28.06.2012	1:1	CHF 37.90
xx	31,971	2002	28.06.2005	28.12.2012	1:1	CHF 37.90
xxi	33,611	2003	01.03.2004	31.01.2013	1:1	CHF 27.81
xxii	8,648	2003	01.03.2004	31.01.2013	1:1	USD 20.49
xxiii	33,600	2003	01.03.2005	31.01.2013	1:1	CHF 27.81
xxiv	8,642	2003	01.03.2005	31.01.2013	1:1	USD 20.49
xxv	415,623	2003	31.01.2006	31.01.2013	1:1	USD 22.53
xxvi	33,586	2003	01.03.2006	31.01.2013	1:1	CHF 27.81
xxvii	8,635	2003	01.03.2006	31.01.2013	1:1	USD 20.49
xxviii	7,359	2003	01.03.2004	28.02.2013	1:1	CHF 26.39
xxix	7,354	2003	01.03.2005	28.02.2013	1:1	CHF 26.39
xxx	7,354	2003	01.03.2006	28.02.2013	1:1	CHF 26.39
xxxi	213,140	2003	31.01.2006	31.01.2013	1:1	CHF 30.50
xxxii	31,971	2003	31.01.2006	31.07.2013	1:1	CHF 30.50
xxxiii	42,628	2003	31.01.2006	31.07.2013	1:1	USD 22.53
xxxiv	4,262	2003	28.02.2005	28.02.2013	1:1	USD 19.53
xxxv	3,374	2003	01.03.2004	28.02.2013	1:1	USD 19.53
xxxvi	3,371	2003	01.03.2005	28.02.2013	1:1	USD 19.53
xxxvii	3,371	2003	01.03.2006	28.02.2013	1:1	USD 19.53
xxxviii	58,796	2004	01.03.2005	27.02.2014	1:1	CHF 44.32
xxxix	4,262	2004	27.02.2006	27.02.2014	1:1	CHF 44.32
xl	58,790	2004	01.03.2006	27.02.2014	1:1	CHF 44.32
xli	532,850	2004	28.02.2007	27.02.2014	1:1	CHF 48.69
xlII	63,751	2004	01.03.2007	27.02.2014	1:1	CHF 44.32
xlIII	436,937	2004	01.03.2007	27.02.2014	1:1	USD 38.13
xlIV	31,975	2005	01.03.2006	28.02.2015	1:1	CHF 47.58
xlV	31,970	2005	01.03.2007	28.02.2015	1:1	CHF 47.58
xlVI	85,246	2005	01.03.2008	28.02.2015	1:1	CHF 47.58
xlVII	837,477	2005	01.03.2008	28.02.2015	1:1	CHF 52.32
xlVIII	383,652	2005	01.03.2008	28.02.2015	1:1	USD 44.81
xlIX	2,223	2005	04.03.2007	04.03.2015	1:1	CHF 47.89
i	161	2005	06.06.2007	06.06.2015	1:1	CHF 45.97
li	149	2005	09.09.2007	09.09.2015	1:1	CHF 50.47



**Vested and unvested options held by independent members of the BoD and by members of the GEB on 31 December 2008 / 2009 (continued)**

Type	Number of options	Year of grant	Vesting date	Expiry date	Subscription ratio	Strike price
lii	127	2005	05.12.2007	05.12.2015	1:1	CHF 59.03
liii	69,276	2006	01.03.2007	28.02.2016	1:1	CHF 65.97
liv	69,269	2006	01.03.2008	28.02.2016	1:1	CHF 65.97
lv	69,261	2006	01.03.2009	28.02.2016	1:1	CHF 65.97
lvi	1,376,036	2006	01.03.2009	28.02.2016	1:1	CHF 72.57
lvii	110	2006	03.03.2008	03.03.2016	1:1	CHF 65.91
lviii	242	2006	09.06.2008	09.06.2016	1:1	CHF 61.84
lix	230	2006	08.09.2008	08.09.2016	1:1	CHF 65.76
lx	221	2006	08.12.2008	08.12.2016	1:1	CHF 67.63
lxi	33,748	2007	01.03.2008	28.02.2017	1:1	CHF 67.00
lxii	33,747	2007	01.03.2009	28.02.2017	1:1	CHF 67.00
lxiii	33,743	2007	01.03.2010	28.02.2017	1:1	CHF 67.00
lxiv	1,415,142	2007	01.03.2010	28.02.2017	1:1	CHF 73.67
lxv	223	2007	02.03.2009	02.03.2017	1:1	CHF 67.08
lxvi	95,913	2008	01.03.2011	28.02.2018	1:1	CHF 32.45
lxvii	662,415	2008	01.03.2011	28.02.2018	1:1	CHF 35.66
lxviii	745,990	2008	01.03.2011	07.04.2018	1:1	CHF 36.46
lxix	7,420	2008	01.03.2011	06.06.2018	1:1	CHF 28.10
lxx	4,000,000	2009	26.02.2009	25.02.2014	1:1	CHF 10.10
lxxi	905,000	2009	01.03.2012	27.12.2019	1:1	CHF 40.00
lxxii	540,000	2009	01.03.2012	27.02.2019	1:1	CHF 11.35

**Total of all blocked and unblocked shares held by independent members of the BoD<sup>1</sup>**

	Total	Of which unblocked	Of which blocked until			
			2010	2011	2012	2013
<b>Shares held on 31 December 2009</b>	<b>420,059</b>	123,053	6,232	13,352	35,737	241,685
			2009	2010	2011	2012
<b>Shares held on 31 December 2008</b>	<b>307,378</b>	177,027	12,126	13,592	30,193	74,440

<sup>1</sup> Includes related parties.

No individual BoD member holds 1% or more of all shares issued.

**Total of all vested and unvested shares held by the non-independent members of the BoD and members of the GEB<sup>1</sup>**

	Total	Of which vested	Of which vesting			
			2010	2011	2012	2013
<b>Shares held on 31 December 2009</b>	<b>3,760,095</b>	1,971,557	1,078,664	397,046	222,601	90,227
			2010	2011	2012	2013
<b>Shares held on 31 December 2008</b>	<b>5,562,574</b>	2,955,211	1,058,881	595,638	461,376	319,776

<sup>1</sup> Includes related parties.

No individual BoD or GEB member holds 1% or more of all shares issued.

## Group Executive Board

### Replacement of forfeited awards for former employer compensation

Oswald J. Grübel and Robert J. McCann joined UBS during 2009. Oswald J. Grübel voluntarily waived his deferred PIP awards from Credit Suisse upon joining UBS in order to avoid any possible conflicts of interest in his new role. The HRCC decided to grant new awards of a similar value at the time in recognition of his commitment to UBS. In order to partly reflect the highly leveraged Credit Suisse PIP units, he received 4 million UBS stock appreciation rights, with a strike price of CHF 10.10 and fair value of CHF 13,120,000 at grant date of 26 February 2009.

Robert J. McCann was granted 602,481 shares with a grant date fair market value of USD 10 million. In line with market practice, the award for Robert J. McCann was granted as a replacement for compensation and benefits forfeited from his previous employment, as a result of joining UBS.

### Transactions in 2009

In accordance with applicable rules and regulations, management transactions in UBS shares by members of the BoD and the GEB are publicly disclosed. Transactions which require reporting are those involving all types of financial instruments whose price is primarily influenced by UBS shares.

As the SIX Swiss Exchange repatriated the share trading of the SWX Europe from London to Zurich as of 4 May 2009, the Swiss reporting regime for management transactions became

applicable, while up to that date the EU requirements (paragraph 15a of the German Securities Trading Act) regarding the reporting of management transactions, were applicable.

From 1 January to 3 May 2009, no share purchases or sales were reported by either BoD or GEB members or closely associated persons.

From 4 May until 31 December 2009, two share purchases were disclosed with a total value of CHF 401,219 as well as one share sale with a total value of CHF 1,200,800. Individuals' names and transactions made by persons closely associated with the BoD or GEB are not required to be disclosed anymore under the Swiss reporting regime.

UBS executives generally receive a substantial portion of their compensation in UBS equity-based awards. For this reason, management transactions generally see sales outweighing purchases. Blackout periods and synchronized dates for unblocking or vesting of shares or options granted as compensation may lead to transactions being concentrated in short time periods.

In addition, three members of the BoD chose to receive their full remuneration in UBS shares. These shares, representing a value of CHF 1,929,753, will be allocated in March 2010.

### Loans

The members of the BoD and GEB are granted loans, fixed advances and mortgages at arm's length market terms.

→ Refer to "Note 32 Related parties" in the "Financial information" section of the Annual Report 2009 for information concerning loans granted to current and former executives

## Total Reward Principles



The Total Reward Principles summarize the compensation structure for all UBS employees. While they reflect recent regulatory developments, they also focus on long-standing drivers including reward for performance, sustainable profitability, strong management of risk and capital, outstanding client focus and teamwork, and sound governance. They also build on the UBS strategy of enhancing *reputation, integration and execution*. These Principles have been reviewed by the Group Executive Board and by the Board of Directors' Human Resources and Compensation Committee and were approved by the UBS Board of Directors on 28 September 2009.

### Overview

Reward is a key driver of behavior, motivation and culture, and can materially impact both reputation and financial results.

Within UBS our reward structure is aligned with our strategic priorities which bind the interests of employees with those of our shareholders. Employees are encouraged to identify and create sustainable value and profitability, and to build a strong client franchise both for their business and for UBS as a whole.

At UBS we reward behavior that helps to build and protect the firm's reputation by focusing on sound risk and management practices. We believe in strong integration and excellence of execution, within an environment where all employees are able to achieve the highest standards of performance.

All UBS employees will be rewarded on the basis of their individual and team performance, and that of their business division, within the context of UBS as a whole and the markets in which we operate. UBS's reward structure aims to:

**Align reward with sustainable performance** by encouraging a culture of integration and collaboration, a sense of engagement and long-term alignment with clients and shareholders, and quality execution of their orders.

**Support appropriate and controlled risk taking** consistent with UBS's risk tolerance thereby protecting our capital, investors and reputation, and enhancing the quality of our financial results.

**Foster effective individual performance management and communication** by rigorously evaluating performance and ensuring the appropriate use of reward.

**Attract and engage a diverse, talented workforce** by providing attractive career opportunities underpinned by reward that is competitive in the market.

### Align reward with sustainable performance

Within the context of UBS as a whole and the markets in which we operate, the sustainable performance of an employee's business division is a key component of reward.

In considering UBS and business division performance, a range of factors will be taken into account including risk, capital usage, and market positioning. Assessment will focus on both current key performance indicators and the long-term actions that preserve and improve UBS's ability to deliver future value.

Reward funding is not purely formulaic; discretion and judgment will be applied to ensure all relevant factors including market conditions are taken into account.

- Business division reward recommendations are determined in consultation between the UBS Group CEO and the CEO(s) of each division as advised by the Group CFO, Group Head HR and, where appropriate, Group Risk.
- Proposals recommended by the Group CEO are reviewed by the independent Human Resources and Compensation Committee of the Board of Directors.
- Final approval is provided by the UBS Board of Directors.
- The UBS Group CEO and Board of Directors take into account the Group and business division financial results as well as the views of shareholders and other stakeholders.

#### Support appropriate and controlled risk taking

Reward will be consistent with UBS's risk framework and tolerance.

Performance reviews recognize the different risk profile and nature of each business including additional factors such as the quality and time horizon of earnings, the nature of the relevant industry segment, and competitive trends.

- Employees are rewarded for achievement against a range of financial and non-financial objectives and not only on the basis of individual revenues.
- Extraordinary profits, as well as losses, are examined in the context of the track record of an employee's performance, risk management and market conditions.
- Measurement of performance will be adjusted for activities and future risks that are not adequately reflected in annual profits.
- Reward for risk, compliance and control functions is determined independently from the revenue producers they supervise and support.

#### Foster effective individual performance management and communication

Rigorous evaluation of individual performance combined with effective communication ensures a link between achievement of business objectives and reward across UBS.

Beyond contribution to business results and achievement of individual performance objectives, rewards will also take into account:

- observing UBS's corporate values and principles;
- implementing UBS's strategy of enhancing reputation, integration and execution;
- demonstrating leadership of our clients, business, people and change;
- leading or supporting effective collaboration and teamwork;
- operating with strong integrity and complying with UBS policies;
- actively managing risk and professional behavior; and
- finding the appropriate balance between risk and reward.

#### Attract and engage a diverse, talented workforce

The UBS reward structure is designed to provide talented employees with reward that is appropriately balanced between fixed and variable elements, competitive in the market, and paid out over an appropriate period.

In general, total compensation comprises an annual base salary, reflecting the individual's role, skills and knowledge, local market-based benefits and, where applicable, a discretionary incentive award.

- Base salary levels should be sufficient to allow a flexible discretionary incentive policy.
- Discretionary annual incentives can be highly variable from year to year particularly for senior revenue producers and more highly paid employees.

Discretionary incentive awards may be split between immediate cash and long-term awards that can be granted in the form of either deferred UBS equity or deferred cash.

- The proportion of deferred incentive generally increases with total compensation in order to maintain focus on long-term profitability of the firm and continued responsible behavior.
- Deferred awards generally vest over at least three years.
- Deferred awards are subject to forfeiture under certain circumstances, including if an employee's conduct or judgment results in material financial loss or restatement of results, breach of risk or compliance policies, or significant harm to the firm's business or reputation.

Stock options and/or stock appreciation rights may be awarded as part of total reward, to recognize the potential of key employees who are expected to drive the achievement of our strategic objectives.

Other reward programs may also be considered to further support the needs of our diverse global business, subject to considerations such as cost, risk and prevailing market and regulatory requirements. As such:

- For senior leaders, our reward focus is founded on sustainable long-term profitability that may require the application of multi-year performance conditions to recognize outstanding performance.
- Guaranteed incentive awards are used only exceptionally and are generally limited to one-year duration.

**This document provides a summary only and may be supplemented by more detailed global or local policies. At UBS we are committed to full and proper disclosure of our remuneration policies, of which these Principles form a part, and we provide an annual advisory vote to shareholders at our AGM.**

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# UBS reporting at a glance

## Annual publications

### *Annual report (SAP no. 80531)*

Published in both German and English, this single volume report provides a description of:

- UBS's strategy, performance and responsibility
- the strategy and performance of the business divisions and the Corporate Center
- risk and treasury management
- corporate governance and executive compensation
- financial information, including the financial statements

### *Review (SAP no. 80530)*

The booklet contains key information on UBS's strategy and financials. It is published in English, German, French and Italian.

### *Compensation Report (SAP no. 82307)*

Compensation for senior management and the Board of Directors (executive and non-executive members) is discussed here. It is published in English and German.

## Quarterly publications

### *Letter to shareholders*

The letter provides a quarterly update from executive management on our strategy and performance. The letter is published in English, German, French and Italian.

### *Financial report (SAP no. 80834)*

This report provides a detailed description of our strategy and performance for the respective quarter. It is published in English.

## How to order reports

These reports are available in PDF format on the internet at [www.ubs.com/investors/topics](http://www.ubs.com/investors/topics) in the Financial information section. Printed copies can be ordered from the same website by accessing the order/subscribe panel on the left-hand side of the screen. Alternatively, they can be ordered by quoting the SAP number and the language preference where applicable, from UBS AG, Information Center, P.O. Box, CH-8098 Zurich, Switzerland.

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## Investor Relations

UBS's Investor Relations team supports institutional, professional and retail investors from our offices in Zurich and New York.

[www.ubs.com/investors](http://www.ubs.com/investors)

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		CH-8098 Zurich, Switzerland
		<a href="mailto:sh-investorrelations@ubs.com">sh-investorrelations@ubs.com</a>

## Media Relations

UBS's Media Relations team supports global media and journalists from offices in Zurich, London, New York and Hong Kong.

[www.ubs.com/media](http://www.ubs.com/media)

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<b>New York</b>	+1-212-882 5857	<a href="mailto:mediarelations-ny@ubs.com">mediarelations-ny@ubs.com</a>
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## Shareholder Services

UBS Shareholder Services, a unit of the Company Secretary, is responsible for the registration of the global registered shares.

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Fax	+41-44-235 3154	Shareholder Services
		P.O. Box
		CH-8098 Zurich, Switzerland
		<a href="mailto:sh-shareholder-services@ubs.com">sh-shareholder-services@ubs.com</a>

## US Transfer Agent

For all global registered share-related queries in the US.

[www.melloninvestor.com](http://www.melloninvestor.com)

Calls from the US	+866-541 9689	BNY Mellon Shareowner Services
Calls outside the US	+1-201-680 6578	480 Washington Boulevard
Fax	+1-201-680 4675	Jersey City, NJ 07310, USA
		<a href="mailto:sh-relations@melloninvestor.com">sh-relations@melloninvestor.com</a>

**Cautionary statement regarding forward-looking statements** | This document contains statements that constitute “forward-looking statements”, including but not limited to management’s outlook for UBS’s financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development. While these forward-looking statements represent UBS’s judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations. These factors include, but are not limited to: (1) future developments in the markets in which UBS operates or to which it is exposed, including movements in securities markets, credit spreads, currency exchange rates and interest rates; (2) the effect of the current economic environment or other developments on the financial position or creditworthiness of UBS’s customers and counterparties; (3) changes in the availability of capital and funding, including any changes in UBS’s credit spreads and ratings; (4) the consequences of the recent Swiss court decision relating to the provision of certain UBS client data to the US Internal Revenue Service, including possible effects on UBS’s 2009 settlements with US authorities and on its businesses; (5) the outcome and possible consequences of pending or future actions or inquiries concerning UBS’s cross-border banking business by tax or regulatory authorities in various other jurisdictions; (6) the degree to which UBS is successful in effecting organizational changes and implementing strategic plans, and whether those changes and plans will have the effects intended; (7) UBS’s ability to retain and attract the employees that are necessary to generate revenues and to manage, support and control its businesses; (8) possible political, legal and regulatory developments, including the effect of more stringent capital and liquidity requirements, constraints on remuneration and the imposition of additional legal or regulatory constraints on UBS’s activities; (9) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other matters; (10) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (11) changes in the size, capabilities and effectiveness of UBS’s competitors; (12) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures, either within UBS or within a counterparty; and (13) technological developments. In addition, actual results could depend on other factors that we have previously indicated could adversely affect our business and financial performance which are contained in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS’s Annual Report on Form 20-F for the year ended 31 December 2009. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

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**Imprint** | Publisher: UBS AG, P.O. Box, CH-8098 Zurich, Switzerland; P.O. Box, CH-4002 Basel, Switzerland; [www.ubs.com](http://www.ubs.com) | Language: English / German | SAP-No. 82307E-1001

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