

# UBS Investor Event

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London, 11<sup>th</sup> December 2007

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# Agenda

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12:00 – 13:00      Registration and light lunch

13:00 – 15:00      Speakers:

Marcel Ospel, Group Chairman

Marcel Rohner, Group Chief Executive Officer

Marco Suter, Group Chief Financial Officer

Q&A taken by all speakers as panel

# Caution regarding forward looking statements

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This communication contains statements that constitute “forward-looking statements”, including, but not limited to, statements relating to the implementation of strategic initiatives and other statements relating to our future business development and economic performance. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, (1) general market and macro-economic trends, (2) legislative developments, governmental and regulatory trends, (3) movements in local and international securities markets, currency exchange rates and interest rates, (4) competitive pressures, (5) technological developments, (6) changes in the financial position or creditworthiness of our customers, obligors and counterparties and developments in the markets in which they operate, (7) management changes and changes to our Business Group structure and (8) other key factors that we have indicated could adversely affect our business and financial performance which are contained in other parts of this document and in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth elsewhere in this document and 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 2006 and other reports on Form 6-K submitted after the filing of the Form 20-F. UBS is not under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

Marcel Ospel, Group Chairman

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Marcel Rohner, Group Chief Executive Officer

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- ◆ Recent announcement
- ◆ Our businesses: positioning and strategy
  - Global Wealth Management & Business Banking
  - Global Asset Management
  - Investment Bank
- ◆ The way forward

SECTION 1

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# Recent announcement

# Recent announcement

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- ◆ Substantial losses in the US mortgage could have been absorbed by our earnings and capital base
- ◆ Further strengthening our capital base to maintain our position as one of the best-capitalized banks as a strategic prerequisite to protect WM and grow all our businesses
- ◆ Our combination of businesses continues to be a winning model



# Capital actions

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## **Additional CHF 19.4bn capital to ensure confidence**

### Drivers of capital improvement actions

- ◆ Create confidence and stability in order to protect the WM franchise
- ◆ Protect highest ratings
- ◆ Ensure sufficiently high capital ratios by year end

SECTION 2

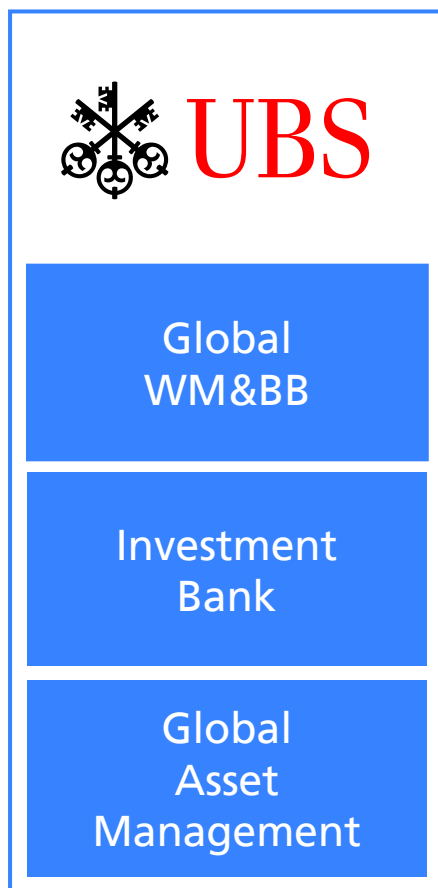
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# Our businesses

# Our strategy

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**Our businesses reflect our core capabilities, strength and heritage**

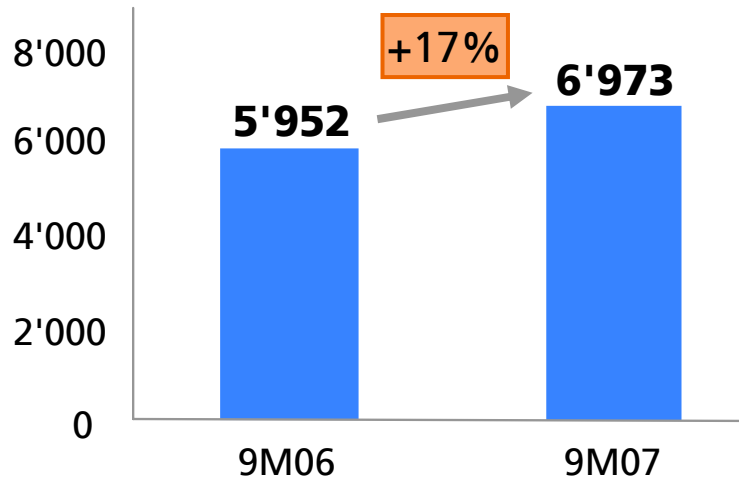


- ◆ They are all grouped around the same underlying, fundamental trend: growth of wealth
- ◆ In the optimal mix, they form the best basis to build a high quality, sustainable earnings stream
- ◆ On top of their individual growth rates, the synergies create sustainable additional income streams

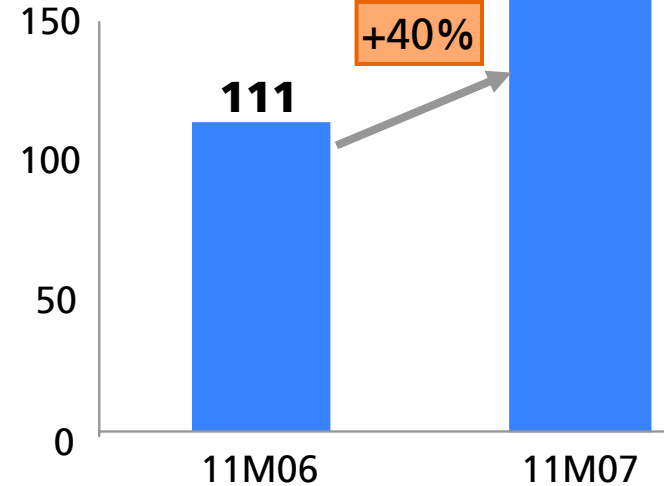
**Operating as one firm remains a winning model**

# Global WM&BB – Performance

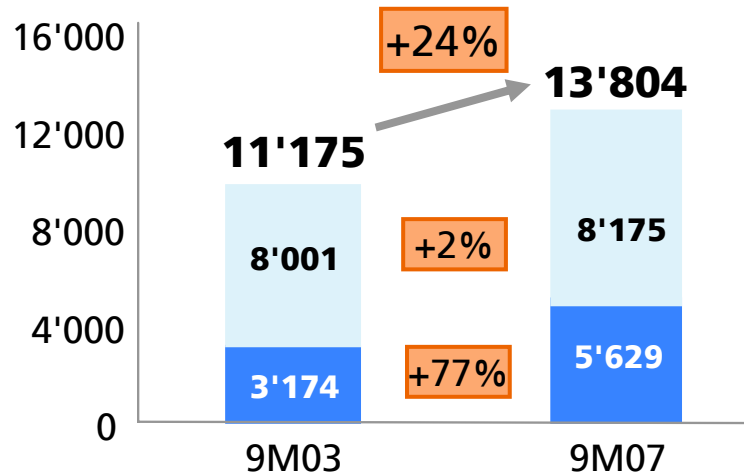
**Pretax Profit (CHF m)**



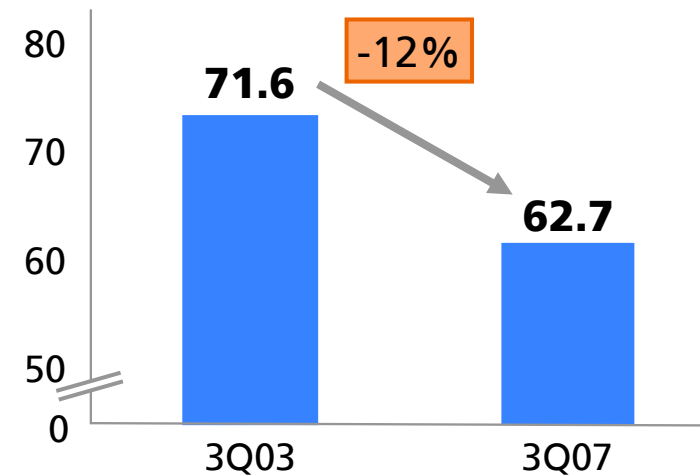
**NNM (CHF bn)**



**CA/FA development**

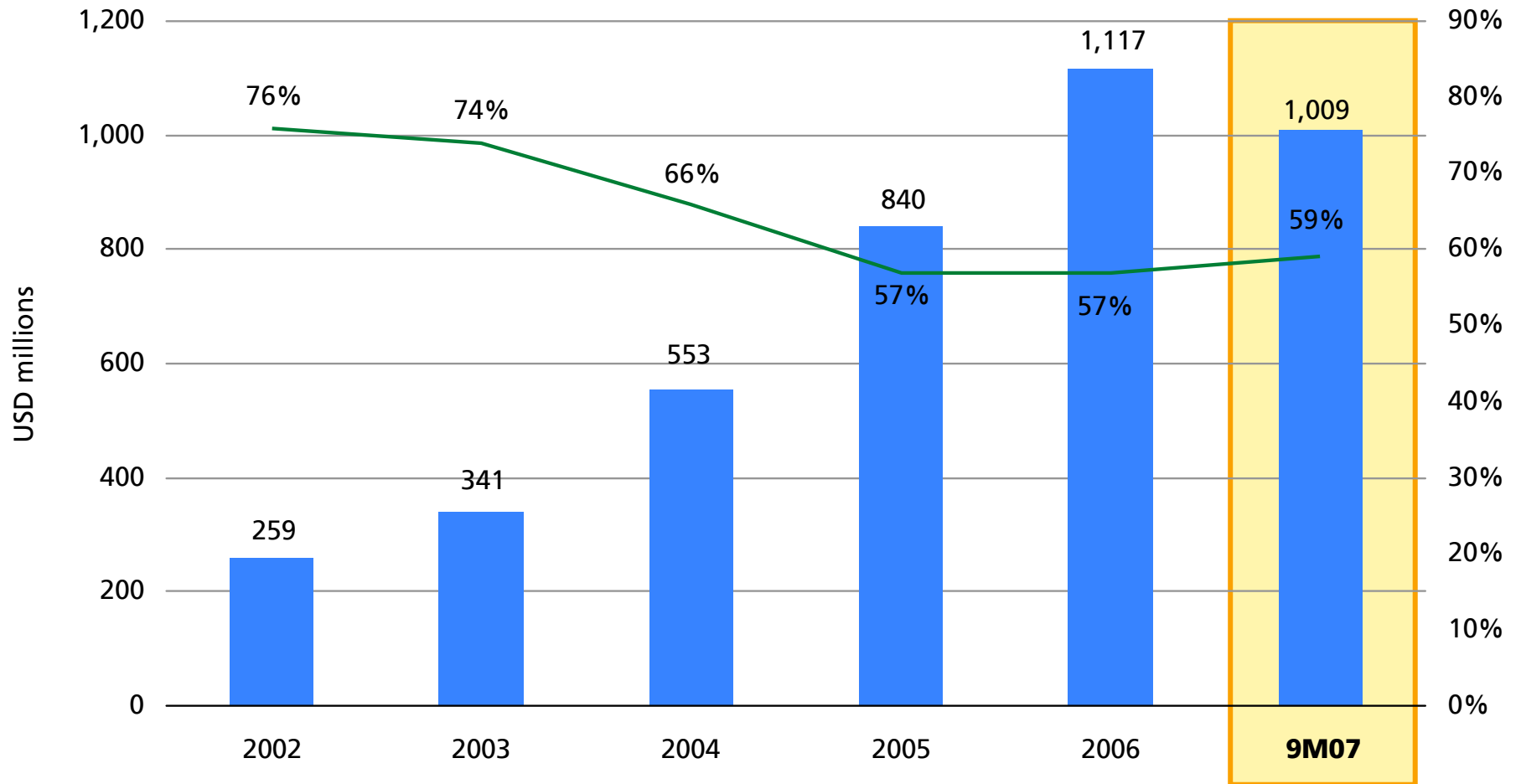


**C/I Ratio before Goodwill (%)**



# Global Asset Management – Performance

**Diversification and cost efficiency have been key drivers of profit growth**



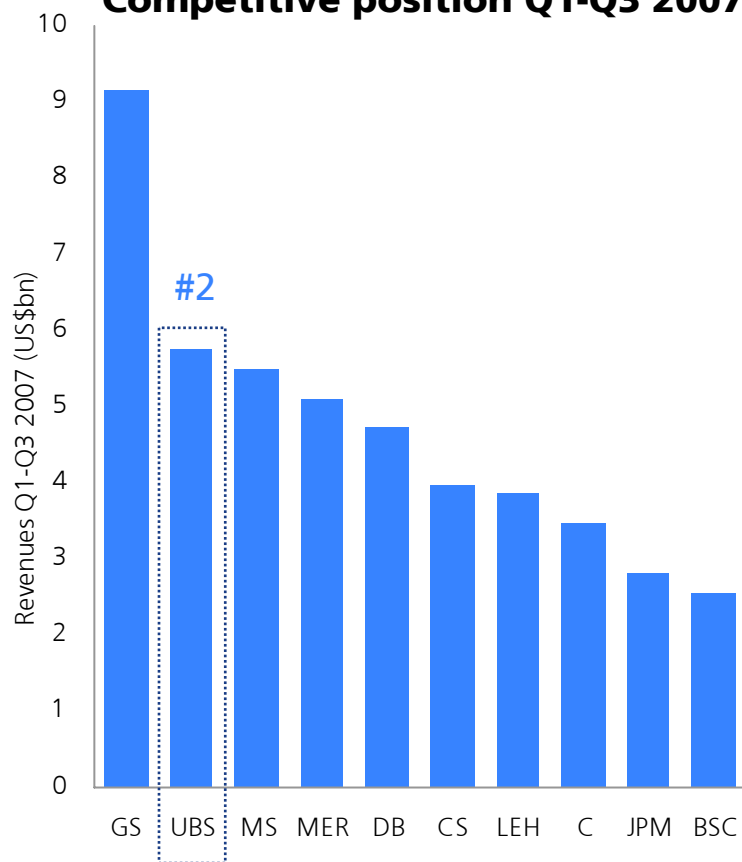
Note: The above excludes the restructuring costs of Dillon Read Capital Management

- Performance before tax and amortization of goodwill
- Cost/income ratio (%) before amortization of goodwill

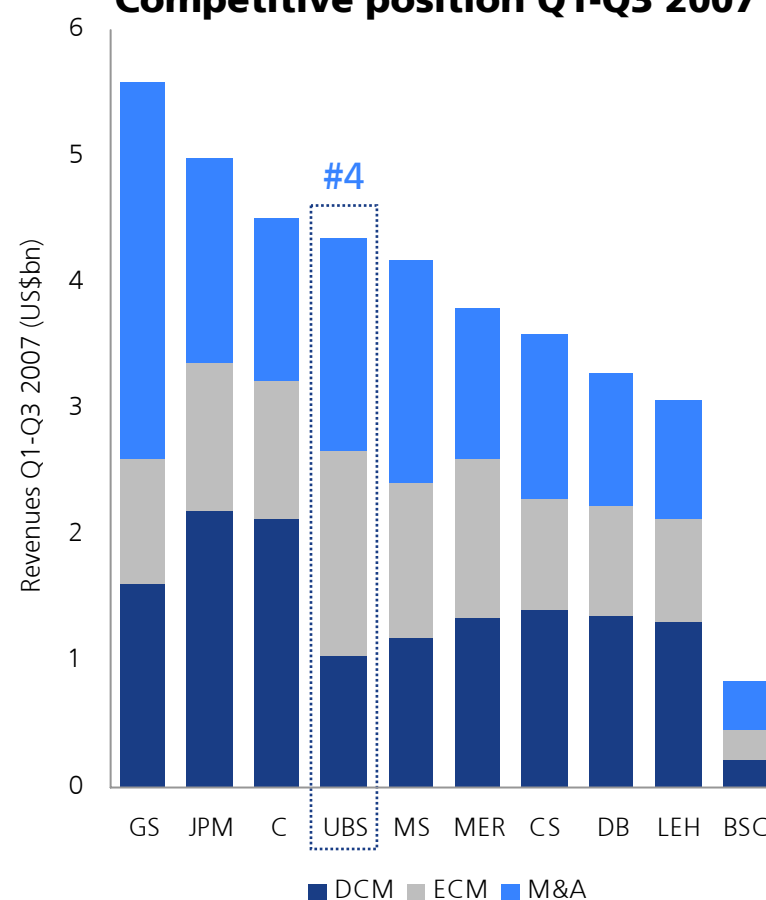
# Investment Bank – Strong platform

## World-class Equities franchise and fastest growing IBD

**Equities**  
Competitive position Q1-Q3 2007



**Investment Banking (IBD)**  
Competitive position Q1-Q3 2007



Source: UBS-IB competitor analysis, based on reported results Q1-Q3 2007

Notes:

- 1 Competitor results restated for comparability
- 2 Competitor Q3 leveraged finance write-downs excluded from IBD

# Investment Bank – Repositioning of FICC

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## Focus on competitive strengths...

**Core strengths to maintain/consolidate leadership**

### **Lower growth/ scale businesses**

- ◆ FX/CCT
- ◆ Flow rates

### **High growth/ high margin businesses**

- ◆ Structured Libor

**Continue to invest and transform:  
Reduce Balance Sheet,  
Funding and Proprietary  
Risk Usage**

- ◆ DCM
- ◆ Flow credit
- ◆ Munis
- ◆ MBS

- ◆ Emerging Markets
- ◆ Structured Credit
- ◆ Real Estate Finance
- ◆ Commodities
- ◆ GSF
- ◆ Proprietary

**... prioritizing businesses around our core client franchise**

SECTION 3

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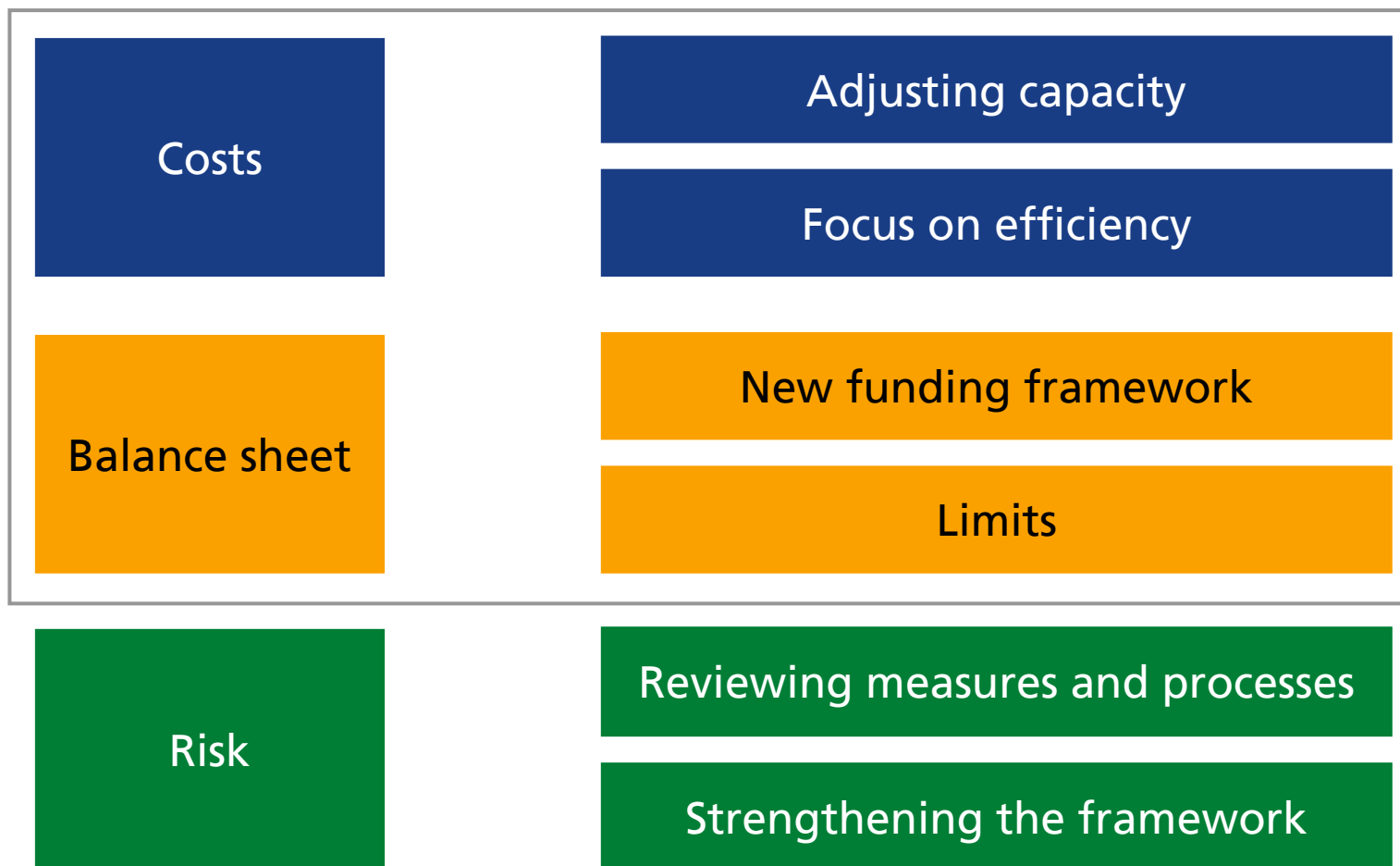
# The way forward



# The way forward – Actions taken

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## Pursuing structural changes...



...while addressing immediate challenges

Marco Suter, Group Chief Financial Officer

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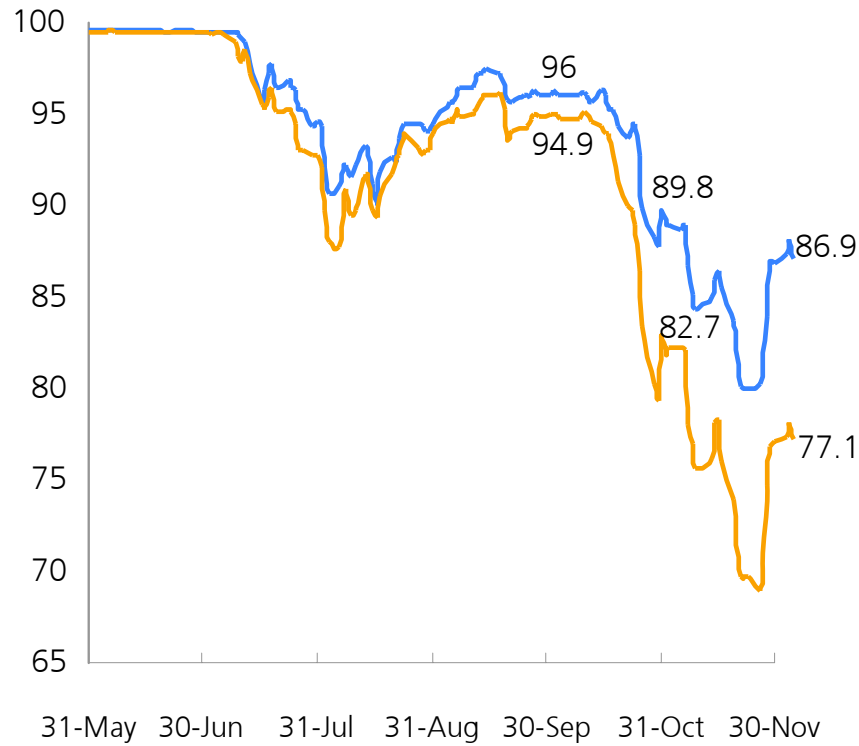
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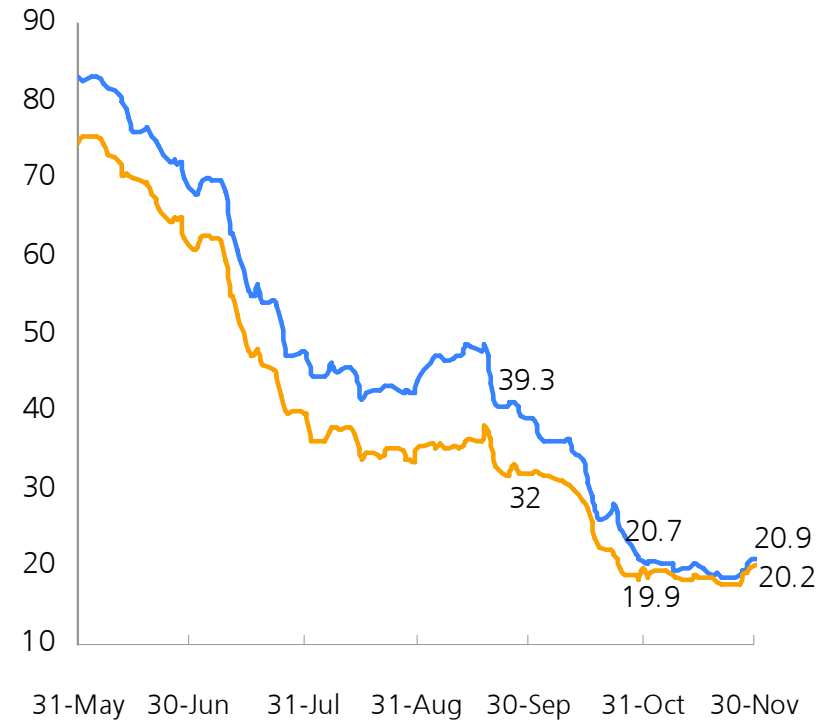


# ABX indices

## AAA 2006 Vintage



## BBB 2006 Vintage



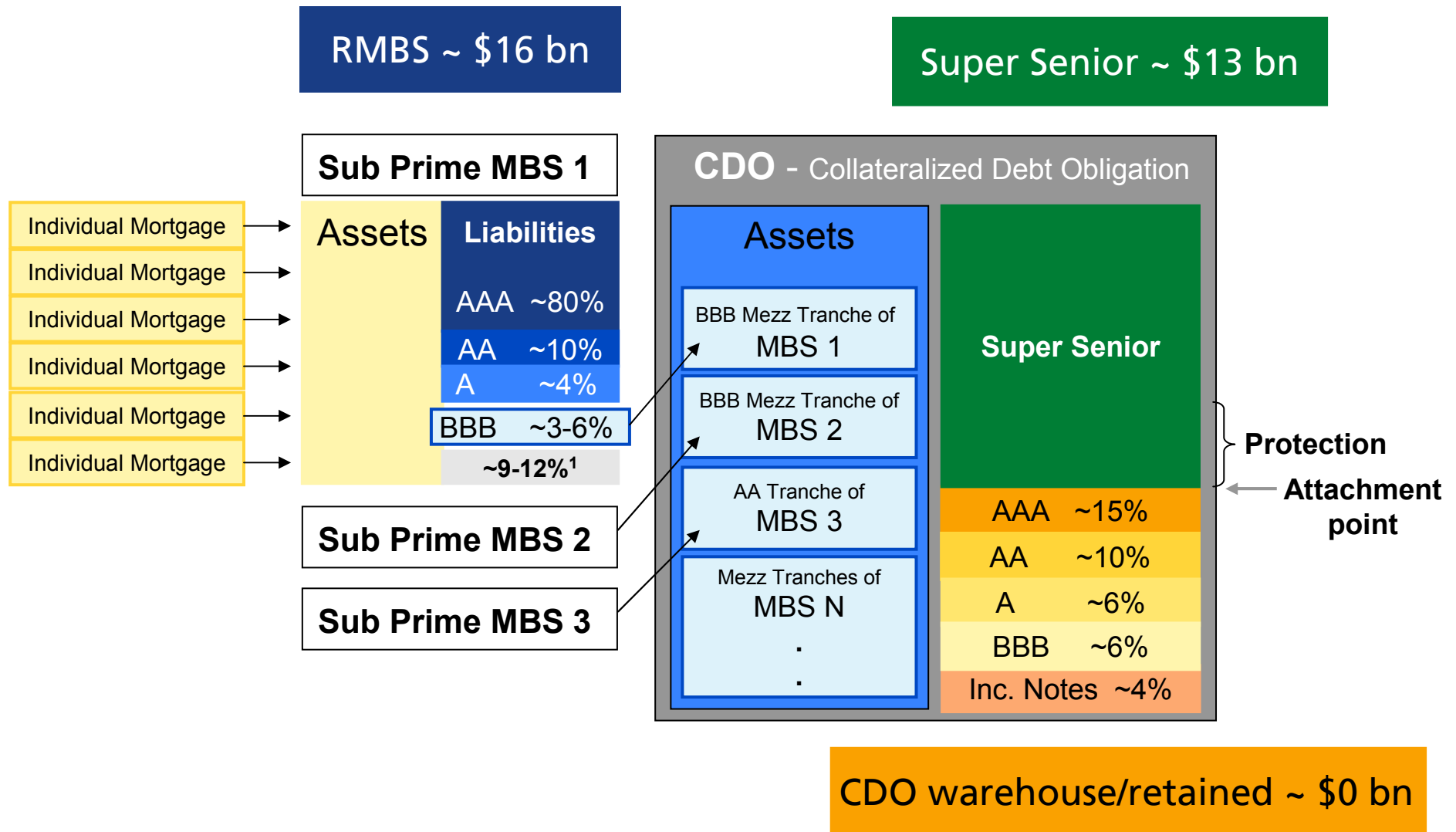
— AAA 06-2 — AAA 07-1

— BBB 06-2 — BBB 07-1

Prices as of 10<sup>th</sup> Dec: 88.7 79.7

22.9 20.5

# CDO illustration and sub-prime exposure as of 30th Nov



1 While the junior notes behind the BBB Mezzanine tranche are typically very thin, the total credit support for the mezzanine tranche is typically in the range of 9-12% in form of Income Notes, Excess Spread and Over Collateralization

# Positions related to US sub-prime residential mortgage market

USD billion	3Q net impact <sup>1</sup>	Net exposure 30 Sep	Estimated Oct/Nov net impact <sup>1</sup>	Estimated Net exposure 30 Nov
RMBS	(1.3)	16.8	~(1)	~16
CDO warehouse / retained	(1.5)	1.8	~(1)	~0
Super senior	(1.6)	20.2	~(8)	~13
Total	(4.4) <sup>2</sup>	38.8	~(10)	~29

1 Net impact includes realised losses and write-downs as well as impact from hedges

2 Made up of gross losses of USD 5.6bn offset by gains on hedges of USD 1.2bn.

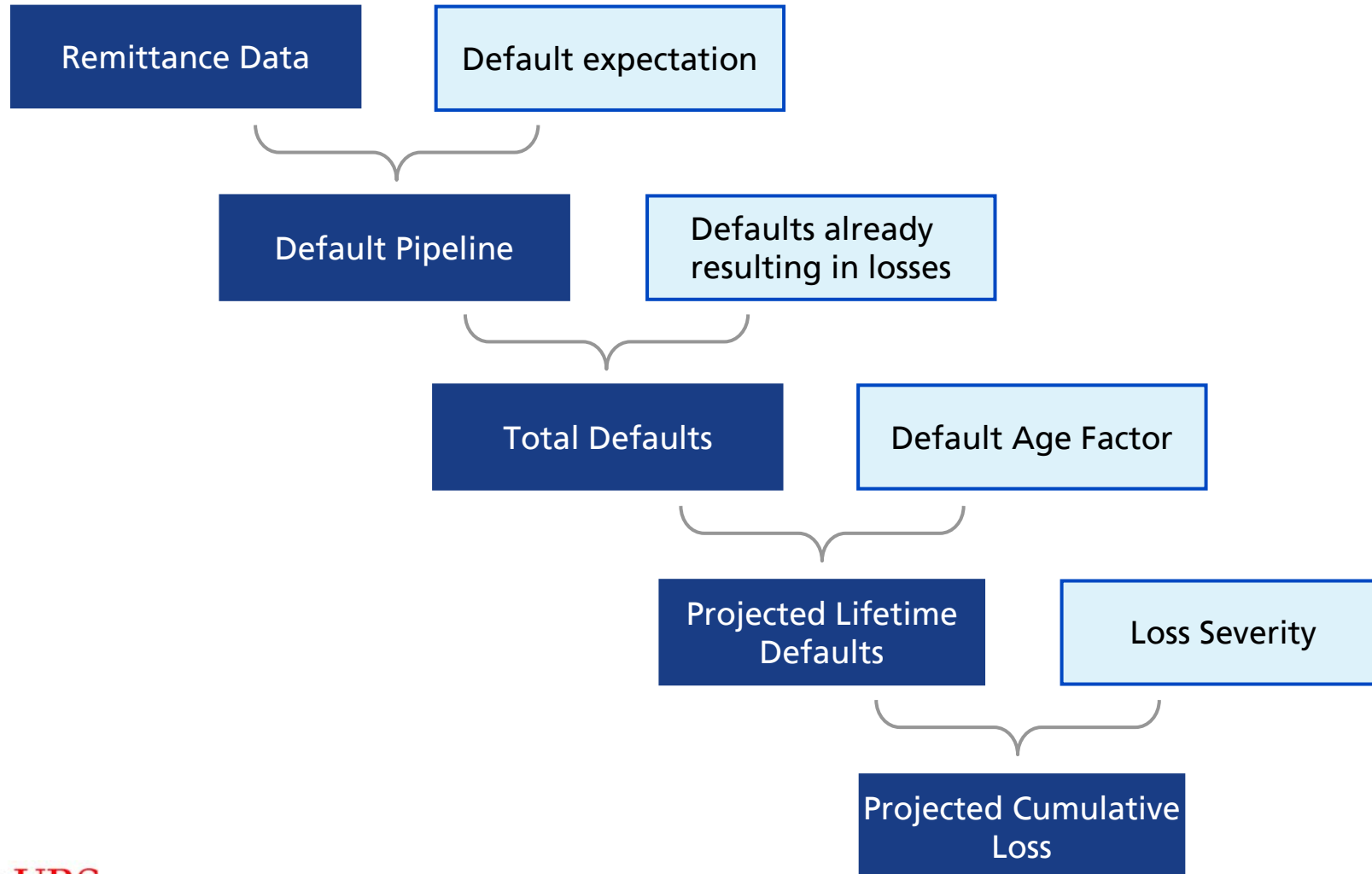
## Super senior positions – cumulative marks

USD billion	Face value pre 3Q marks	30 Nov net exposure	3Q and Oct/Nov average marks (cents / \$)
High Grade ABS CDOs	3.8	~3.1	81
Mezz ABS CDOs with 12 % protection	2.6	~1.8	71
Mezz ABS CDOs	14.2	~7.8	55
CDO squared	0.8	~0.2	22
Total super senior	21.5	~13	60

# Valuation model illustration

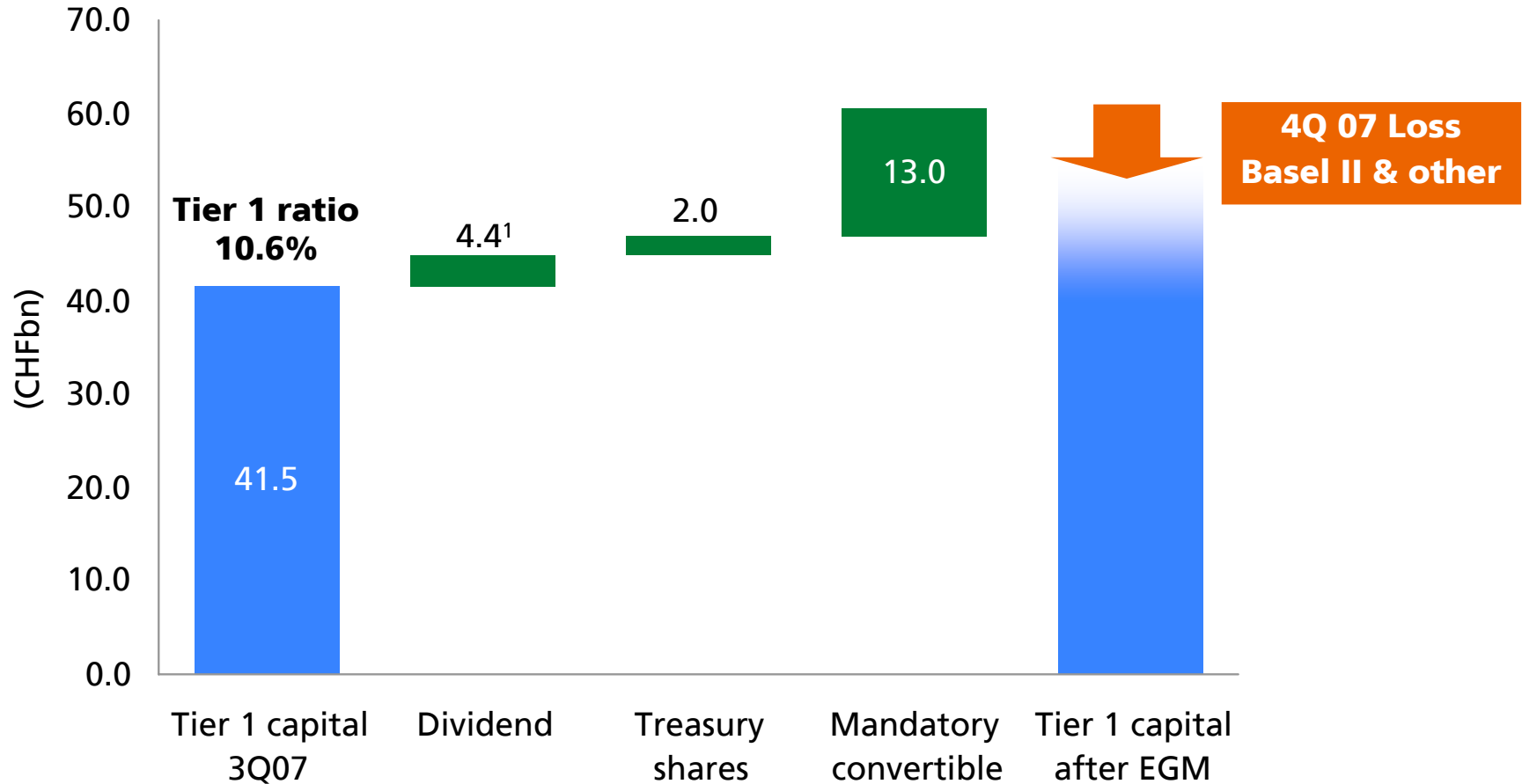
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60 Day Delinquencies  
90 Day+ Delinquencies  
OREO & Foreclosed  
Bankruptcy



# Capital management

Post announced capital increases, with offsets from 4Q loss, Basel II and other...



<sup>1</sup> Includes CHF 3.3 bn dividend reversal for 9M07 and dividend not accruing for 4Q

...we expect Tier 1 ratio to be above 12%

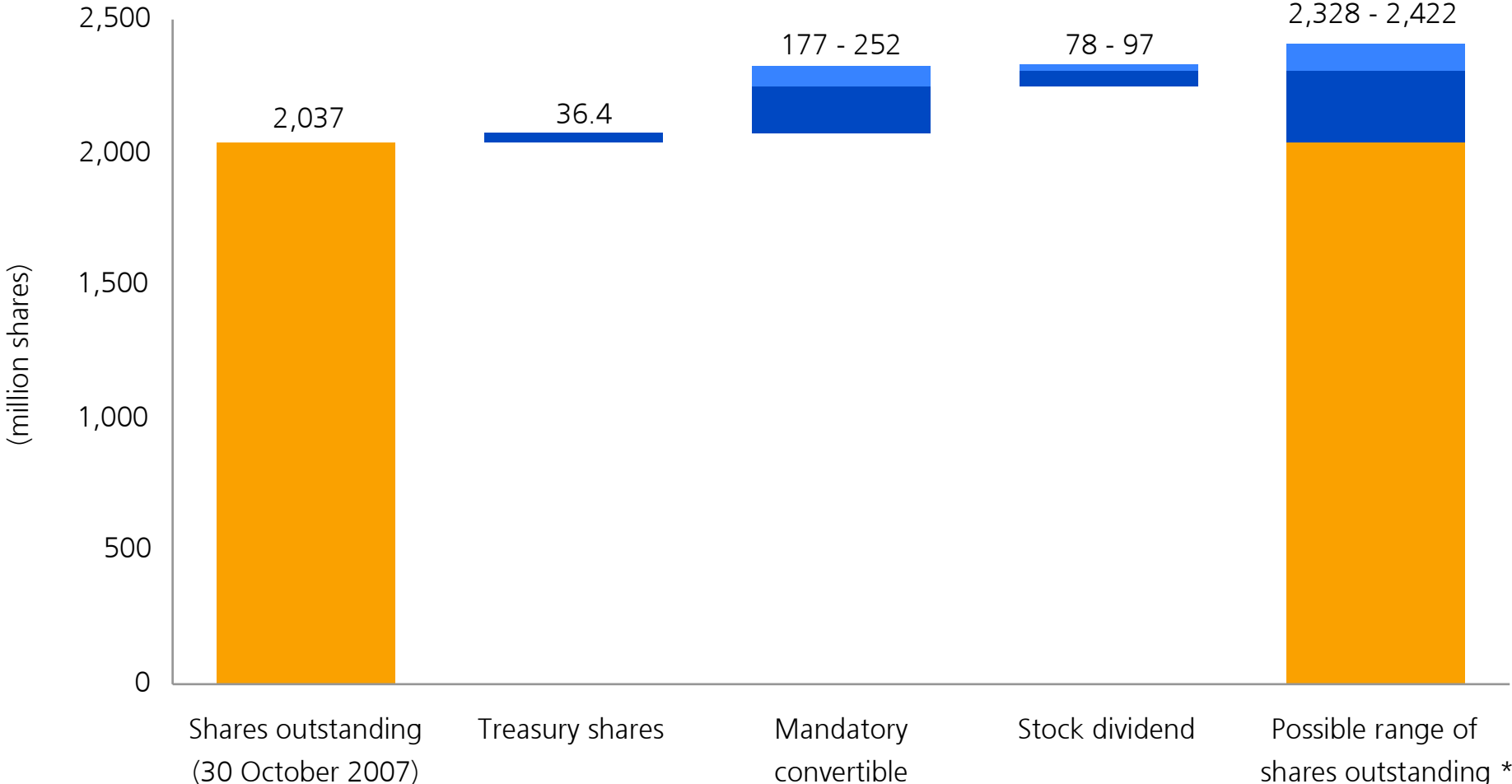


# Terms of mandatory convertible notes

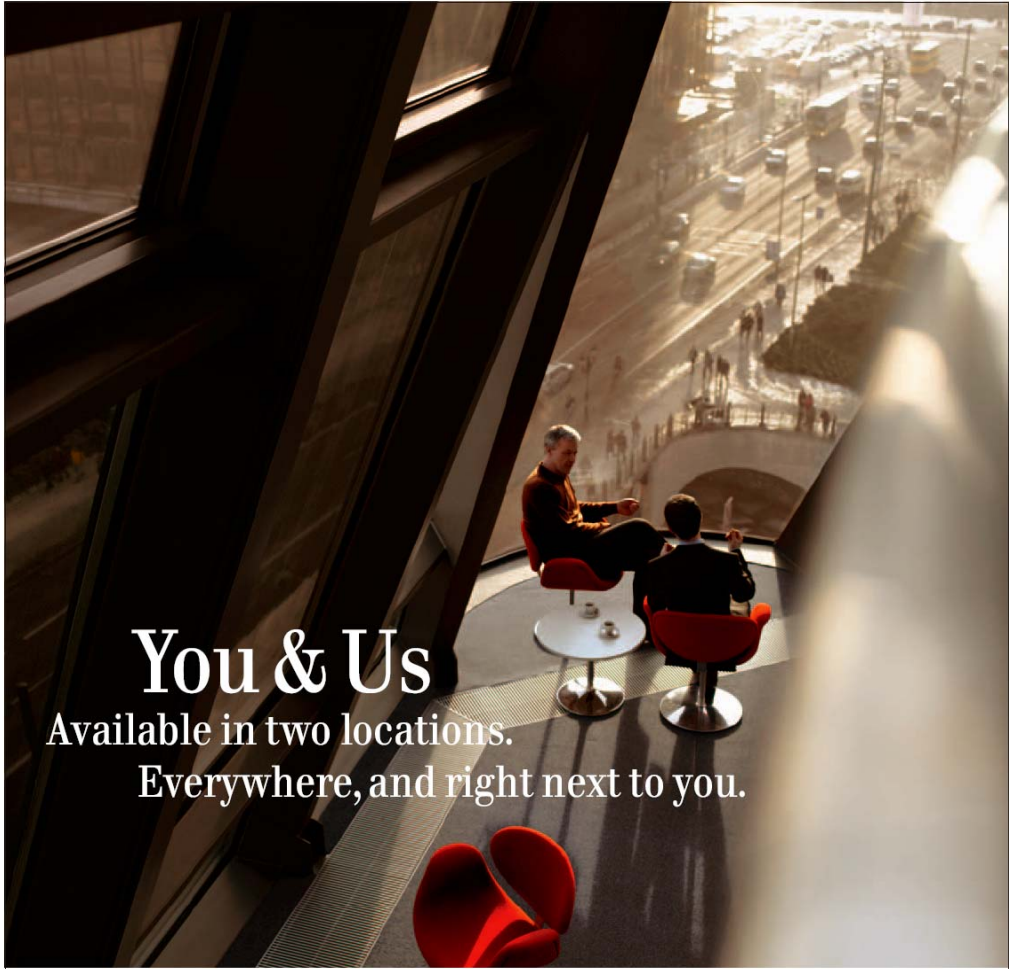
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- ◆ Issue size: CHF 13bn
- ◆ Maturity: 2 years
- ◆ Coupons: 9% p.a., payable annually
- ◆ Reference price: Average of (i) and (ii) but not more than 10% higher or lower of (i)
  - (i) closing price on 7<sup>th</sup> Dec: CHF 57.2
  - (ii) volume weighted average price of 3 days before EGM
- ◆ Lower strike price: 100% of reference price
- ◆ Upper strike price: 117% of reference price
- ◆ Voluntary conversion: starting 6 months following the payment date and ending on 20<sup>th</sup> trading day prior to maturity date
- ◆ Dilution effect on number of shares could be between 9 to 12%

# Share count implications



\* excludes minor possible effects of future dividends above CHF 2.20 on terms of convertible.



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