



Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

UBS

Communications - Americas
Media Relations

Contact:

Michelle Creeden 212-882-5717
Joss Tosoni 212-882-5698

www.ubs.com

MAY INVESTOR OPTIMISM HITS HIGHEST LEVEL SINCE JANUARY

Investors Plan to Cut Overall Spending in Response to Surging Energy Prices

Residential Real Estate Market Conditions Continue to Worry Investors

NEW YORK, May 29, 2007 – Investor optimism surged 21 points in May and now stands at 95 according to the UBS/Gallup Index of Investor Optimism. The Index is currently at its highest level since January of this year when it reached 103. The Index is conducted monthly and had a baseline score of 124 when it was established in October 1996.

One reason for the sharp improvement in May's Index is that investors are much more optimistic about their investments than they have been in the past five years. The Personal Dimension of the Index, which measures optimism about investors' own personal investment portfolios, increased 13 points in May to 75, its highest level since March 2002 when it stood at 80.

Investors are also more optimistic about the outlook for the US economy. The Economic Dimension, which measures investors' feelings about the direction of the overall US economy over the next 12 months, increased eight points in May to 20. Although this increase represents a substantial improvement in optimism about the direction of the economy over last month, it remains below its reading in February of this year. In this regard, 41 percent of investors now say the US economy is in a recovery or sustained expansion, up from 35 percent who responded this way in April.

"Increased optimism is being fueled by the ongoing rally in the stock market. With solid corporate earnings, a strong M&A market, and moderating inflation fears the equity markets have posted impressive gains. However, even with the increased optimism in regard to the market and overall economy, investors continue to be plagued by concerns over gas prices," said Mike Ryan, Head of UBS Wealth Management Research Americas.

Despite the improvement in overall investor optimism, investors remain concerned about the recent surge in gas prices over the past few months. Three in four investors (76 percent) say they believe energy prices are hurting the current investment climate "a lot," up from 72 percent who voiced those concerns about energy prices in April. May's results show the highest level of investor concern about energy prices since August of last year when 78 percent said energy prices were hurting the investment climate "a lot."

Increased gasoline prices have impacted investor expectations for future price increases. On average, investors report paying \$3.04 for a gallon of gas during the first half of May, up \$0.54 from what they said they were paying two months ago and \$0.83 from what they were

paying three months ago. Recent price increases have sent energy prices far above the \$2.39 per gallon investors expected to pay over the next three months when asked in February. Investors now expect gasoline prices to increase to \$3.38 per gallon over the next three months.

Given their expectations for higher gasoline prices at the pump, 51 percent of investors say they plan to cut back on their driving this summer and 43 percent say they plan to cut back on their vacations. In addition, 39 percent of respondents say they plan to cut back on their use of air conditioning or fans, and 60 percent say they plan to cut back on other spending in general in response to increased gasoline prices.

The deterioration in residential real estate market conditions continues to worry investors. Seventy-three percent of investors polled say they believe conditions in the residential real estate market nationwide are getting worse, not better. This is about the same as the 70 percent who felt this way in April and the 72 percent in March.

These findings are part of the 110th *Index of Investor Optimism*, which was conducted May 1-16, 2007. To track and measure Index changes on an ongoing basis, new samplings are taken monthly. Dennis J. Jacobe, Chief Economist for Gallup, said the sampling included 800 investors randomly selected from across the country. For this study, the American investor is defined as any person who is head of a household or a spouse in any household with total savings and investments of \$10,000 or more. Nearly 40 percent of American households have at least this amount in savings and investments. The sampling error in the results is plus or minus four percentage points.

For more than 60 years, the Gallup Organization has been a recognized leader in the measurement and analysis of people's attitudes, opinions and behavior. While best known for the Gallup Poll, founded in 1935, Gallup's current activities consist largely of providing marketing and management research, advisory services and education to the world's largest corporations and institutions.

UBS is one of the world's leading financial firms, serving a discerning international client base. Its business, global in scale, is focused on growth. As an integrated firm, UBS creates added value for clients by drawing on the combined resources and expertise of all its businesses.

UBS is the leading global wealth manager, a top tier investment banking and securities firm, and one of the largest global asset managers. In Switzerland, UBS is the market leader in retail and commercial banking.

UBS is present in all major financial centers worldwide. It has offices in 50 countries, with about 39% of its employees working in the Americas, 34% in Switzerland, 17% in the rest of Europe and 10% in Asia Pacific. UBS's financial businesses employ some 80,000 people around the world. Its shares are listed on the SWX Swiss Stock Exchange, the New York Stock Exchange (NYSE) and the Tokyo Stock Exchange (TSE).

Additional information about the *Index of Investor Optimism* can be found at www.ubs.com/investoroptimism



Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

UBS

Communications - Americas
Media Relations

Contact:

Michelle Creeden 212-882-5717
Joss Tosoni 212-882-5698

www.ubs.com

UBS *Index of Investor Optimism* overall trend

	<i>Overall Index</i>
07 May	95
07 April	74
07 March	78
07 February	90
07 January	103
06 December	90
06 November	93
06 October	79
06 September	74
06 August	53
06 July	55
06 June	58
06 May	64
06 April	63
06 March	79
06 February	80
06 January	93
05 December	79
05 November	50
05 October	47
05 September	34
05 August	61
05 July	58
05 June	54
05 May	50
05 April	52
05 March	74
05 February	82
05 January	76
04 December	79
04 November	69
04 October	62
04 September	74
04 August	77
04 July	88
04 June	95

04 May	71
04 April	73
04 March	85
04 February	97
04 January	108
03 December	104
03 November	93
03 October	69
03 September	54
03 August	61
03 July	54
03 June	77
03 May	42
03 April	66
03 March	5
03 February	9
03 January	38
02 December	52
02 November	41
02 October	29
02 September	60
02 August	52
02 July	46
02 June	72
02 May	90
02 April	89
02 March	121
02 February	92
02 January	115
01 December	88
01 November	84
01 October	86
01 September	50
01 August	76
01 July	74
01 June	85
01 May	90
01 April	81
01 March	82
01 February	77
01 January	96
00 December	106
00 November	130
00 October	132
00 September	147
00 August	160
00 July	143
00 June	149
00 May	155



Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

UBS

Communications - Americas
Media Relations

Contact:

Michelle Creeden 212-882-5717
Joss Tosoni 212-882-5698

www.ubs.com

00 April	140
00 March	150
00 February	168
00 January	178
99 December	174
99 November	148
99 October	139
99 September	160
99 August	149
99 July	166
99 June	146
99 May	163
99 April	168
99 March	151
99 February	167
98 December	141
98 September	147
98 June	160
98 March	161
97 December	151
97 September	151
97 June	152
97 February	128
96 November	125
96 October	124

###