



UBS

Communications - Americas
Media Relations

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Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

www.ubs.com

INVESTOR OPTIMISM PLUNGES IN NOVEMBER

Investors Pessimistic about the Economy; Worries Surge about the Dollar, Energy Prices and Housing Market

NEW YORK, November 26, 2007 – Investor optimism plummeted in November, falling 26 points to 44, less than half its level of 103 in January and the lowest point since Hurricane Katrina in September, 2005, according to the UBS/Gallup Index of Investor Optimism. The Index is conducted monthly and had a baseline score of 124 when it was established in October 1996.

The majority of the decline in sentiment this month can be attributed to the Economic Dimension of the Index, which measures investors' feelings about the US economy. The Economic Dimension plunged 20 points in November to -12, indicating that investors went from being somewhat optimistic about the US economy in October to somewhat pessimistic in November.

The Personal Dimension of the Index, which measures Investors' optimism about their individual investment portfolios, also dropped in November, tumbling 6 points to 56. This is the lowest point for investor optimism regarding their own portfolios since August 2006 when the Personal Dimension stood at 54.

Seventy-nine percent of investors describe the current US economy as being in a slowdown or recession – up from 68 percent who felt this way in October. These concerns may bleed into holiday spending with 30 percent of investors saying they plan to spend less on Christmas gifts this year than last.

The declining value of the US dollar also contributed to the sharp drop in the Index with 47 percent of investors saying that they believe the value of the dollar is hurting the current investment climate "a lot." This is up eight percentage points from the 39 percent who felt this way in October and is the highest level of investor concern about the dollar registered by this poll since tracking began in March 2004.

"The current slump in the economy will not right itself until we see an ease in the consumer credit crunch and some substantial improvement in the housing sector," said Maury Harris, Chief US Economist, UBS Investment Bank.

Surging energy prices continue to top the list of investor concerns. With current oil prices exceeding \$90 a barrel and gas prices at the pump exceeding \$3 a gallon, concerns about

higher energy prices jumped 11 percentage points in November with 71 percent of investors saying they believe energy prices are hurting the current investment climate “a lot.”

Housing and real estate worries remain second only to energy prices as a concern with 56 percent of investors saying that they believe the potential “for a housing or real estate crash in some local markets” is hurting the investment climate “a lot.” This is up from the 51 percent who felt this way in October and the highest level of concern voiced by investors about this area since measurement began in October 2005. Investors continue to see no bottom in sight for the national housing and real estate markets with 80 percent saying they believe national real estate conditions are getting worse not better.

The credit crunch continues to squeeze consumers with 64 percent saying it is harder for Americans to get credit now than it was three months ago, and 47 percent of investors saying the consumer crunch is hurting the investment climate “a lot.”

These findings are part of the 116th *Index of Investor Optimism*, which was conducted November 1-14, 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 804 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.

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

UBS *Index of Investor Optimism* Overall Trend

	<i>Overall Index</i>
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07 November	44
07 October	70
07 September	68
07 August	73
07 July	87
07 June	89
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



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00 July	143
00 June	149
00 May	155
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

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