

Index of Investor Optimism

The UBS/Gallup Poll of Investor Attitudes

UBS *INDEX* SHOWS REBOUND OF INVESTOR OPTIMISM

Majority of Investors Say War with Iraq Will Have a Positive Economic Impact in the U.S.

NEW YORK, April 28, 2003 – Investor optimism rose dramatically in April to its highest level in ten months, as investors expressed increased confidence in the performance of the economy and the financial markets over the coming year, according to the UBS *Index of Investor Optimism*, a joint effort of UBS and the Gallup Organization.

Currently at 66, the overall *Index* surged 61 points this month from 5 in March, representing the largest one-month increase in the *Index's* history. Conducted monthly, the *Index* had a baseline of 124 when it was established in 1996.

In the wake of military action in Iraq, investors' outlook for the nation's economy improved dramatically, with 49 percent now expressing optimism about the prospects for economic growth in the coming twelve months, compared with 34 percent last month. Likewise, optimism about the unemployment rate increased to 41 percent from 27 percent in March.

Expectations for short-term return, over the next 12 months, rose to 7.3 percent in April from 6.3 percent last month. Indeed, more than half of those surveyed, 54 percent, say now is a good time to invest, up from 41 percent in March. Among younger investors, those under age 40, 69 percent share this view, compared with 51 percent among older investors, those over 40. Importantly, nearly two-thirds of investors, 66 percent, believe the markets will be higher a year from now, up from 53 percent just one month ago.

When asked to describe the most likely scenario for the U.S. economy over the next year, 71 percent of investors say they expect the nation to experience a moderate or strong economic recovery. This compares with 29 percent who foresee a worsened economic situation. Average investors, those with \$10,000 to \$100,000 in investable assets, are more likely to have an optimistic view of the economy, with 74 percent predicting a recovery in the next 12 months, compared with 65 percent of substantial investors, those with more than \$100,000 in investable assets.

Notably, a majority of those surveyed, 54 percent, believe the war with Iraq will have positive economic implications for the U.S. over the coming months. Less than one-third, 32 percent, believe the war will have a negative effect. This contrasts with the views of investors in the EU 5 countries (Germany, Great Britain, France, Italy and Spain), who were also polled on the subject this month as part of the *Index of Investor Optimism – EU 5*. Among these investors, just 21 percent believe the war in Iraq will have a positive impact on European economies, while 55 percent foresee negative effects.

This month, investors were also asked about possible events that may threaten the investment climate in the U.S. over the next 12 months. A prolonged economic downturn was cited by 28 percent of investors as the greatest threat. This is followed by major terrorist attacks, 26 percent; strained relations between the United States and some European countries, 15 percent; a conflict with North Korea, 14 percent; and an escalating war in Iraq, 14 percent. Among EU 5 investors, war with Iraq was ranked as the largest threat by 30 percent, followed by major terrorist attacks, 23 percent, strained relations between some European countries and the U.S., 20 percent; a prolonged economic downturn in Europe, 18 percent; and conflict with North Korea, 7 percent.

These findings are part of the 60th *Index of Investor Optimism*, which was conducted from April 1 to April 16. To track and measure *Index* changes on an ongoing basis, new samplings are taken monthly. Dennis J. Jacobe, research director for Gallup, said the sampling included 1,004 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 of savings and investments. The sampling error in the results is plus or minus three percentage points.

In January 2002, UBS established the *Index of Investor Optimism – EU 5*, the European counterpart to the U.S. survey covering France, Germany, Great Britain, Italy and Spain. This month, 1,000 investors across these EU markets were polled from April 1 to April 15. Overall optimism registered at negative (-29) in April, up from negative (57) last month.

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 AG is a leading global financial services firm with 71,000 employees worldwide, providing a wide range of services to a client base that includes affluent individuals, corporations, institutions and governments. Headquartered in Switzerland, the bank has significant operations in all of the world's major financial centers and is comprised of four business groups; UBS Warburg, UBS PaineWebber, UBS Wealth Management and Business Banking, and UBS Global Asset Management.

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

UBS *Index of Investor Optimism* overall trend

	OVERALL INDEX
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
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