



UBS AG
Financial Services Group

Communications & Branding - Americas
Media Relations

Contact:
Karen Hess 212-713 8511

www.ubs.com

Index of Investor Optimism

The UBS/Gallup Poll of Investor Attitudes

INVESTOR OPTIMISM RISES SLIGHTLY IN NOVEMBER FROM OCTOBER'S RECORD LOW, ACCORDING TO UBS INDEX

Investors Foresee Modest Improvement in Economic Outlook But Remain Cautious About Holiday Spending

NEW YORK, November 25, 2002 – Overall optimism rose modestly in November, following a plunge to all-time lows last month, as investors expressed a slightly improved outlook for the nation's economy, according to the *Index of Investor Optimism*[®], a joint effort of UBS and the Gallup Organization.

Currently at 41, the overall *Index* increased 12 points from 29 in October. Conducted monthly, the *Index* had a baseline level of 124 when it was established in 1996.

The rise in the overall *Index* can be attributed to a somewhat more upbeat view about the nation's prospects for economic growth, with 43 percent of investors reporting optimism about the economy over the next 12 months, up from 38 percent in October. Moreover, when asked to describe the current state of the U.S. economy, 30 percent of investors say it is in a recovery, up from 26 percent in January, the last time investors were polled on the subject. Less than half of investors, 42 percent, say the nation is experiencing an economic slowdown, the same number who held this opinion in January, while 23 percent believe the economy is in recession, down from 29 percent at the beginning of the year.

Expectations for short-term return, over the next 12 months, increased marginally in November to 8.5 percent from 8.1 percent last month. Notably, the least experienced investors continue to have significantly higher expectations for short-term return. Those with less than five years in the financial markets expect on average a 15 percent rate of return on their portfolio in the next year, compared with 8 percent among more experienced investors, those with more than five years in the markets. Despite these healthy expectations for return, those surveyed report they earned a negative (4) percent on their investments in the past 12 months.

According to the *Index*, 50 percent of investors say now is a good time to invest in the markets, holding relatively steady from last month when 48 percent shared this view, the lowest level in the survey's history. At the same time, a majority of those surveyed, 58 percent, expect the stock market will be higher a year from now. Still, most investors say that they currently view bonds as a more promising investment than stocks, with 59 percent favoring bonds over stocks, up from 50 percent in May. In contrast, 29 percent view stocks as more attractive, down from 41 percent in May.

This month, investors were asked who they believe will have the greatest influence in helping to improve investor confidence. Interestingly, 25 percent of investors cite the CEOs of large corporations as playing the greatest role. This is followed by the President of the United States, 24 percent; the Chairman of the Federal Reserve, 17 percent; the U.S. Congress, 12 percent; the Chairman of the Securities Exchange Commission, 9 percent; and the Secretary of the Treasury, 3 percent.

Investors were also polled about their plans for holiday spending and their spending habits overall. On average, those surveyed report they will spend approximately \$1,100 on holiday gifts this season. Nearly two-thirds of those surveyed, 63 percent, say they will spend about the same on gifts as they did last year, while 25 percent say they will spend less, and only 10 percent plan to spend more.

Similarly, 62 percent of investors say their overall level of spending will remain the same over the next six months, compared with 22 percent who report they will decrease their spending, and 16 percent who believe they will increase their overall spending level. When asked specifically about major purchases, more than one-third, 36 percent say they plan to decrease their spending in the next six months, while 16 percent report their spending will increase, and 47 percent plan to keep major purchase spending at the same level.

These findings are part of the 55th *Index of Investor Optimism*, which was conducted from November 1 to November 17. 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 1,000 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 November 1 to November 17. Overall optimism registered at negative (28) in October, up from negative (33) 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
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