



# Second Quarter 2008 Results

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*August 12, 2008*

# Caution regarding forward looking statements

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This presentation contains statements that constitute “forward-looking statements”, including but not limited to statements relating to the risks arising from the current market crisis and other risks specific to UBS's business, strategic initiatives, future business development and economic performance. While these forward-looking statements represent UBS's judgments and expectations concerning the development of its business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (1) the extent and nature of future developments in the United States mortgage market and in other market segments that have been or may be affected by the current market crisis; (2) other market and macro-economic developments, including movements in local and international securities markets, credit spreads, currency exchange rates and interest rates; (3) changes in internal risk control and limitations in the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (4) the degree to which UBS is successful in implementing its remediation plans and strategic and organizational changes, and whether those plan and changes will have the effects anticipated; (5) developments relating to UBS's access to capital and funding, including any changes in UBS's credit spreads and ratings; (6) changes in the financial position or creditworthiness of UBS's customers, obligors and counterparties, and developments in the markets in which they operate; (7) management changes and changes to the structure of UBS's Business Groups; (8) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures; (9) legislative, governmental and regulatory developments, including the possible imposition of more stringent capital requirements and of direct or indirect regulatory constraints on US's activities; (10) the possible consequences of ongoing governmental investigations of certain of UBS's past business activities; (11) competitive pressures; (12) technological developments; and (13) the impact of all such future developments on positions held by UBS, on its short-term and longer-term earnings, on the cost and availability of funding and on UBS's capital ratios.

In addition, these results could depend on other factors that we have previously 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 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 2007. 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.

# Overview

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- ◆ Results
- ◆ Achievements
- ◆ Management and governance changes
- ◆ Our expectations

# Achievements

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- ◆ Reduced risk positions substantially
- ◆ Strengthened capital base to very strong pre-crisis level
- ◆ Auction Rate Securities (ARS) settlement for all clients
- ◆ Staff and cost reductions well on track
- ◆ Continued balance sheet reduction

## 2Q08 Group results

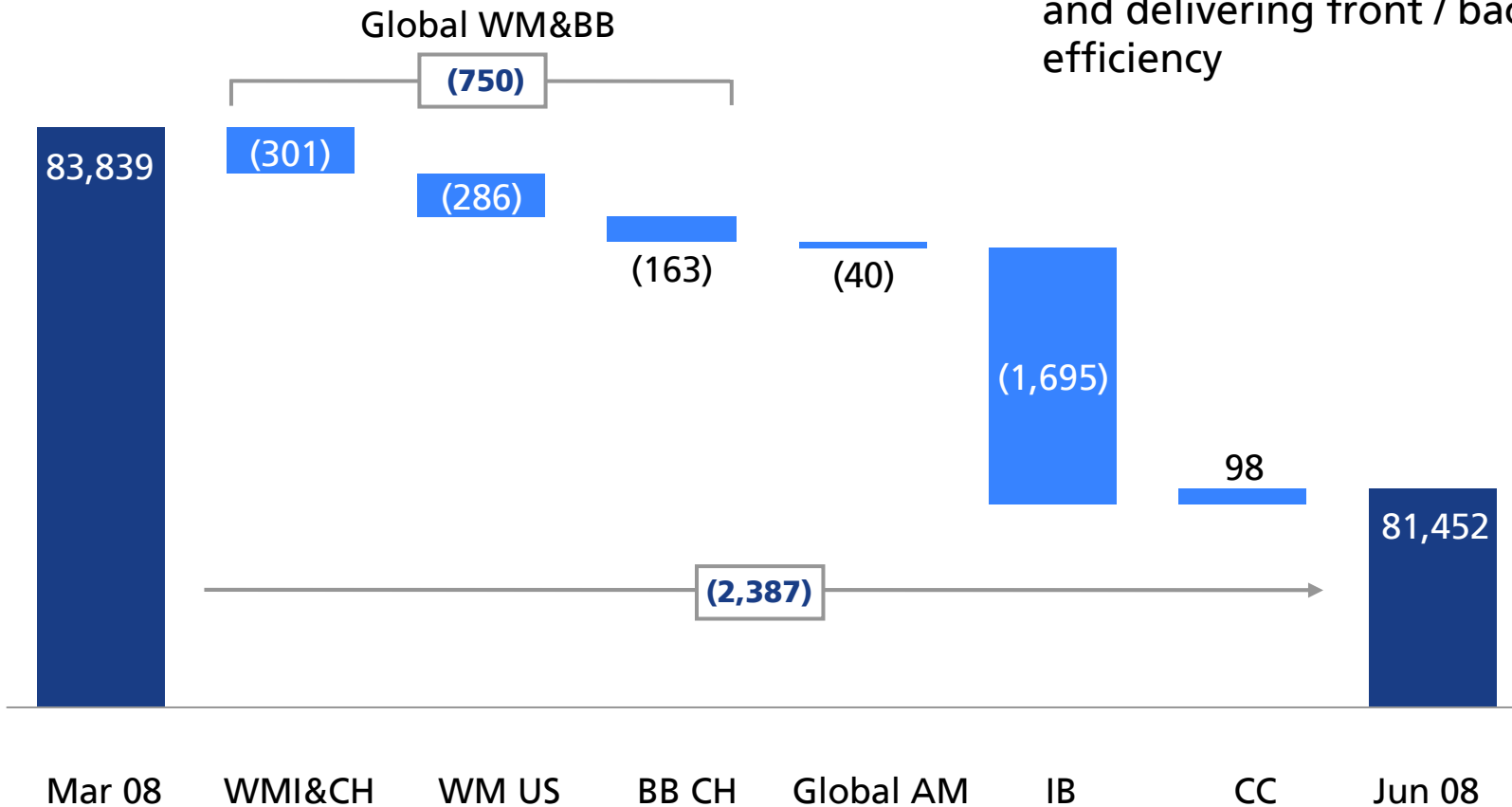
(CHF m)	<b>2Q07</b>	<b>1Q08</b>	<b>2Q08</b>
Operating income	16,014	(3,952) <sup>1</sup>	4,021
Personnel expenses	7,253	5,274	4,612
Non-personnel expenses	2,656	2,573	3,498
Operating expenses	9,909	7,847	8,110
Pre-tax profit from continuing operations	6,105	(11,799)	(4,089)
Net profit attributable to UBS shareholders	5,547	(11,535)	(358)

<sup>1</sup> Includes accounting gain of CHF 3,860 m related to the issue of MCN and a gain of CHF 2,103 m on own credit. Excluding these two items, operating income was negative CHF 9,915 m

# Personnel reduction by Business Group

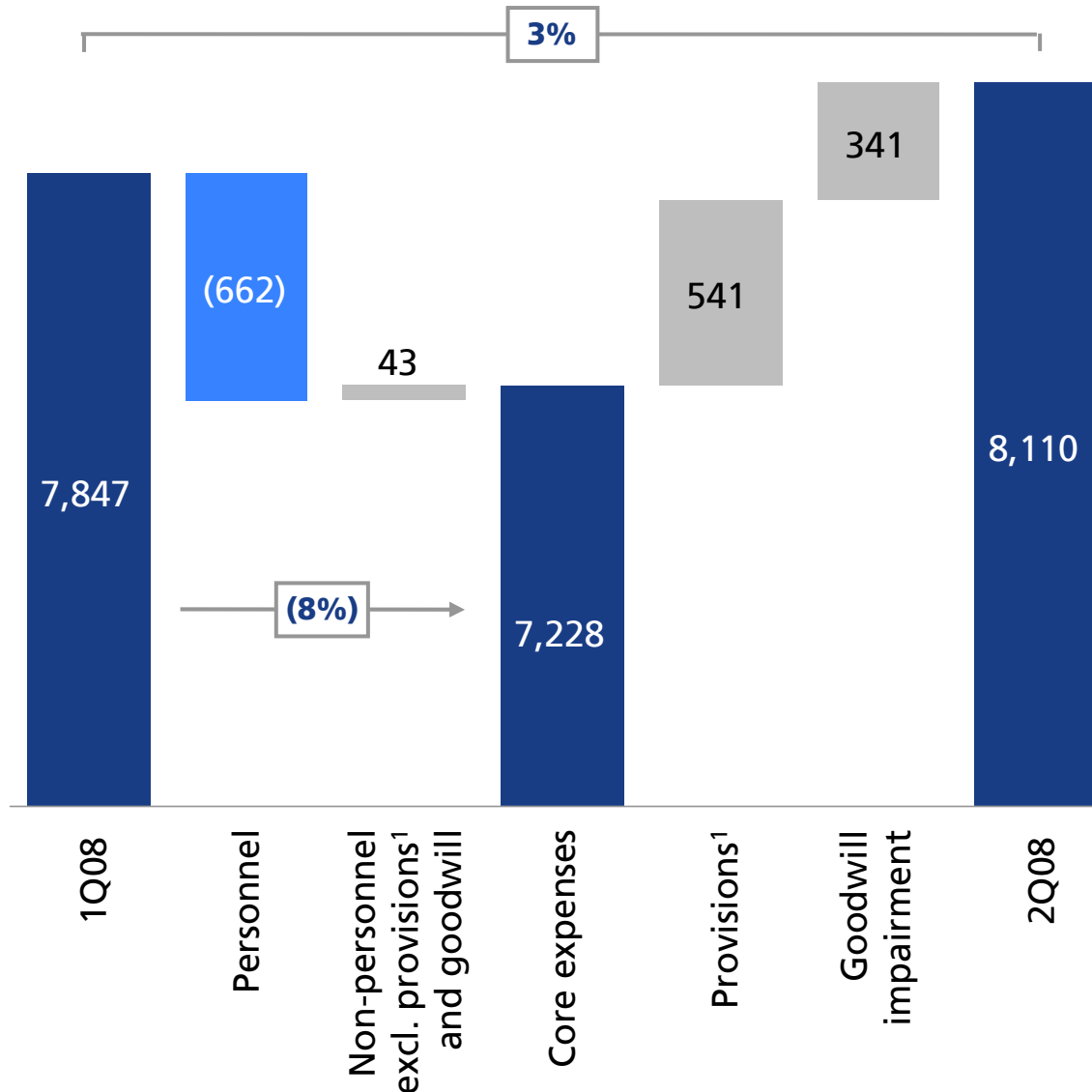
(FTE)

- ◆ Personnel reduction plan on track
- ◆ WM reductions via natural attrition and delivering front / back office efficiency



# Group operating expenses

(CHF m)

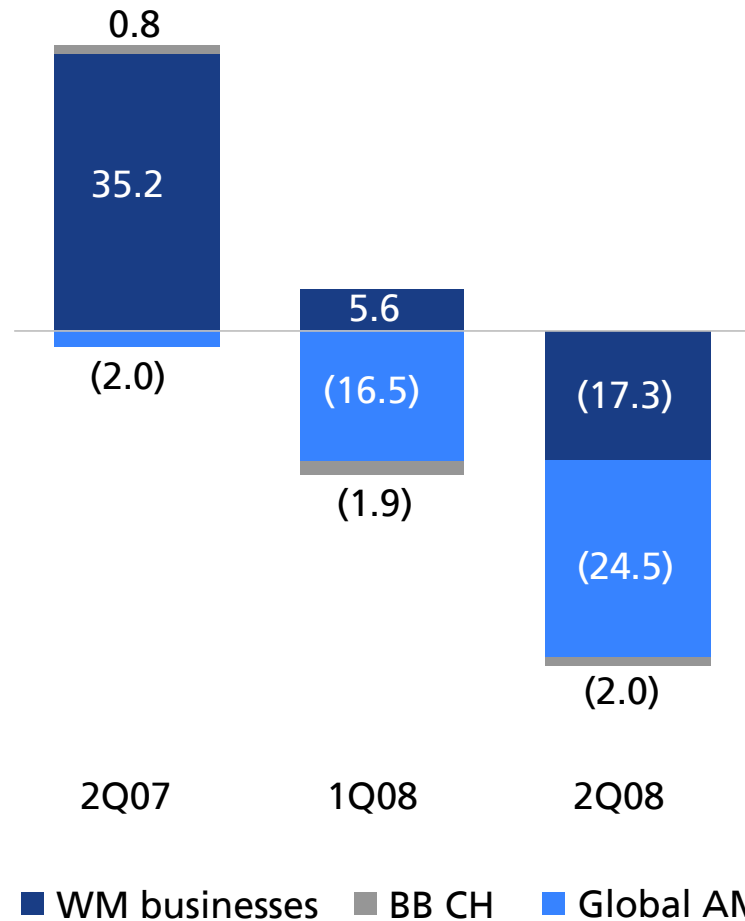


- ◆ Headline expenses up 3%, but core expenses down 8%
- ◆ Personnel expenses:
  - Lower headcount levels
  - Lower bonus accruals
  - Reversal of 1Q EOP accruals
- ◆ Full effect of personnel reductions yet to come

<sup>1</sup> Figures represent G&A "Other" which contain mostly provisions

# Net new money

(CHF bn)

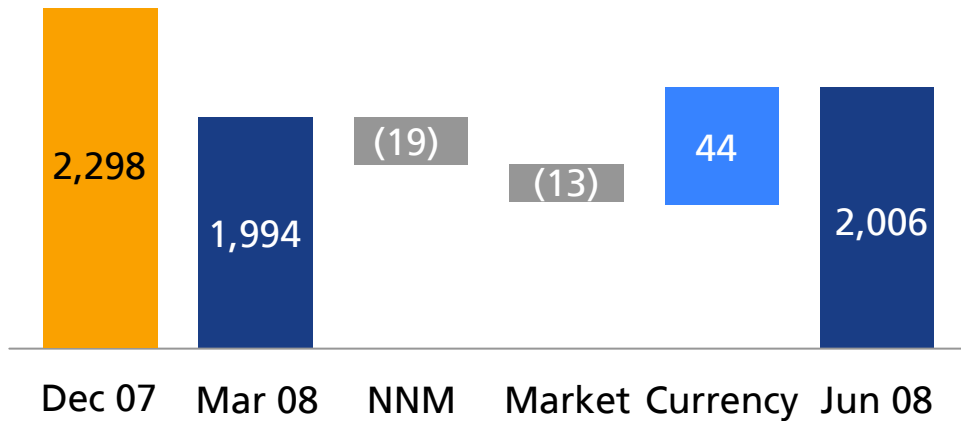


- ◆ Global WM&BB outflows mainly concentrated in April
- ◆ WM US outflows partly due to seasonal tax effects
- ◆ Global AM outflows from reputational issues and fund performance
- ◆ Cautious NNM outlook

# Invested assets

## Global WM&BB

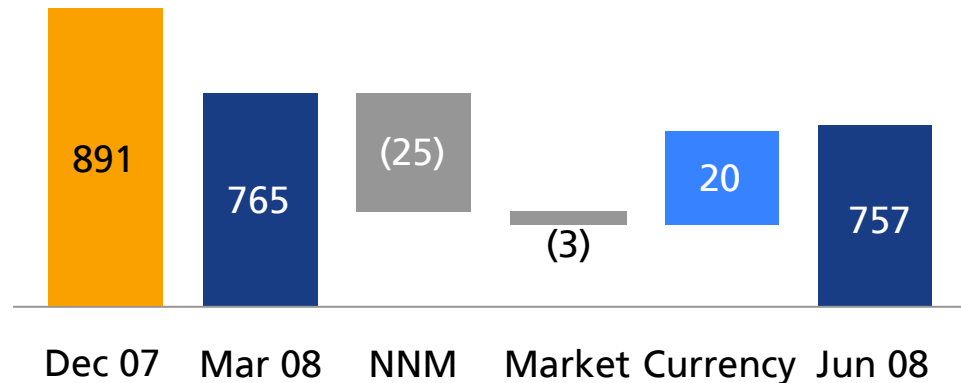
(CHF bn)



- ◆ Global WM&BB invested assets up 1%, but average asset base down 7% on prior quarter
- ◆ NNM outflows less than 1% of invested assets

## Global AM

(CHF bn)

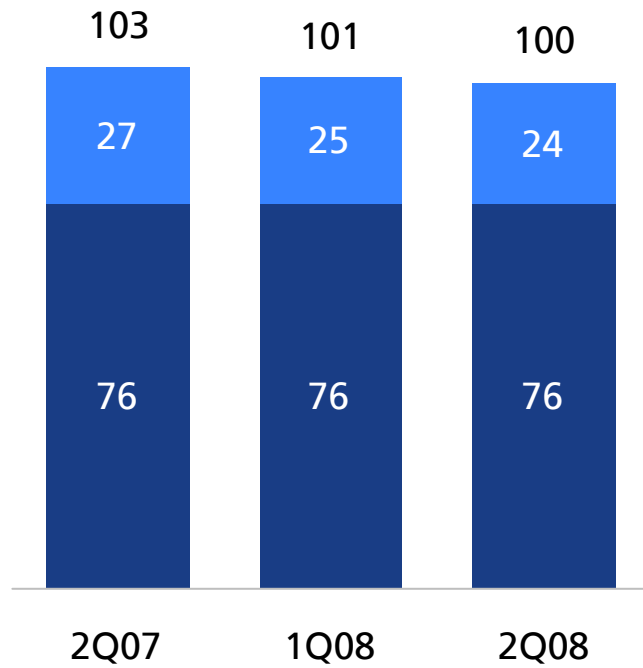


- ◆ Global AM invested assets marginally down, but average asset base down 8% on prior quarter
- ◆ NNM outflows approximately 3% of invested assets

# Gross margins in Wealth Management

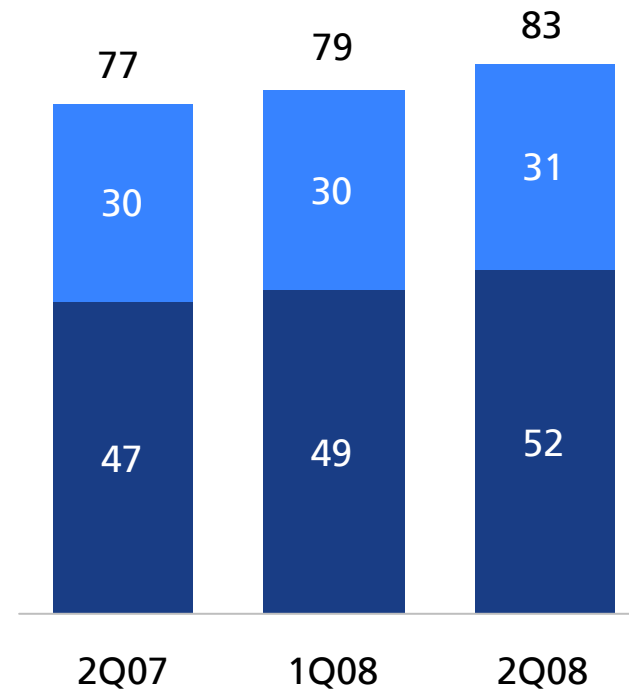
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## WMI&CH (bps)



■ Recurring ■ Non-recurring

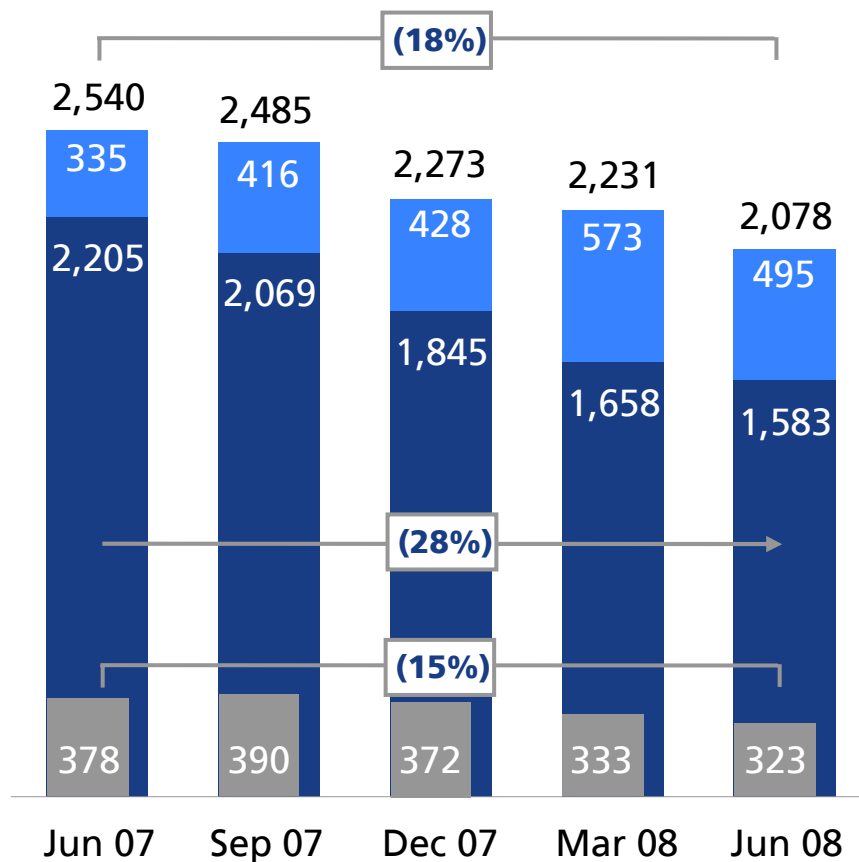
## WM US (bps)



■ Recurring ■ Non-recurring

# Balance sheet and risk weighted assets reduction

## Group assets and RWA (CHF bn)

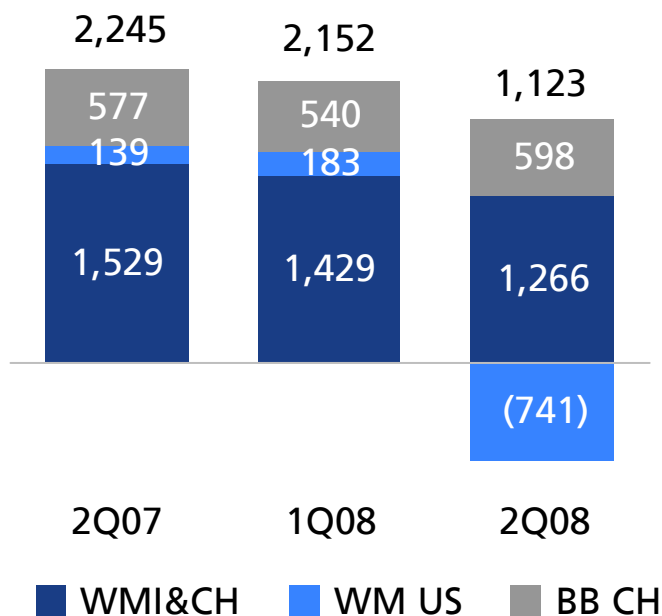


- Positive replacement values
- All other assets
- RWA (From Mar 08 under Basel II)

- ◆ Reduction since June 2007:
  - Total assets down CHF 462 bn
  - Total assets excl. PRVs down CHF 622 bn
  - RWA down CHF 55 bn
  
- ◆ Reduction since March 2008:
  - Total assets down CHF 153 bn
  - RWA down CHF 10 bn
  
- ◆ Investment Bank balance sheet reduced by 25% since Sep 2007

# Global WM&BB

## Pre-tax profit (CHF m)

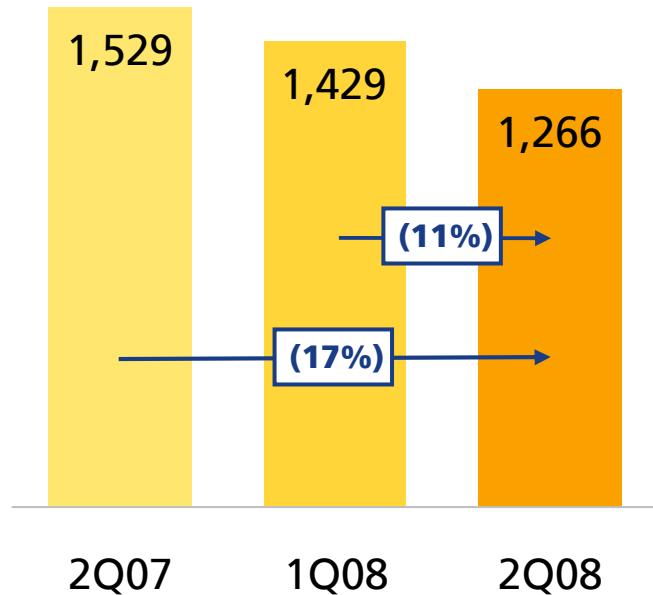


- ◆ Resilient revenue performance given headwinds from lower average invested asset base
- ◆ ARS provision of USD 900m in WM US
- ◆ Excluding ARS provision, expenses down 5% on prior quarter

	2Q07	1Q08	2Q08	vs 1Q08	vs 2Q07
Operating income (CHF m)	6,257	5,849	5,564	(5%)	(11%)
Operating expenses (CHF m)	4,012	3,697	4,442	20%	11%
Cost / income ratio (%)	64.2	63.2	79.7		
Invested assets (CHF bn)	2,345	1,994	2,006	1%	(14%)
NNM (CHF bn)	36.0	3.7	(19.3)		

# WM International & Switzerland

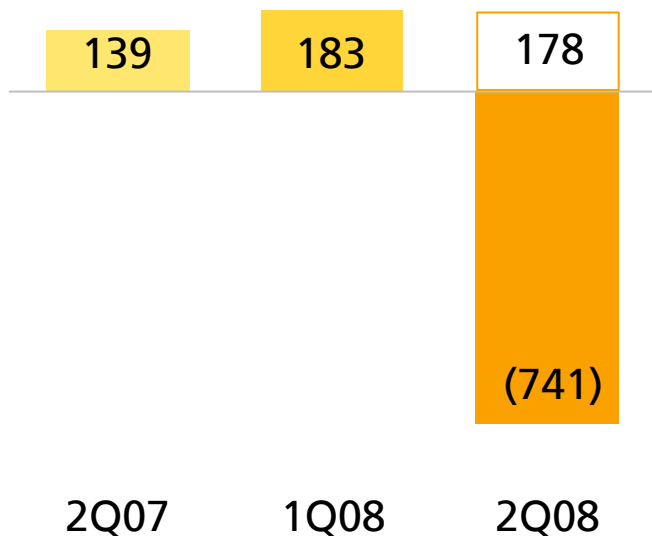
## Pre-tax profit (CHF m)



- ◆ WM Switzerland particularly affected by reputational issues
- ◆ Gross margin stable at 100 bps, with recurring income stable at 76 bps

	2Q07	1Q08	2Q08	vs 1Q08	vs 2Q07
Operating income (CHF m)	3,202	3,054	2,859	(6%)	(11%)
Operating expenses (CHF m)	1,673	1,625	1,593	(2%)	(5%)
Cost / income ratio (%)	52.2	53.2	55.7	2.5 pts	3.5 pts
Invested assets (CHF bn)	1,280	1,133	1,145	1%	(11%)
NNM (CHF bn)	32.7	2.5	(9.3)		

## Pre-tax profit (CHF m)



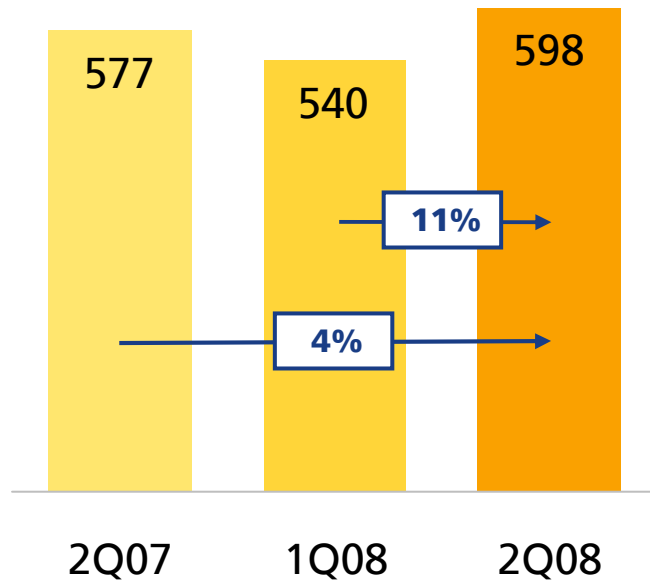
□ Excl. impact from ARS provision of CHF 919m

- ◆ Pre-tax loss on ARS provision of USD 900m
- ◆ Excluding ARS provision, pre-tax profit broadly unchanged
- ◆ Gross margin up 4 bps to 83 bps

	2Q07	1Q08	2Q08	vs 1Q08	vs 2Q07
Operating income (CHF m)	1,693	1,527	1,477	(3%)	(13%)
Operating expenses (CHF m)	1,554	1,344	2,218	65%	43%
Cost / income ratio (%)	91.7	88.0	150.2		
Invested assets (CHF bn)	898	709	712	0%	(21%)
NNM (CHF bn)	2.5	3.1	(8.0)		

# Business Banking Switzerland

## Pre-tax profit (CHF m)



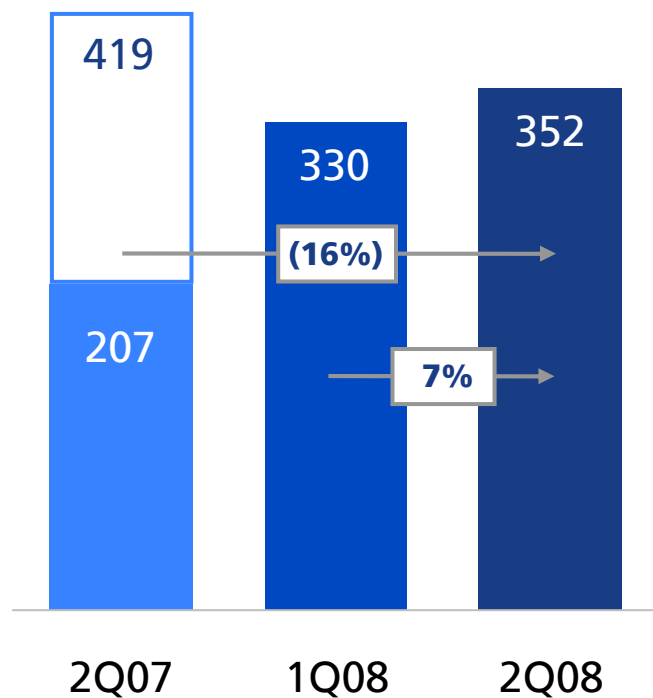
◆ Solid performance on lower operating expenses

◆ C / I ratio all-time low at 51.1%

	2Q07	1Q08	2Q08	vs 1Q08	vs 2Q07
Operating income (CHF m)	1,362	1,268	1,229	(3%)	(10%)
Operating expenses (CHF m)	785	728	631	(13%)	(20%)
Cost / income ratio (%)	58.1	57.4	51.1	(6.3 pts)	(7.0 pts)
Invested assets (CHF bn)	167	152	149	(2%)	(11%)
NNM (CHF bn)	0.8	(1.9)	(2.0)		

# Global AM

## Pre-tax profit (CHF m)



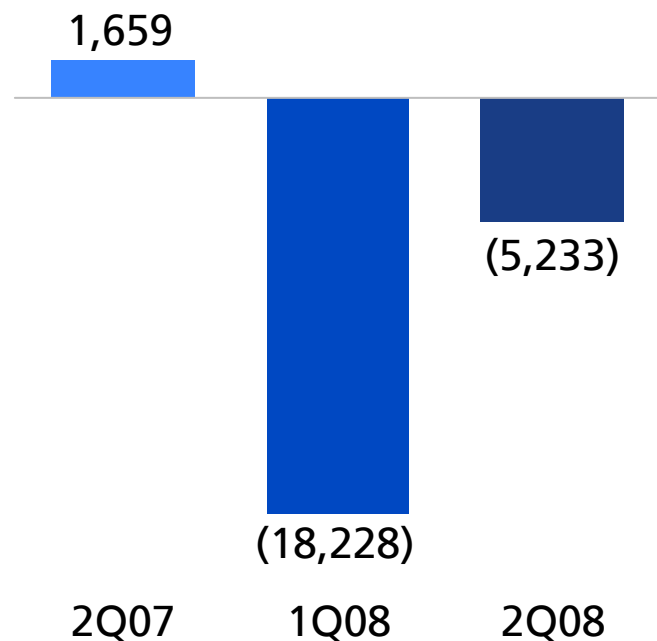
□ Excl. impact of DRCM closure costs of CHF 212m

- ◆ Pre-tax profit up 7% from 1Q08 on increased performance fees and lower personnel expenses
- ◆ Cost / income improved further

	2Q07	1Q08	2Q08	vs 1Q08	vs 2Q07
Operating income (CHF m)	1,078	791	808	2%	(25%)
Operating expenses (CHF m)	871	461	456	(1%)	(48%)
Cost / income ratio (%)	80.8	58.3	56.4	(1.9 pts)	(24.4 pts)
Invested assets (CHF bn)	920	765	757	(1%)	(18%)
NNM (CHF bn)	(2.0)	(16.5)	(24.5)		

# Investment Bank

## Pre-tax profit (CHF m)

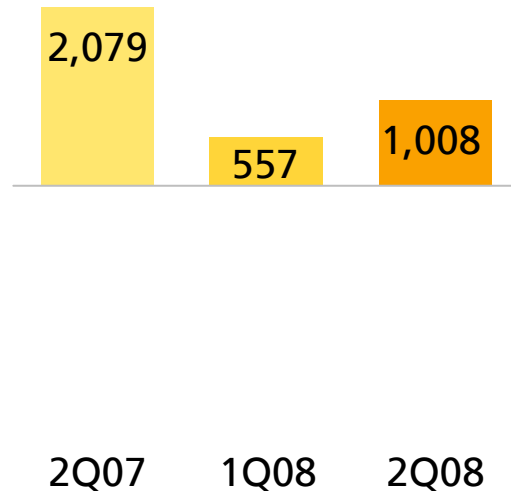


- ◆ USD 5.1 bn of losses on legacy risk positions
- ◆ Goodwill impairment charge of CHF 341m
- ◆ Markets remained challenging, but core client franchise continued to perform
- ◆ Efficiency a key priority
- ◆ Exited institutional municipal business

	2Q07	1Q08	2Q08	vs 1Q08	vs 2Q07
Operating income (CHF m)	6,224	(14,813)	(2,302)	n.m.	n.m.
out of which own credit (CHF m)		2,103	(122)	n.m.	n.m.
Operating expenses (CHF m)	4,565	3,415	2,931	(14%)	(36%)
out of which personnel expenses (CHF m)	3,389	2,034	1,494	(27%)	(56%)
out of which non-personnel expenses (CHF m)	1,176	1,381	1,437	4%	22%

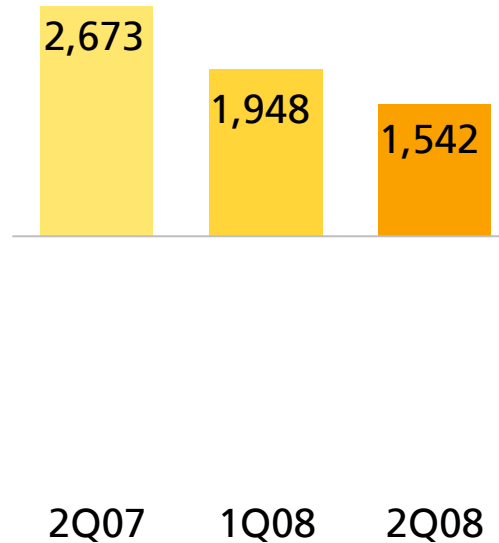
# Investment Bank revenues

## Investment banking (CHF m)



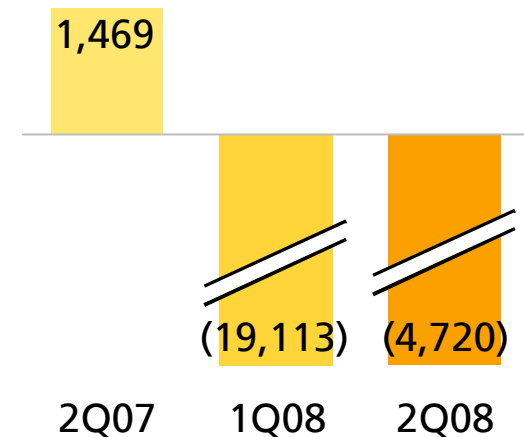
- ◆ Declining fee pools and reduced market activity compared with a record 2Q07
- ◆ Improved ECM, continued strength in DCM and recovery in M&A advisory compared to 1Q08
- ◆ Market share gains; #4 in Dealogic (vs. #5 in 1Q08)

## Sales & Trading – Equities (CHF m)



- ◆ Down YoY and QoQ due to market turbulence and slower derivatives activity
- ◆ Continued strength in cash and a strong result in prime brokerage

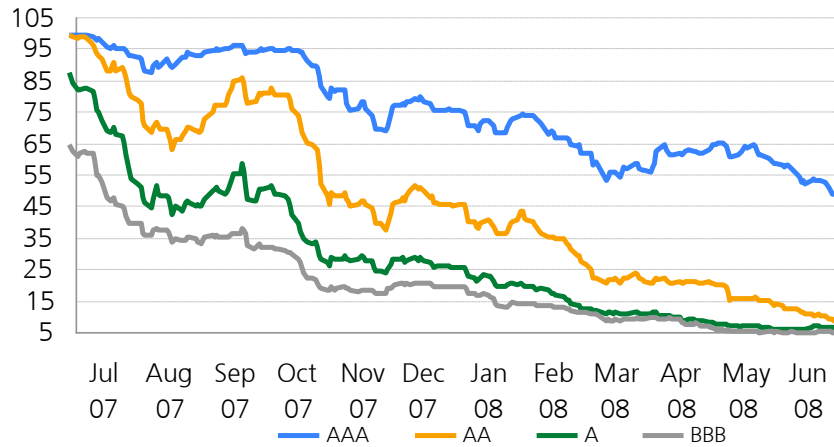
## Sales & Trading – FICC (CHF m)



- ◆ 2Q losses on legacy risk positions of USD 5.1 bn
- ◆ Positive result in core businesses, with good performance in FX & MM, strength in Structured Products and YoY growth in Rates

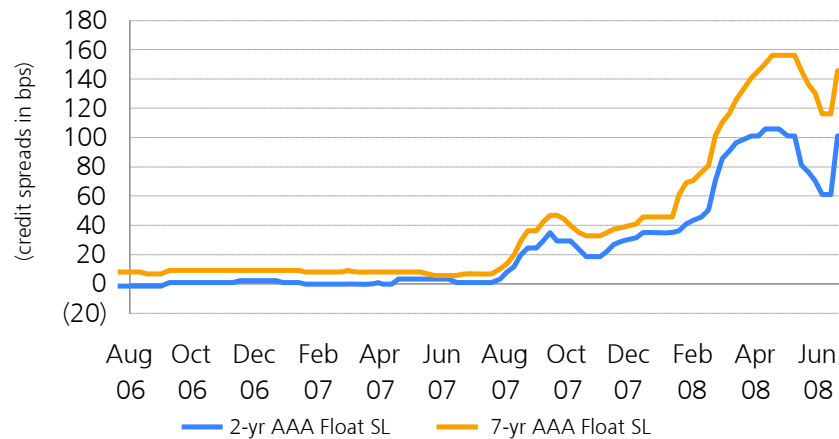
# Key development in credit markets

**ABX 07-01 AAA to BBB (price in%)**

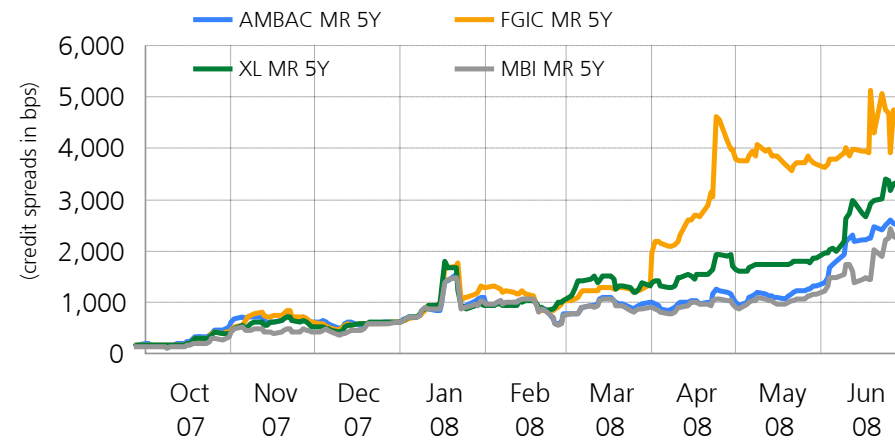


- ◆ Further deterioration in most of the ABX indices
- ◆ Widening credit spreads in the student loan paper market
- ◆ Sharp increase in credit spreads of monolines

**Student Loans**



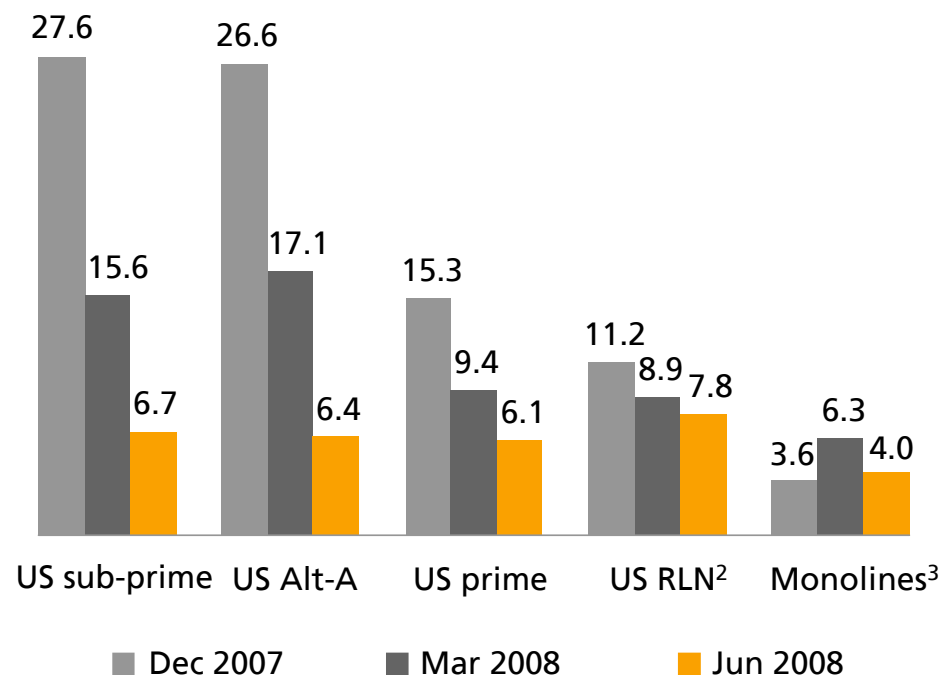
**Monoline insurers**



Note: The indices and price movements in the charts above are presented for illustrative purposes only and should not be interpreted as an indication that they necessarily were or can be used in determining the market value of any securities owned by UBS, or that the value of any portion of UBS's portfolio will necessarily move in accordance with these indices or prices.

# US residential mortgage related positions

## Net exposures<sup>1</sup> (USD bn)



◆ All net exposures significantly reduced

◆ 2Q P&L impact of USD 4.8 bn:

US Sub-prime	(0.8)
US Alt-A	(0.6)
US prime	(0.0)
US RLN <sup>2</sup>	(0.5)
Monolines <sup>3</sup>	(2.9)

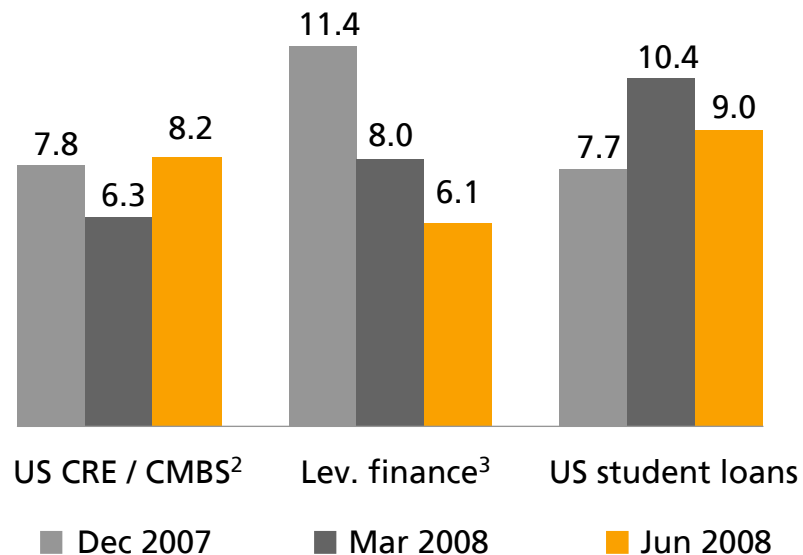
<sup>1</sup> Net exposure represents market value of gross exposure net of short positions and hedges considered effective.

<sup>2</sup> US RLN exposure has been excluded from the other asset categories.

<sup>3</sup> P&L represents change in credit valuation adjustments during the quarter; Exposures represent current replacement value of credit protection bought from monoline insurers against specific assets held by UBS, after credit valuation adjustments; in one instance, credit protection was bought from a monoline insurer that has defaulted on its obligation to UBS and these hedges are now considered ineffective.

# Other risk positions

## Net exposures<sup>1</sup> (USD bn)



## ◆ 2Q P&L impact of USD 0.4 bn:

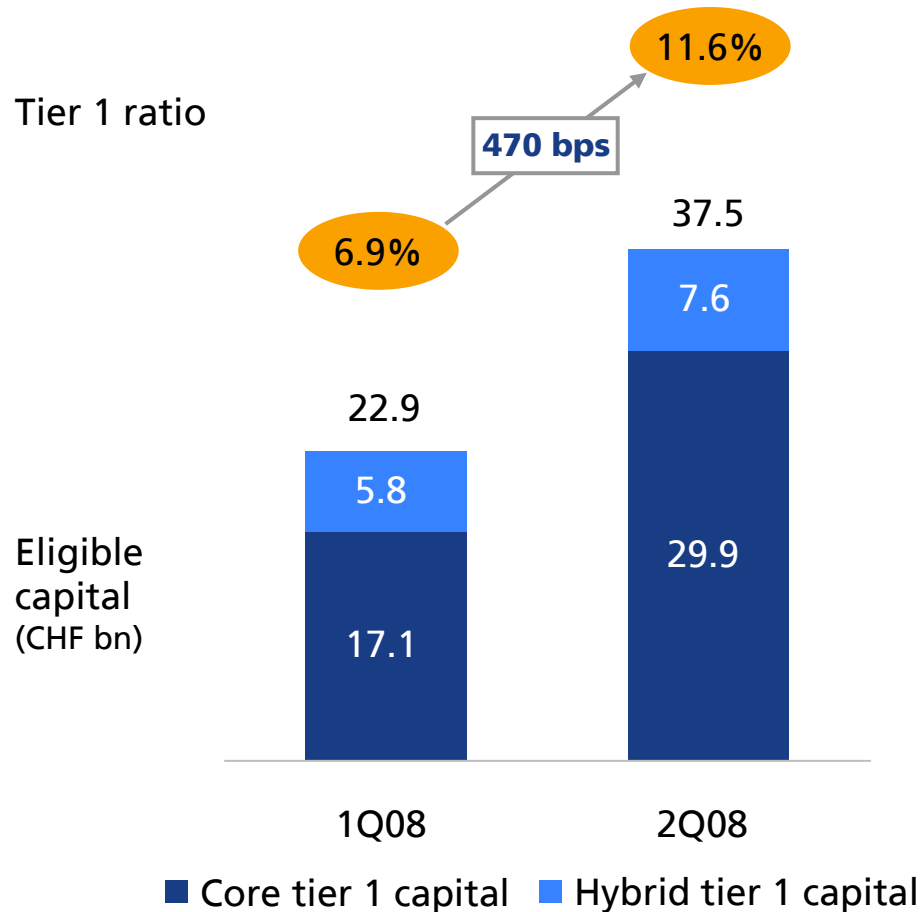
US CRE / CMBS <sup>2</sup>	0.3
Leveraged finance <sup>3</sup>	(0.2)
US student loans	(0.5)

1 Net exposure represents market value of gross exposure net of short positions and hedges considered effective

2 In second quarter, inaccuracies in the treatment of certain derivative trading positions were corrected in order to better represent the risk from these positions. Had similar adjustments been made in the prior period, US commercial real estate net exposure would have been USD 7.7 billion at the end of first quarter.

3 Net exposure represents the notional commitment amount less gross markdowns and effective hedges. Net exposures reported in first quarter represented net exposures based on notional commitment amounts less effective hedges.

# Capital management

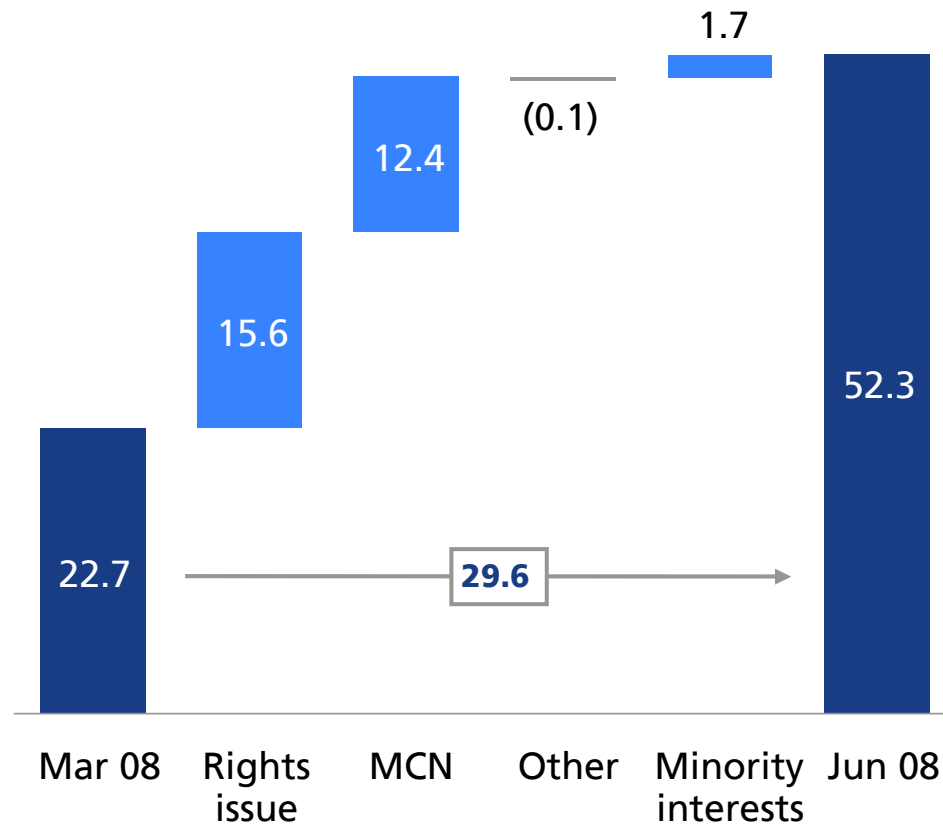


- ◆ Very strong Tier 1 and total capital ratios at 11.6% and 15.7%
- ◆ Tier 1 capital increased on rights and hybrid issuance and RWA reduction
- ◆ RWA reduction mostly in Investment Bank



# Total equity development

## Total equity (CHF bn)



- ◆ Rights issue added CHF 15.6 bn to equity
- ◆ MCN reclassified from liability to equity instruments and added CHF 12.4 bn to equity
- ◆ Minority interests increased by CHF 1.7 bn on hybrid issuance



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# Appendix

# US sub-prime residential mortgage exposures and P&L

USD billion	Net exposures as of 31.03.08 <sup>1,2</sup>	P&L 2Q08 <sup>3</sup>	Other net changes <sup>4</sup>	Net exposures as of 30.06.08 <sup>1,5</sup>
Super senior RMBS CDOs	6.6	(0.8)	(2.2)	3.7
RMBSs	8.9	(0.0)	(5.9)	3.0
Warehouse and retained RMBS CDOs	0.1	(0.1)	0.0	0.1
Total	15.6	(0.8)	(8.1)	6.7

1 Net exposure represents market value of gross exposure net of short positions and hedges considered effective

2 Includes USD 0.6 billion of RMBS CDO exposure where the hedge protection from a single monoline insurer is considered ineffective. See monoline table where this exposure is also included

3 Amounts exclude additional Credit Valuation Adjustments of USD 16 million taken in second quarter 2008 for a single monoline insurer where hedge protection is considered ineffective

4 Includes additions, disposals, amortizations, adjustments to hedges, reclassifications, including changes in the fair value of hedges considered ineffective as set out in footnote 3

5 At 30 June 2008, the market value of the gross exposure was USD 3.7 billion for super senior RMBS CDOs (excludes positions hedged with monoline insurers where hedges are considered effective), USD 5.6 billion for RMBS and USD 0.2 billion for warehouse and retained RMBS CDOs

# US sub-prime positions – average marks

Average marks in %; net exposures in USD billion	Average marks as of 31.03.08 <sup>1</sup>	Average marks as of 30.06.08 <sup>1</sup>	Net exposures as of 30.06.08 <sup>2</sup>
High grade RMBS CDOs	34	37	0.3
Mezzanine RMBS CDOs - 12% protection	40	25	0.7
Mezzanine RMBS CDOs	33	26	2.6
CDOs squared	18	8	0.0
Total super senior RMBS CDOs	33	26	3.7
Residential mortgage-backed securities (RMBS)	57	44	3.0
Warehouse and retained RMBS CDOs	10	13	0.1

1 Average marks represent the ratio of market value of gross exposure to notional value of gross exposure

2 Net exposure represents market value of gross exposure net of short positions and hedges considered effective

# US sub-prime positions - vintages and ratings

Vintages <sup>1,2</sup> in %	< 2005	2005	2006	2007
High grade RMBS CDOs	1	20	77	2
Mezzanine RMBS CDOs - 12% protection	5	57	37	1
Mezzanine RMBS CDOs	5	37	50	8
CDOs squared	15	14	51	20
Total super senior RMBS CDOs <sup>1</sup>	5	37	50	8
Residential mortgage-backed securities (RMBS) <sup>2</sup>	(5)	12	103	(10)

Ratings <sup>3</sup> in %	AAA	HG	Mezz	SIG & NR
Residential mortgage-backed securities (RMBS)	90	12	2	(3)

- 1 Vintage information on super senior RMBS CDO positions is based on the weighted average loan age of the ABS collateral within each CDO, with the exception of CDO squared which is based on the issuance date of the underlying CDO collateral
- 2 Sub-prime RMBS vintage information is based on the issuance date of each position
- 3 Ratings are based on externally sourced data reflecting current ratings from any of the three rating agencies: Moody's, Standard & Poor's or Fitch. Where there are split ratings, we default to Moody's. High Grade (HG) covers AA and A ratings, Mezzanine (Mezz) BBB ratings and Sub-Investment Grade (SIG) BB ratings and below.

# US Alt-A residential mortgage exposures and P&L

USD billion	Net exposures as of 31.03.08 <sup>1</sup>	P&L 2Q08	Other net changes <sup>2</sup>	Net exposures as of 30.06.08 <sup>1,3</sup>
Super senior RMBS CDOs	0.3	(0.0)	(0.3)	0.0
AAA rated RMBSs, 1 <sup>st</sup> lien	14.5	(0.5)	(8.2)	5.9
Other RMBSs	2.3	(0.1)	(1.6)	0.5
Total	17.1	(0.6)	(10.1)	6.4

1 Net exposure represents market value of gross exposure net of short positions and hedges considered effective

2 Includes additions, disposals, amortizations, adjustments to hedges and reclassifications

3 At 30 June 2008 the market value of the gross exposure was USD 6.0 billion for AAA-rated RMBS backed by first lien mortgages and USD 0.7 billion for other RMBSs

# US Alt-A positions – average marks

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Net exposures in USD billion; average marks in %	Average marks as of 31.03.08 <sup>1</sup>	Average marks as of 30.06.08 <sup>1</sup>	Net exposures as of 30.06.08 <sup>2</sup>
Super senior RMBS CDOs	30	-	-
AAA rated RMBSs, 1 <sup>st</sup> lien	77	73	5.9
Other RMBSs	44	30	0.5

1 Average marks represent the ratio of market value of gross exposure to notional value of gross exposure

2 Net exposure represents market value of gross exposure net of short positions and hedges considered effective

# US Alt-A positions – vintages and ratings

Vintages <sup>1,2</sup> in %	< 2005	2005	2006	2007	2008
AAA rated RMBSs, 1st lien <sup>2</sup>	15	5	46	30	3
Other RMBSs <sup>2</sup>	-	(3)	82	21	-

Ratings <sup>3</sup> in %	AAA	HG	Mezz	SIG
Other RMBSs	-	57	10	34

Loan Type in %	Option ARM	Hybrid & ARM	Fixed rate	HELOC
RMBSs	37	15	40	7

1 Vintage information on super senior RMBS CDO positions is based on the weighted average loan age of the ABS collateral within each CDO

2 Alt-A RMBS vintage information is based on the issuance date of each position. The 2008 vintage bucket includes retained portions of newly issued structured notes that repackaged existing inventory.

3 Ratings are based on externally sourced data reflecting current ratings from any of the three rating agencies: Moody's, Standard & Poor's or Fitch. Where there are split ratings, we default to Moody's. High Grade (HG) covers AA and A ratings, Mezzanine (Mezz) BBB ratings and Sub-Investment Grade (SIG) BB ratings and below.

# US commercial real estate exposures and P&L

USD billion	Net exposures as of 31.03.08 <sup>1</sup>	P&L 2Q08	Other net changes <sup>2</sup>	Net exposures as of 30.06.08 <sup>1,3</sup>
Super senior CMBS CDOs	0.8	0.0	(0.1)	0.7
US CMBS/CMBX trading positions <sup>4</sup>	2.4	0.2	2.0	4.6
US commercial real estate loans <sup>5</sup>	3.1	0.1	(0.3)	2.9
Total	6.3	0.3	1.6	8.2

1 Net exposure represents market value of gross exposure net of short positions and hedges considered effective

2 Includes additions, disposals, amortizations and adjustments to hedges

3 At 30 June 2008, the market value of the gross exposure was USD 0.7 billion for super senior CMBS CDOs (excludes positions hedged with monoline insurers where hedges are considered effective), USD 13.4 billion for CMBS/CMBX trading positions and USD 2.9 billion for US commercial real estate loans

4 In second quarter, inaccuracies in the treatment of certain derivative trading positions were corrected in order to better represent the risk from these positions. Had similar adjustments been made in the prior period, net exposure would have increased from USD 2.4 billion to USD 3.8 billion at the end of first quarter. As a result, total commercial real estate exposure at 31.03.2008 would have increased from USD 6.3 billion to USD 7.7 billion. On the same basis gross long positions in CMBS and CMBX trading positions actually decreased by approximately USD 1.6 billion over the second quarter 2008 to USD 13.4 billion.

5 Includes net exposures of USD 397 million from equity investments

# US RLN program exposures and P&L

USD billion	Net exposures as of 31.03.08 <sup>1,2</sup>	P&L 2Q08 <sup>3</sup>	Other net changes <sup>4</sup>	Net exposures as of 30.06.08 <sup>1,2</sup>
Sub-prime and Alt-A	2.9	(0.5)	(0.2)	2.2
CMBSs	1.9	(0.0)	(0.1)	1.7
Other ABSs and corporate debt	4.2	0.0	(0.4)	3.9
Total	8.9	(0.5)	(0.7)	7.8

1 Net exposure represents market value of gross exposure net of short positions and hedges considered effective

2 US reference-linked note exposure has been excluded from the corresponding asset categories

3 Includes profit and loss from macro hedges for the RLN program overall

4 Includes additions, disposals, amortizations, adjustments to hedges

# US RLN program exposures

USD billion	31.03.08	30.06.08		
	Net	Gross	Credit protection <sup>1</sup>	Net
Reference pool notional	13.1	16.9	3.8	13.1
Market value	8.9	9.4	1.6	7.8
Sub-prime and Alt-A	2.9	2.4	0.3	2.2
CMBSs	1.9	2.4	0.6	1.7
Other ABSs and corporate debt	4.2	4.6	0.7	3.9

<sup>1</sup> Attribution of credit protection to different asset categories for each transaction assumes that protection will be used first to absorb potential losses on sub-prime and Alt-A assets, second to absorb losses on CMBSs assets, and third to absorb losses on other asset categories.

# US RLN program – ratings and vintages<sup>1</sup>

Ratings <sup>2</sup> in %	AAA	HG	Mezz	SIG
Sub-prime and Alt-A	25	56	8	11
CMBSs	65	22	11	1
Other ABS and corporate debt	17	27	25	31

Vintages <sup>3</sup> in %	<2005	2005	2006	2007
Sub-prime and Alt-A	38	36	29	(3)

1 Rating and vintage percentage information are based on the gross exposure, given that credit protection was purchased at program level and can not be allocated to individual positions.

2 Ratings are based on externally sourced data reflecting current ratings from any of the three rating agencies: Moody's, Standard & Poor's or Fitch. Where there are split ratings, we default to Moody's. High Grade (HG) covers AA and A ratings, Mezzanine (Mezz) BBB ratings and Sub-Investment Grade (SIG) BB ratings and below.

3 Vintage information is based on the issuance date of each position

# Exposure<sup>1</sup> to monoline insurers<sup>2</sup>

USD billion	Notional amount <sup>3</sup>	Fair value of underlying CDOs <sup>4</sup>	Fair value of CDSs <sup>5</sup> prior to CVA	Credit valuation adjustment as of 30.06.08	Fair value of CDSs after CVA
<b>Credit protection on US RMBS CDOs</b>	<b>11.5</b>	<b>3.9</b>	<b>7.6</b>	<b>4.6</b>	<b>3.0</b>
<b>of which from monolines rated AAA to A</b>	<b>4.9</b>	<b>1.6</b>	<b>3.3</b>	<b>1.5</b>	<b>1.8</b>
<i>on US sub-prime RMBS CDO high grade</i>	<i>4.8</i>	<i>1.6</i>	<i>3.3</i>	<i>1.5</i>	<i>1.8</i>
<i>on US sub-prime RMBS CDO mezzanine</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>on other US RMBS CDO</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>of which from monolines rated BBB and below</b>	<b>4.3</b>	<b>1.5</b>	<b>2.9</b>	<b>1.7</b>	<b>1.2</b>
<i>on US sub-prime RMBS CDO high grade</i>	<i>1.4</i>	<i>0.3</i>	<i>1.1</i>	<i>0.6</i>	<i>0.5</i>
<i>on US sub-prime RMBS CDO mezzanine</i>	<i>1.1</i>	<i>0.2</i>	<i>0.9</i>	<i>0.6</i>	<i>0.4</i>
<i>on other US RMBS CDO</i>	<i>1.8</i>	<i>1.0</i>	<i>0.8</i>	<i>0.5</i>	<i>0.3</i>
<b>of which hedges deemed ineffective</b>	<b>2.3</b>	<b>0.8</b>	<b>1.5</b>	<b>1.5</b>	<b>0.0</b>
<i>on US sub-prime RMBS CDO high grade</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>on US sub-prime RMBS CDO mezzanine</i>	<i>1.6</i>	<i>0.6</i>	<i>1.0</i>	<i>1.0</i>	<i>0.0</i>
<i>on other US RMBS CDO</i>	<i>0.7</i>	<i>0.3</i>	<i>0.5</i>	<i>0.5</i>	<i>0.0</i>
<b>Credit protection on other assets</b>	<b>13.0</b>	<b>11.1</b>	<b>1.9</b>	<b>0.9</b>	<b>1.0</b>
<b>of which from monolines rated AAA to A</b>	<b>7.0</b>	<b>5.7</b>	<b>1.2</b>	<b>0.5</b>	<b>0.7</b>
<b>of which from monolines rated BBB and below</b>	<b>6.0</b>	<b>5.4</b>	<b>0.6</b>	<b>0.4</b>	<b>0.2</b>
<b>of which hedges deemed ineffective</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total 30.6.08</b>	<b>24.5</b>	<b>15.0</b>	<b>9.5</b>	<b>5.5</b>	<b>4.0</b>
<b>Total 31.3.08</b>	<b>24.6</b>	<b>15.6</b>	<b>8.9</b>	<b>2.6</b>	<b>6.3</b>

1 Excludes the benefit of credit protection purchased from unrelated third parties

2 Categorization based on the lowest insurance financial strength rating assigned by external rating agencies

3 Represents gross notional amount of credit default swaps (CDSs) purchased as credit protection

4 Collateralized debt obligations (CDOs)

5 Credit default swaps (CDSs)

# Leveraged finance<sup>1</sup> commitments

<b>USD billion</b>	<b>Net Exposure<sup>2,3</sup> 31.03.08</b>	<b>Net Exposure<sup>2,3</sup> 30.06.08</b>	<b>Average mark (%)<sup>4</sup></b>
<b>Old deals</b>	<b>3.2</b>	<b>2.1</b>	<b>87</b>
Funded	2.9	2.0	
Unfunded	0.3	0.1	
<b>New deals</b>	<b>4.8</b>	<b>4.0</b>	<b>91</b>
Funded	3.8	2.1	
Unfunded	1.0	1.9	
<b>Total</b>	<b>8.0</b>	<b>6.1</b>	<b>90</b>

1 A leveraged finance deal is defined based on an internal rating which equals to a corporate credit rating of BB- or worse at the point of commitment.

2 The net exposure of a leveraged finance commitment represents the commitment amount less gross markdowns and effective hedges.

3 Exposures reported in first quarter 2008 represented notional commitment amounts less effective hedges. On 31.03.2008 the reported amounts were USD 3.6 billion for old deals and USD 5.0 billion for new deals.

4 The average mark represents the ratio between net exposure and the notional commitment amount less effective hedges

# Student loan exposures and P&L

USD billion	Net exposures as of 31.03.08 <sup>1</sup>	P&L 2Q08	Other net changes <sup>2</sup>	Net exposures as of 30.06.08 <sup>1,3</sup>
US student loan auction rate certificates <sup>4</sup>	8.7	(0.3)	(0.1)	8.3
US student loan variable rate demand obligations	0.1	0.0	(0.1)	0.0
Other US student loan ABSs	1.6	(0.2)	(0.7)	0.7
Total	10.4	(0.5)	(0.9)	9.0

1 Net exposure represents market value of gross exposure net of short positions and hedges considered effective

2 Includes additions, disposals, amortizations and adjustments to hedges

3 At 30.06.2008 USD 4.7 billion of the US student loan auction rate certificates (ARCs) were monoline wrapped

4 In addition to the student loan ARCs, UBS was holding USD 0.5 billion core municipal ARCs on 30.06.2008. The corresponding amount for 31.03.2008 was USD 1.1 billion

# Auction rate securities (client holdings)

Announced on 8 Aug 2008	Max. required purchase (USDbn)	Repurchase window
<b>Private clients and charities</b>	<b>8.3</b>	<b>31 Oct 2008 to 1 Jan 2011<sup>1</sup></b>
Student Loan ARCs	~ 2.8	
Muni ARCs	~ 2.7	
Auction Preferred Securities	~ 2.8	<b>1 Jan 2009 to 1 Jan 2011</b>
<b>Institutional clients (WM and IB)</b>	<b>10.3</b>	<b>30 Jun 2010 to 30 Jun 2012</b>
Student Loan ARCs	~ 9.4	
Muni ARCs	~ 0.6	
Auction Preferred Securities	~ 0.3	
<b>Total maximum required purchase</b>	<b>18.6</b>	

Announced on 15 July 2008

<b>Tax-exempt auction preferred stock</b>	<b>3.5</b>
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<sup>1</sup> Repurchase window for private clients and charities holding less than USD 1 million in household assets at UBS