

Update on the Swiss Expert Commission's Capital Recommendations

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Cautionary statement regarding forward-looking statements

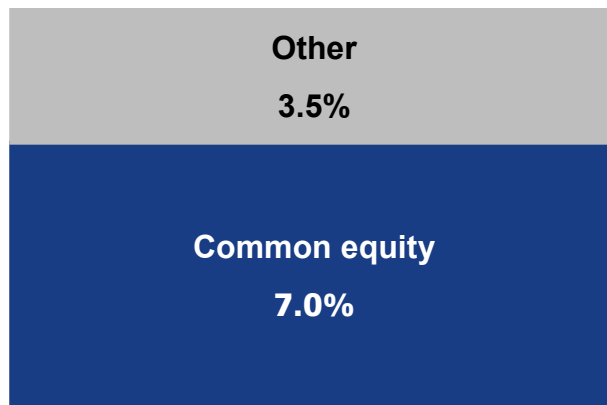
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Key messages

1. We are confident that we can meet the Expert Group's recommendations within the implementation timeframe
2. We do not intend to raise common equity to meet new capital requirements
3. We do not expect to pay dividends for some time to come

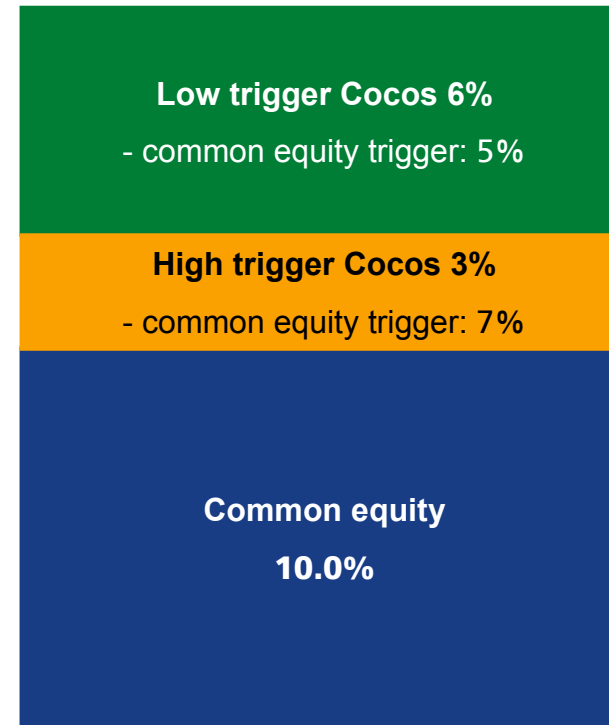
Expert commission's proposed capital model

International standards Basel III proposals



- 10.5% total capital
- 7.0% common equity

Proposal from Swiss Expert Commission

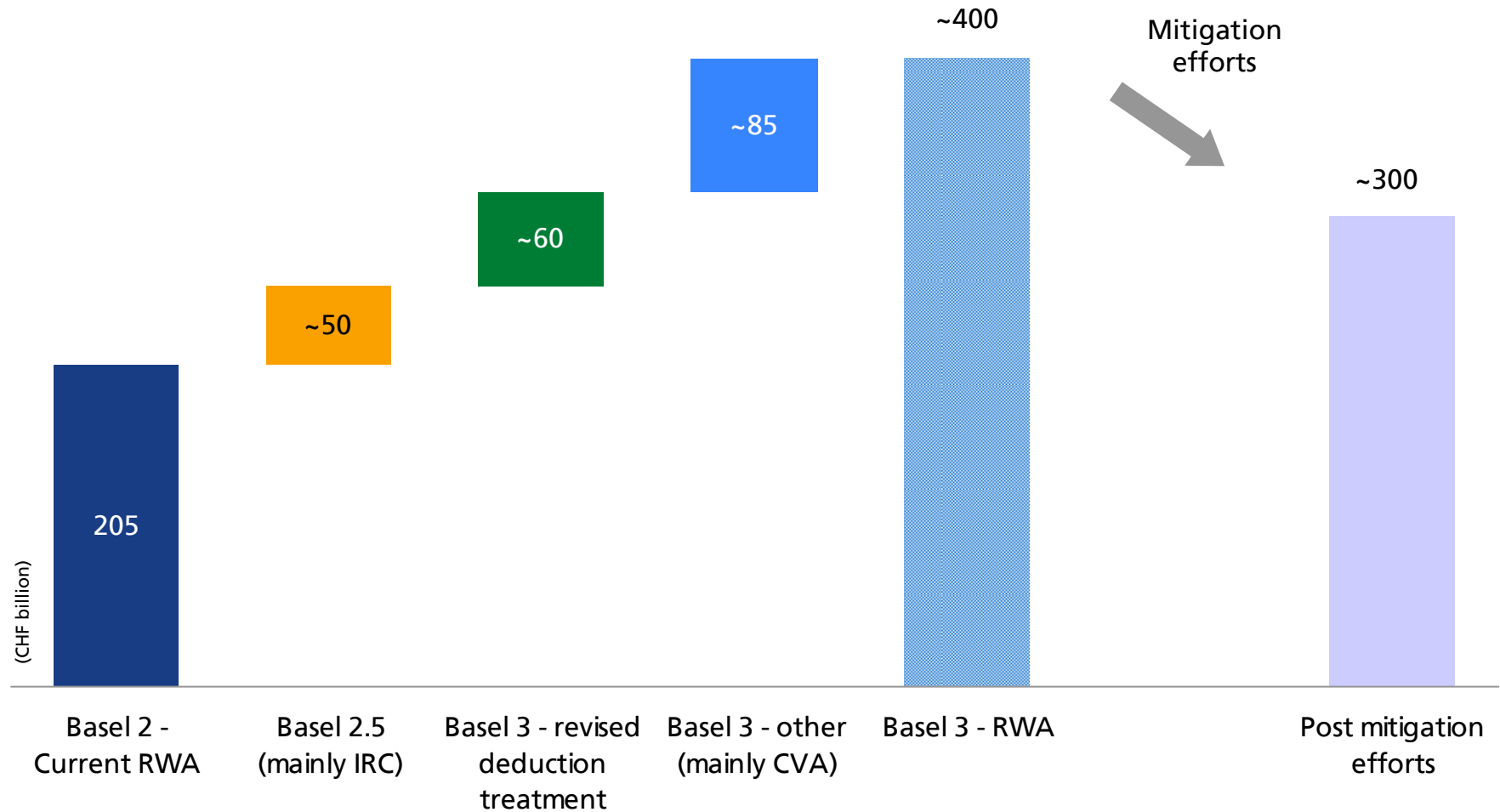


- 19.0% total capital
- 10.0% common equity

Common phase in period: commences 2013; full implementation 2018

UBS risk-weighted assets under Basel III

~ CHF 400 billion of RWAs before mitigation efforts



FINMA RWA calculation expected to be in line with Basel III

Basel 3 & Swiss regulatory proposals – illustrative example

Assumptions:

- ◆ Capital:
 - CHF 7 billion fully deducted from end of 2012 despite deductions commencing 2014 and a 5-year phase-in period thereafter
 - Approximately half of the deferred tax assets absorbed by 2013 (~CHF 8 billion at 2Q10)
- ◆ Earnings: analysts' estimates¹ between now and 2012, thereafter flat
- ◆ Risk-weighted assets: CHF 400 billion (before risk mitigation, for illustrative purposes only)⁴

CHF billion	Basel II				Swiss regulatory requirements (Exco recommendations)						
	2Q10	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
UBS core capital before deductions ²	27.7	27.7	30.6	38.5	47.5	56.5	65.5	74.5	83.5	92.5	101.5
Add (revised treatment for securitizations)				2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Deductions ³				(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)
Phase-in of deductions (not applied)						20%	40%	60%	80%	100%	100%
UBS core capital after deductions	27.7	27.7	30.6	33.8	42.8	51.8	60.8	69.8	78.8	87.8	96.8
Projected earnings (analysts' estimates) ¹		2.9	7.9	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Return to shareholders		TO BE DETERMINED									
Core capital including future earnings	27.7	30.6	38.5	42.8	51.8	60.8	69.8	78.8	87.8	96.8	105.8
Risk-weighted assets	205			400	400	400	400	400	400	400	400
Core capital ratio (under Basel III)	13.5%			10.7%	13.0%	15.2%	17.5%	19.7%	22.0%	24.2%	26.5%
ExCo proposed common equity requirement (10%)				40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Common equity in excess of 10% (before returns to shareholders)				2.8	11.8	20.8	29.8	38.8	47.8	56.8	65.8
ExCO proposed common equity + high trigger CoCo (13%)				52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0
Common equity in excess of 13% (before returns to shareholders)					8.8	17.8	26.8	35.8	44.8	53.8	

1 Based on consensus collected on 17 August 2010 from 25 sell-side analysts. Earnings shown are not endorsed or verified by UBS, but are used for illustrative purposes only. These earnings estimates are lower than UBS's mid term financial targets as announced on 17 November 2009.

2 Adjusted to include CHF 1 billion of reserve taken against hybrid capital in 2Q10.

3 Predominantly deferred tax assets and prepaid pension costs.

4 Risk weighted assets of CHF 400 billion based on an estimate of RWA under Basel 3 at 30 June 2010 and does not take into account future mitigation or other changes.



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