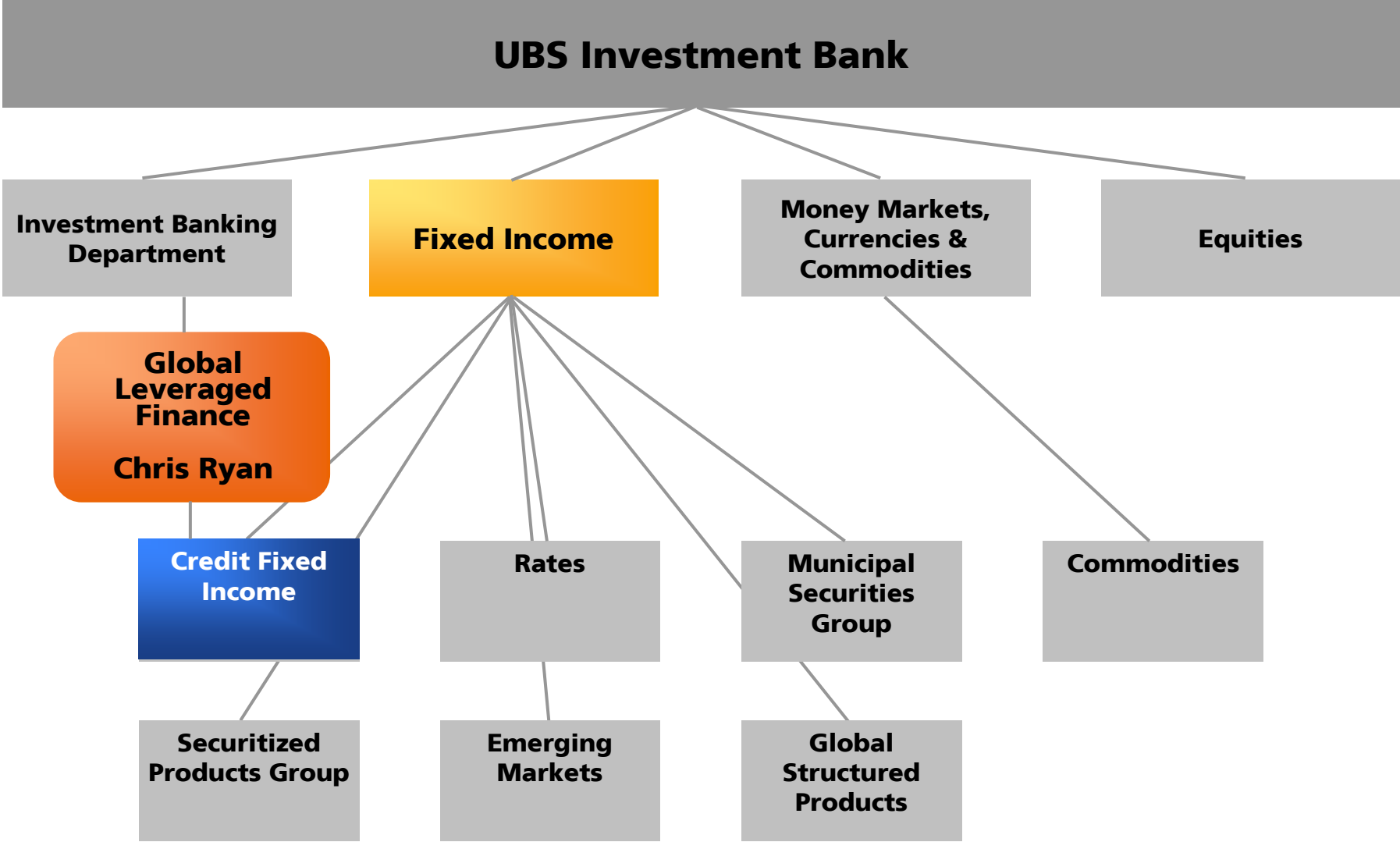


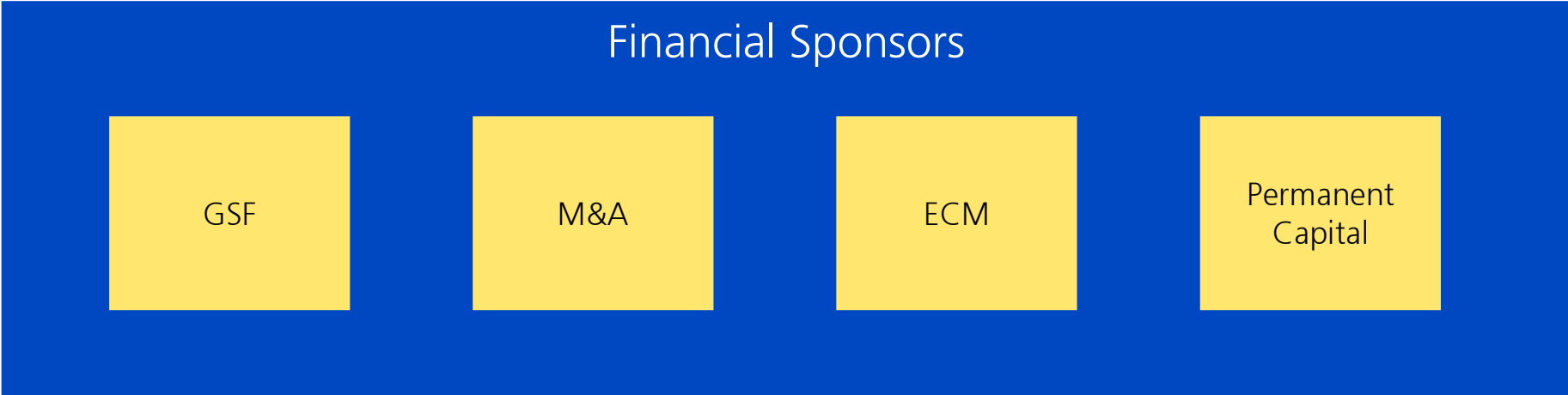
UBS Fixed Income Investor Day Global Leveraged Finance

Christopher Ryan, Global Head of Credit Fixed Income

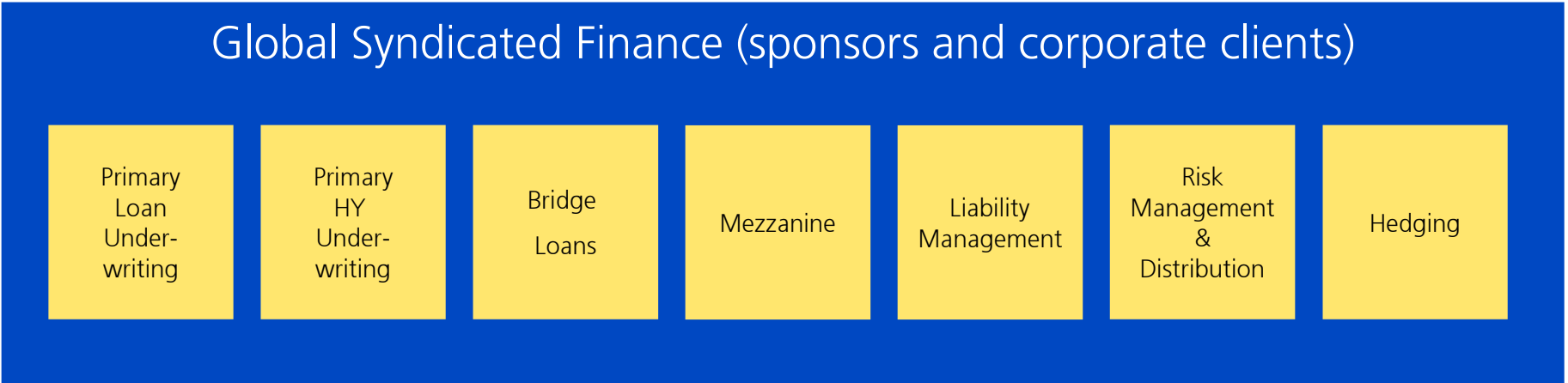
Fixed Income organization



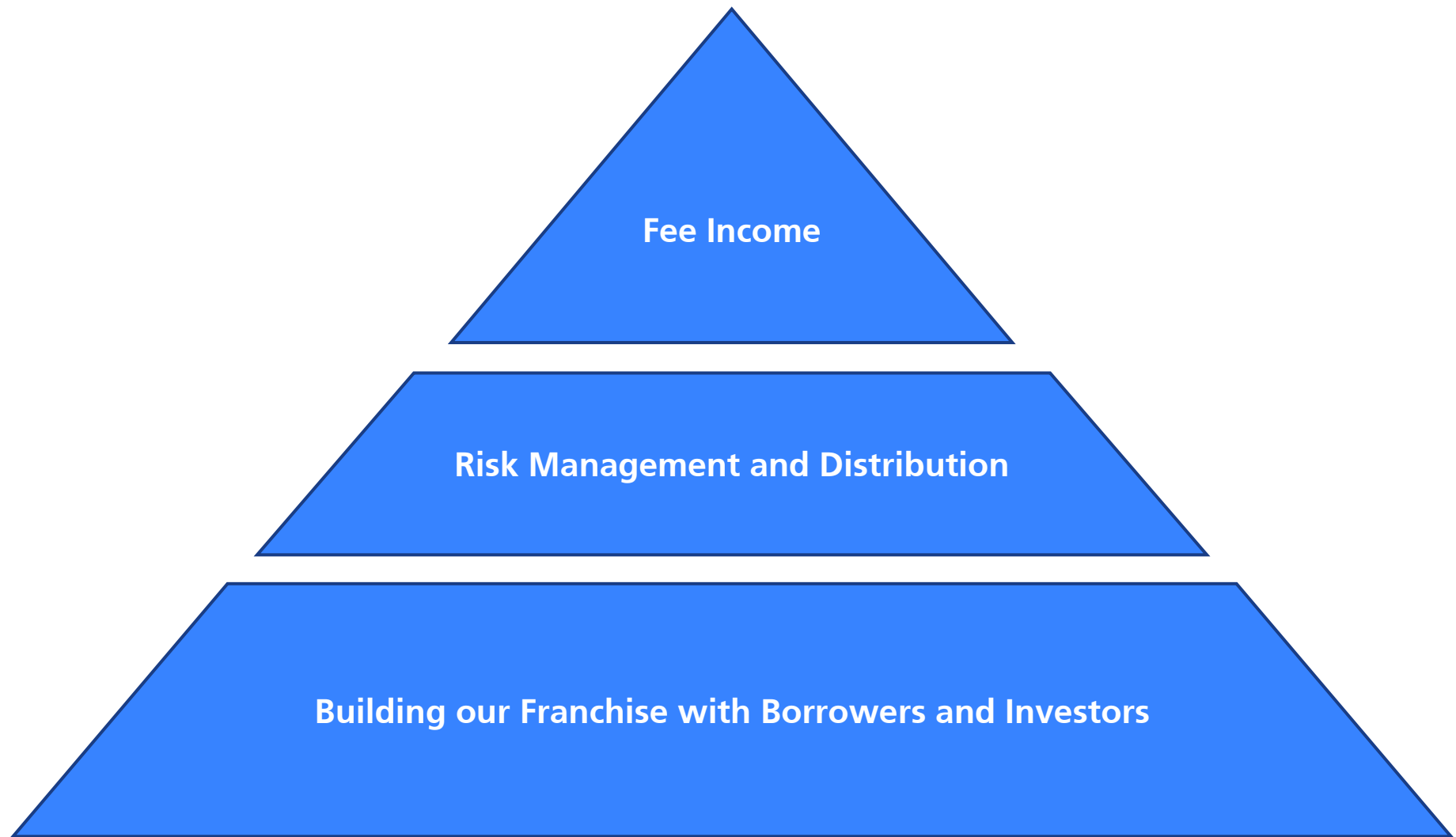
Global Leveraged Finance Overview



+

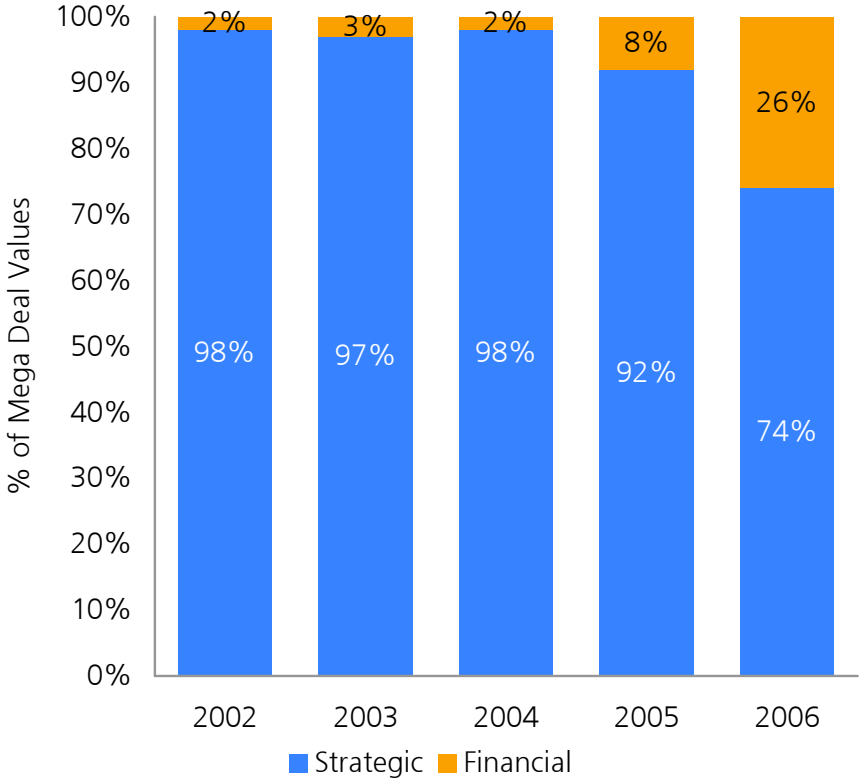


Global Leveraged Finance Objectives

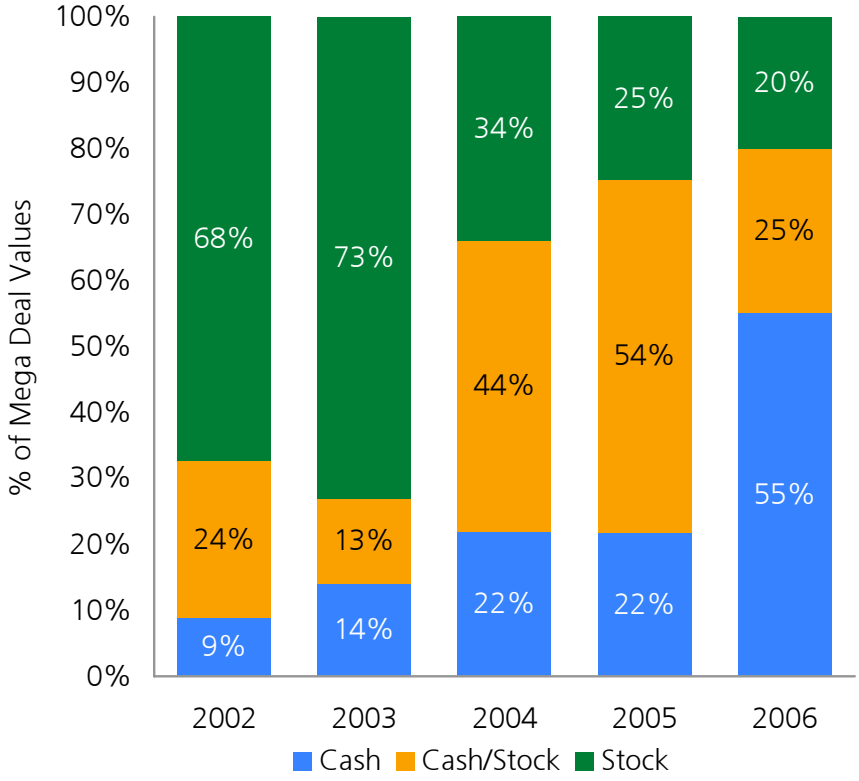


M&A Dynamics

Nature of Buyer

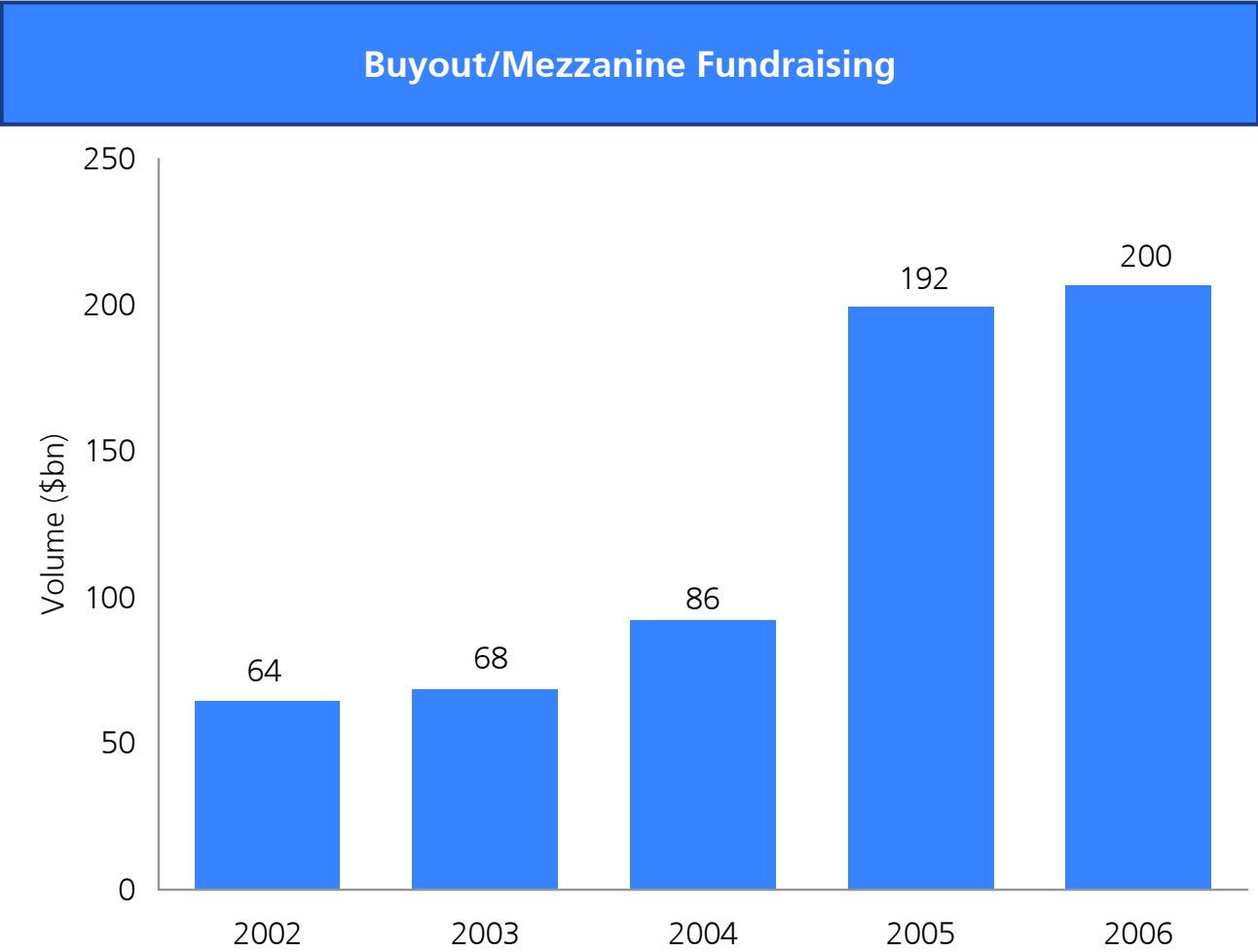


Consideration



Source: Thomson, Dealogic

Fundraising at Record Levels



Source: Thomson Venture Economics & National Venture Capital Association, Dealogic

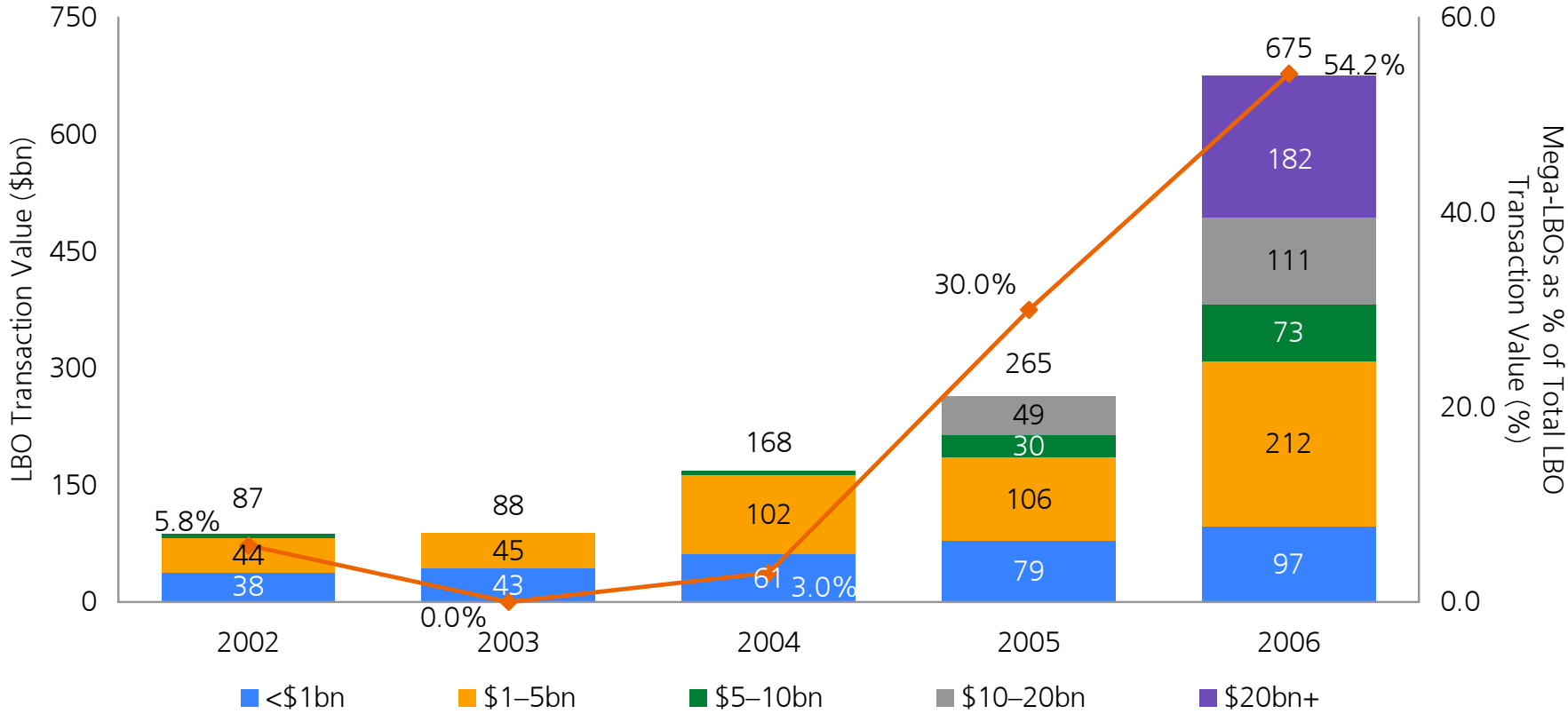
Private Equity Funds

Top 10 Sponsors by Current/Proposed Fund Size

Sponsor	Historic Fund Size (\$bn)	Current/Proposed Fund Size (\$bn)	2004–2006 Fees to Street (\$m)
Blackstone	6.5	20.0	1,706
Goldman	5.3	19.0	1,385
Cerberus	1.5	18.0	712
KKR	6.0	16.6	1,868
Carlyle	4.0	15.0	1,095
TPG	5.3	15.0	1,011
Permira	6.0	14.4	1,005
Apax	5.2	11.1	1,252
Apollo	3.8	10.0	1,115
Bain	3.5	10.0	1,149
TOTAL	47.1	149.1	12,297

LBO Volume

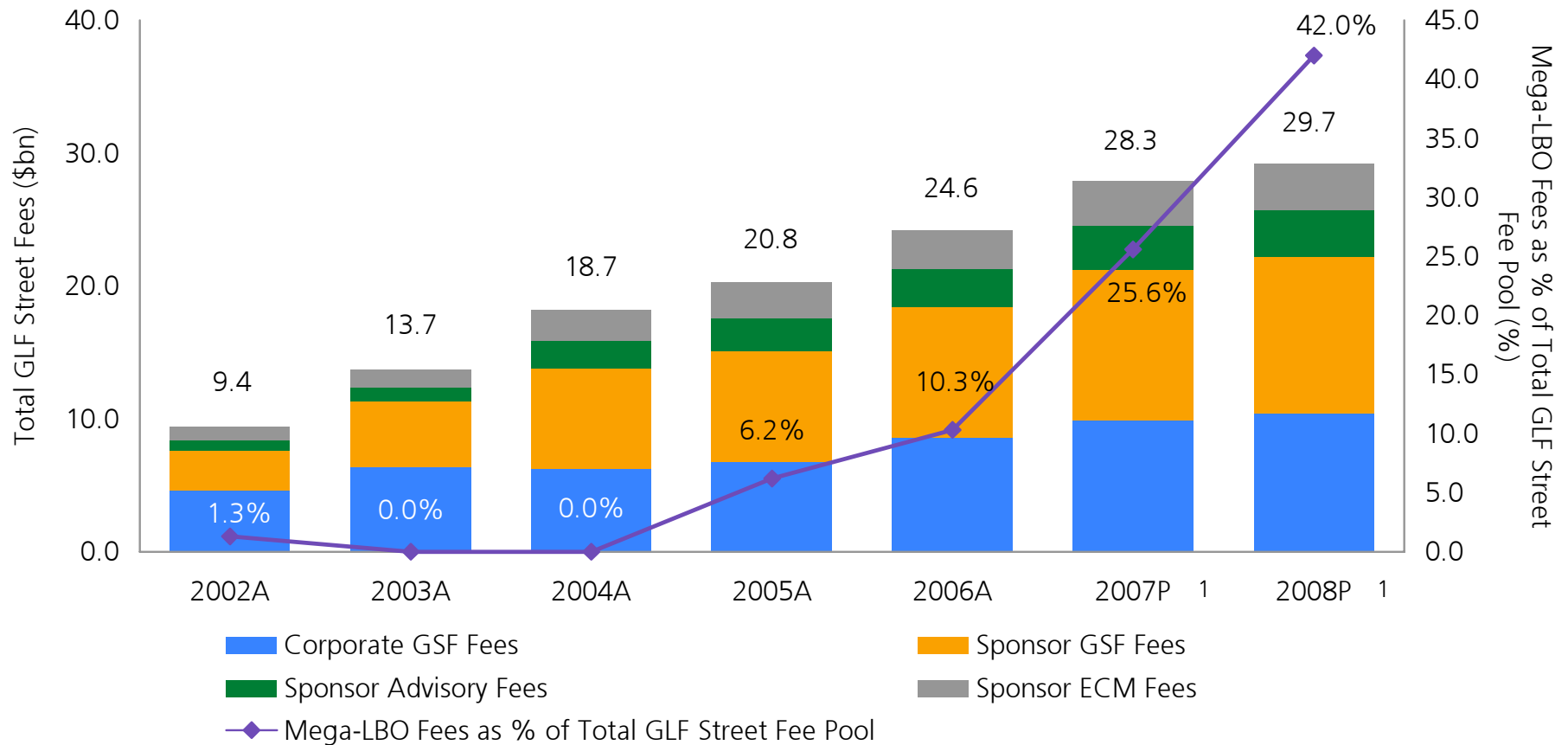
LBO Transaction Volume



Source: Thomson, Dealogic

Global Leverage Finance Fee Pool

Development of GLF Market



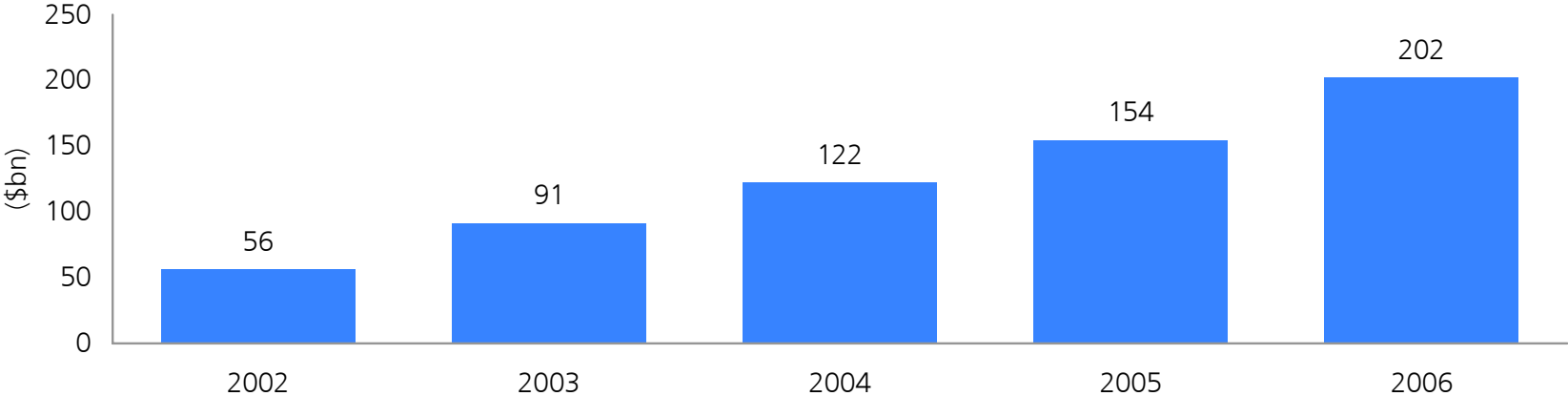
Source: Thomson, Dealogic

Note:

1 UBS projection

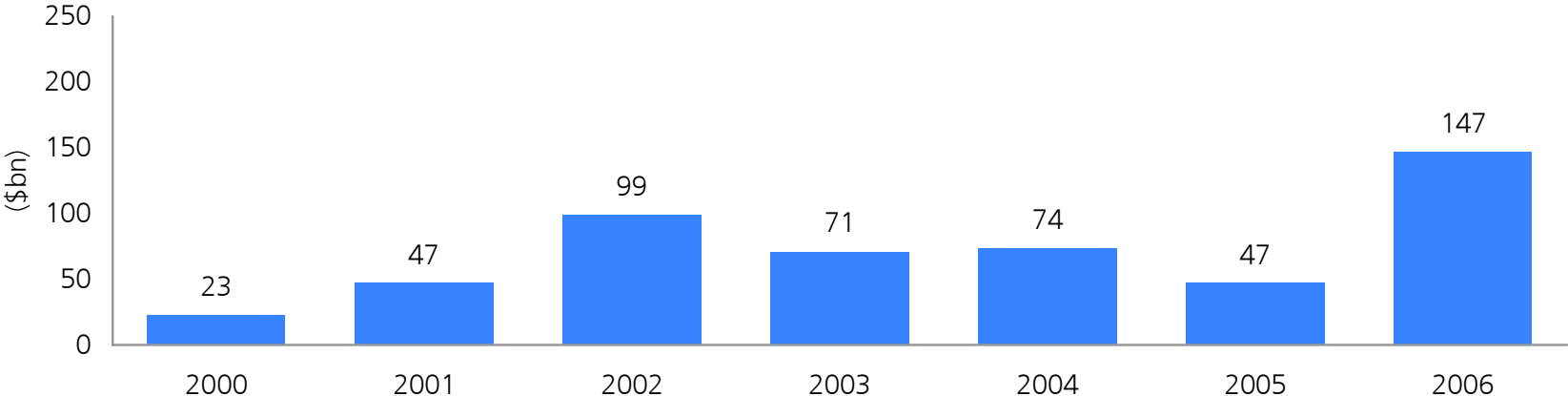
Risk Distribution

Inflows into Institutional Loan Accounts



Source: S&P

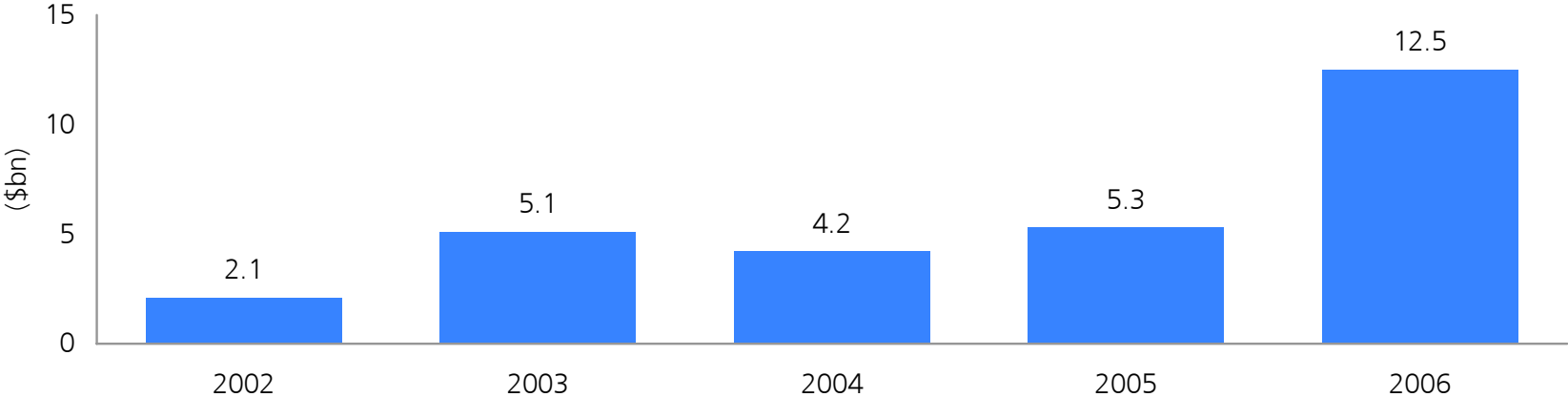
Inflows into Credit Hedge Funds



Source: Hedge Fund Research

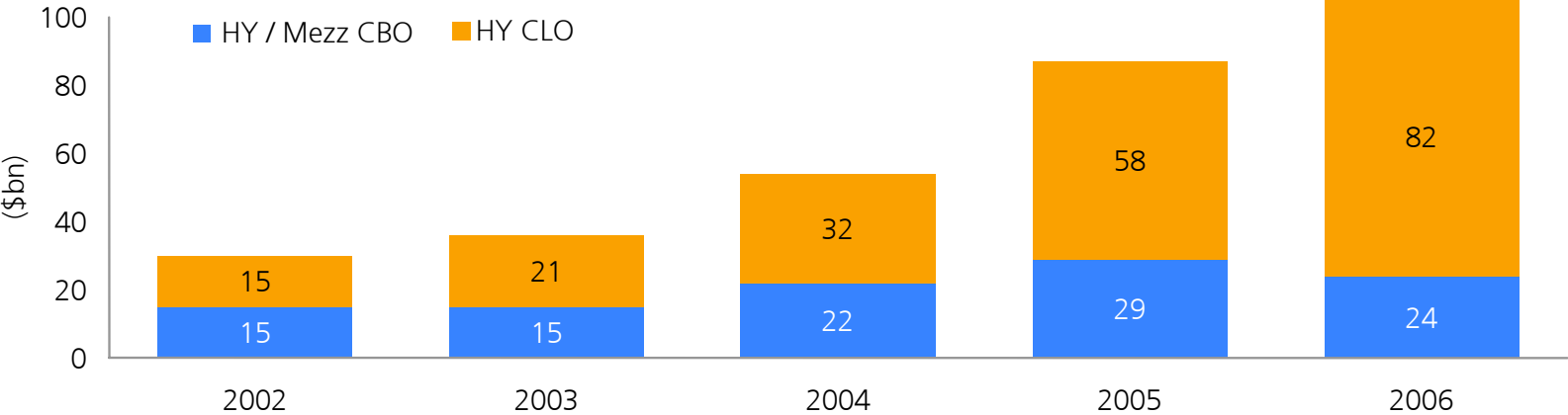
Risk Distribution

Annual Mezzanine Fund Raising



Source: Thomson VentureXpert

Annual CBO and CLO Issuance

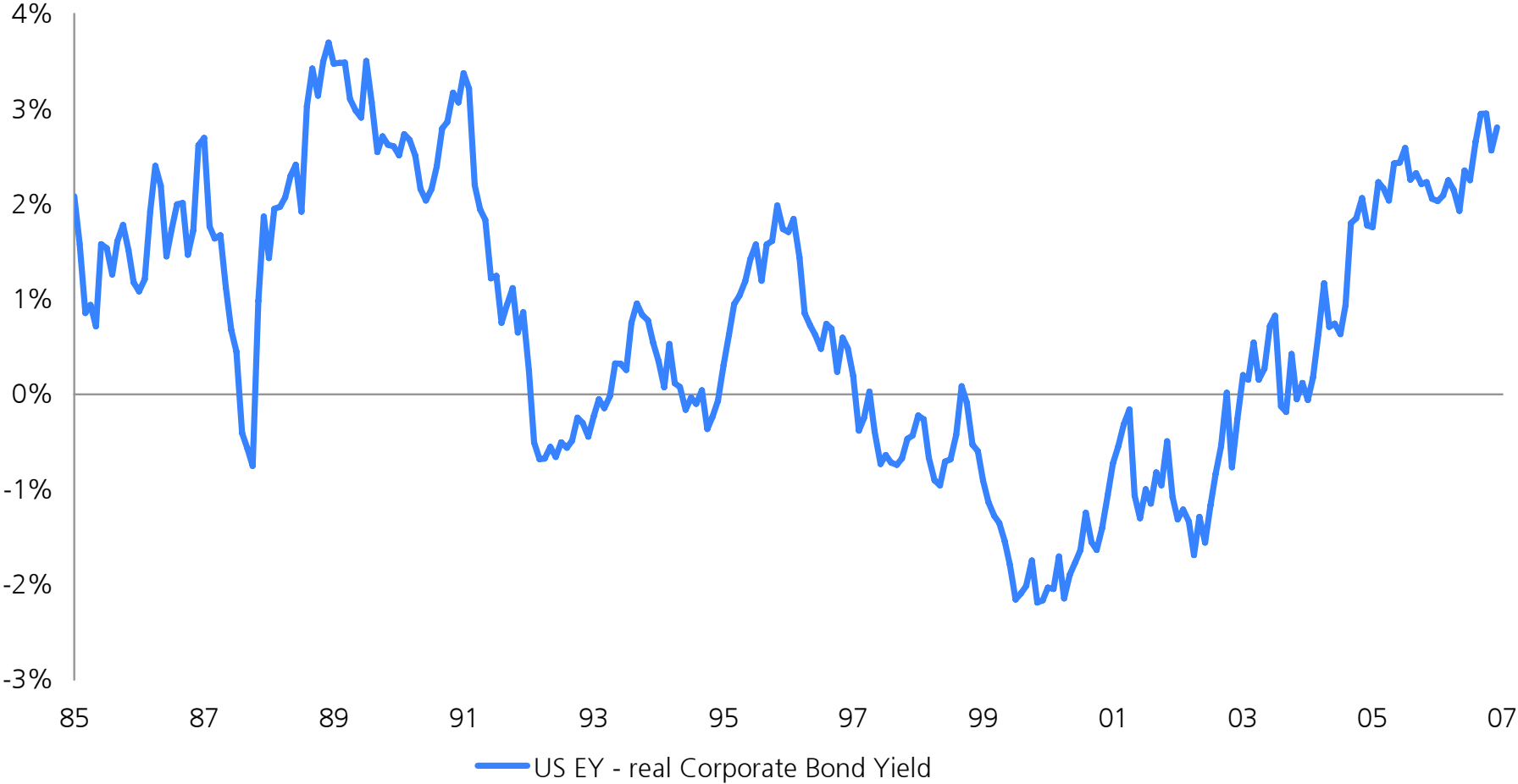


Source: S&P

LBOs in a Historical Context

	1984–1986 Average	1989	Today
US LBO activity relative to market capitalization	1.1%	3.1%	0.8%
Approx. Premiums paid	50%	70%	30%
Valuations (EV/EBITDA)	7.5	10.7	10.2
Gearing levels	20% on average	As low as 10% equity	25%–30% equity

Earnings vs. Cost of Debt



Source: UBS, Thomson Datastream, MSCI, Economist, BEA

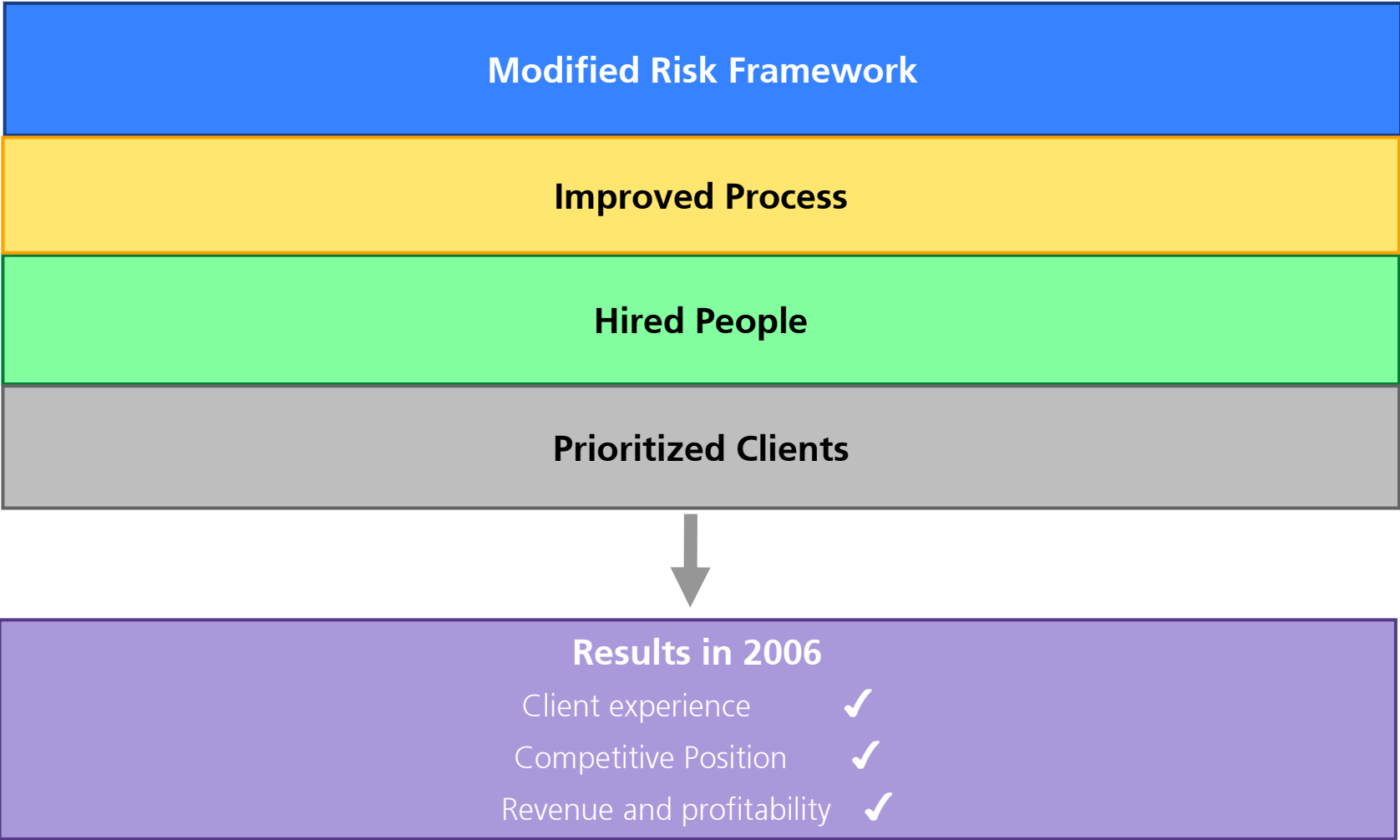
Goals for our GLF Franchise

Improved Client Experience

Improved Competitive Positioning

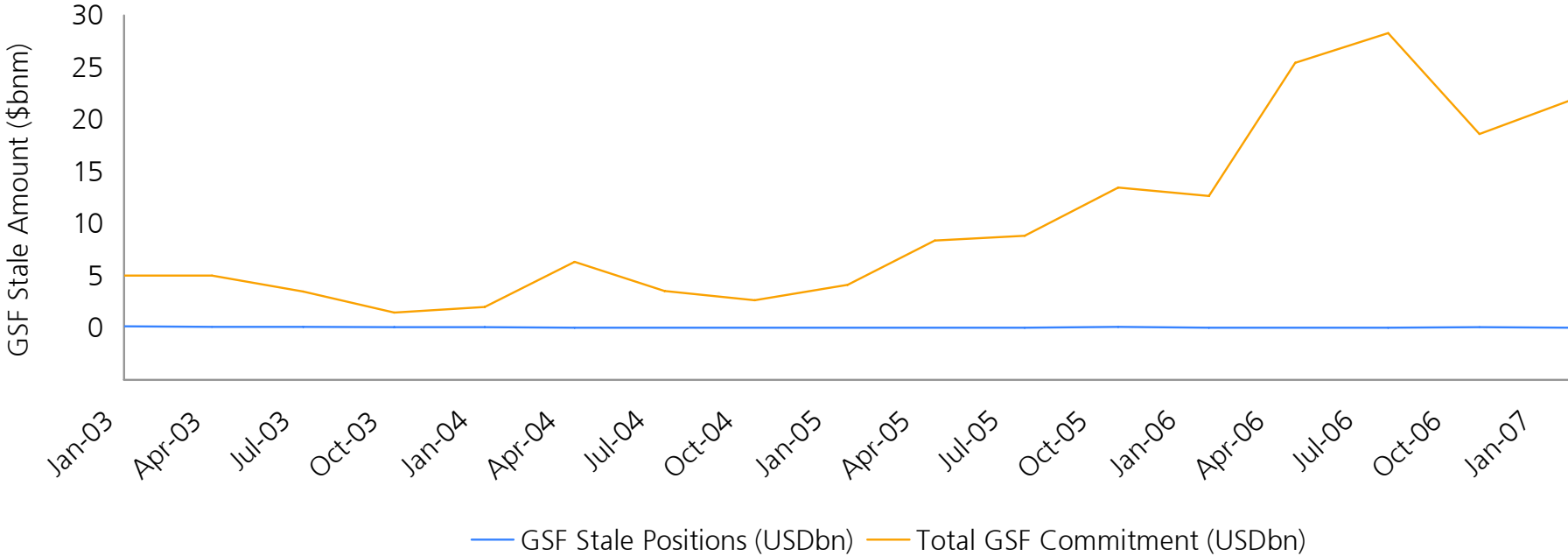
Improved Revenue and Profitability

Support for our GLF Business



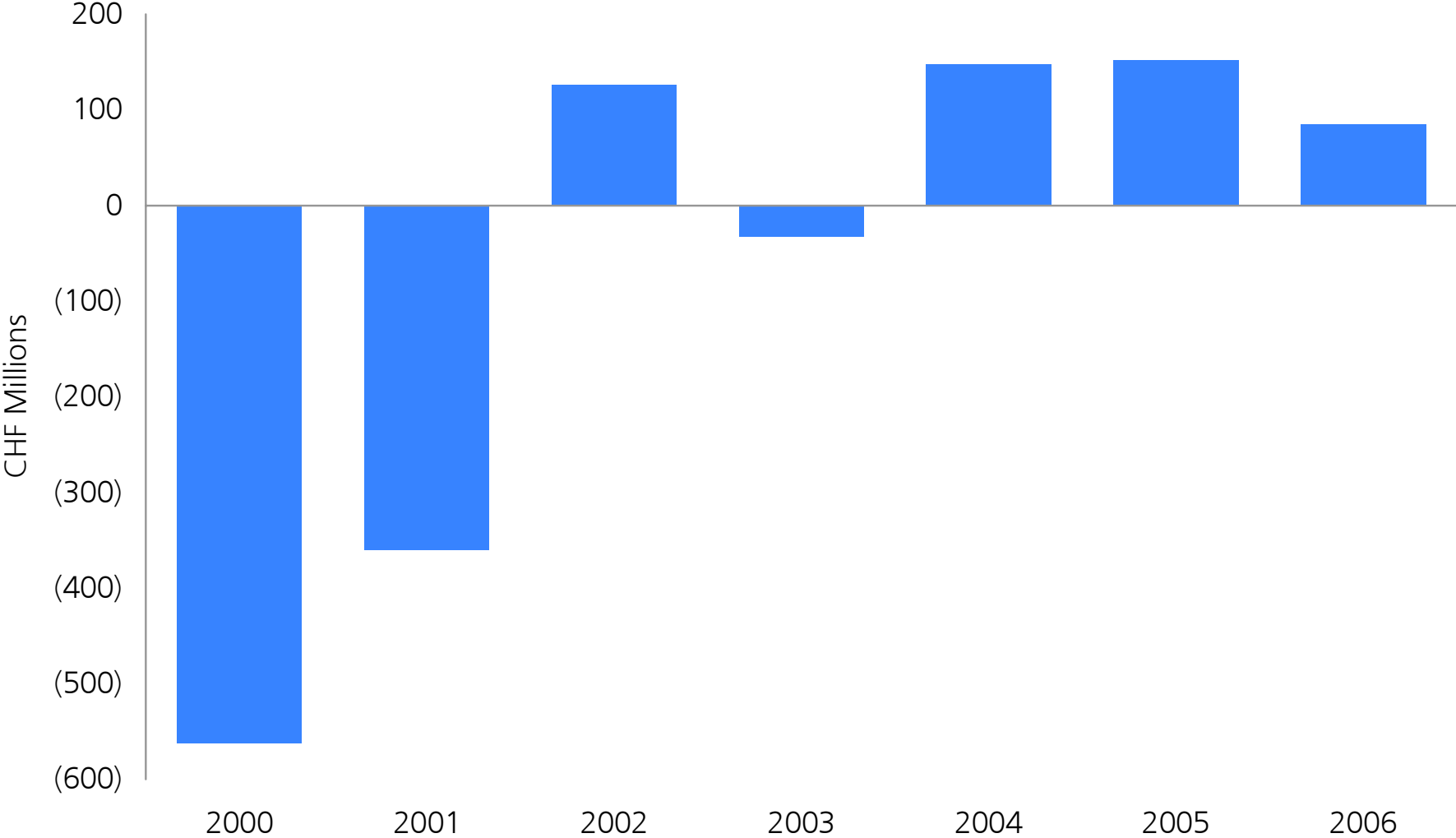
Distribution Track Record

Total GSF Underwriting vs. Stale Amounts

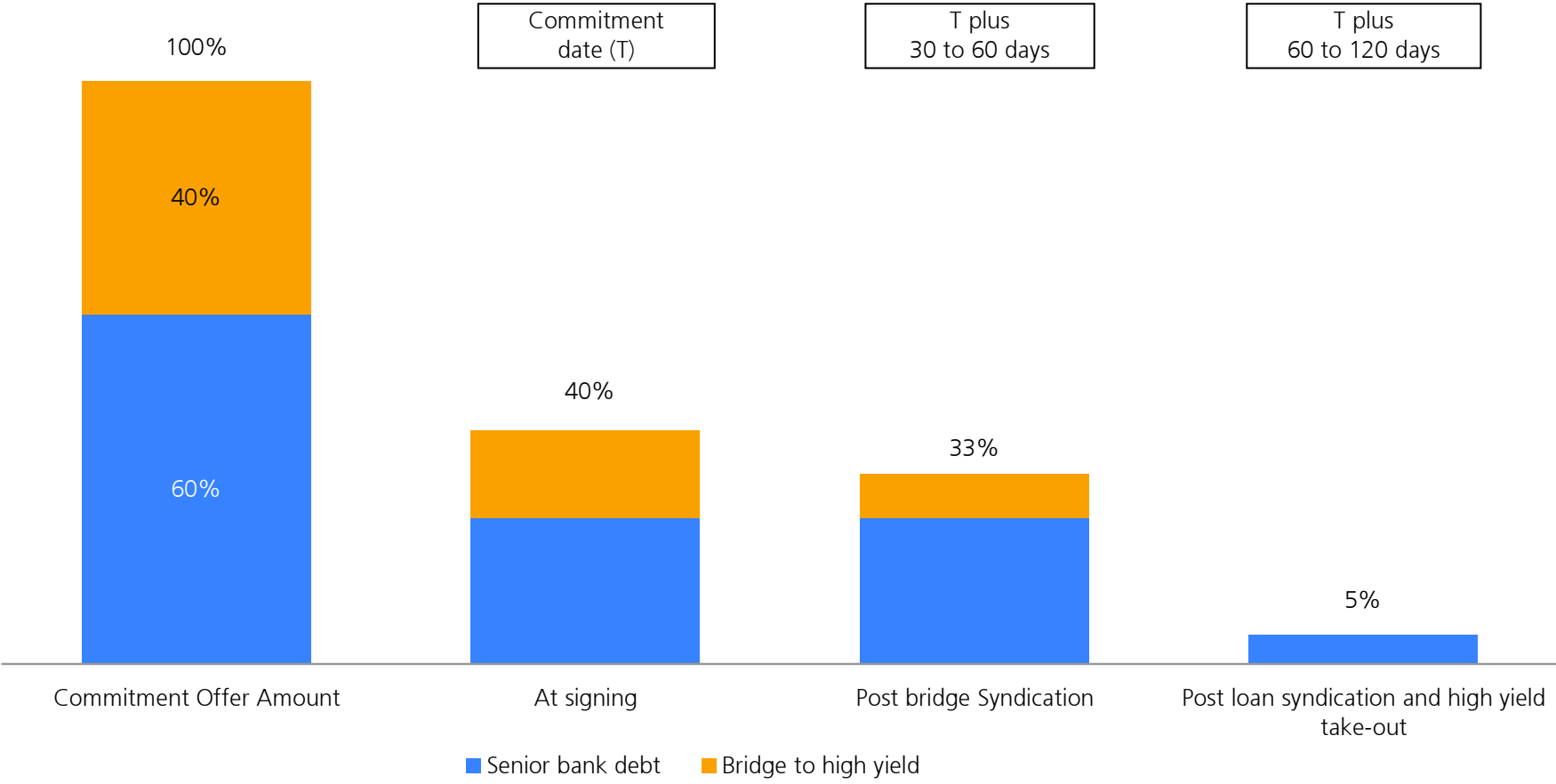


In 2006 100% of temporary exposure was sold within 9 months of commitment (the average selldown period was 51 days)

UBS IB Credit Loss/Recovery Experience



Underwriting Commitment Life Cycle



Summary

On track to meet our market share and revenue goals

Market dynamics remain favorable

Managing our individual transaction and portfolio risks