

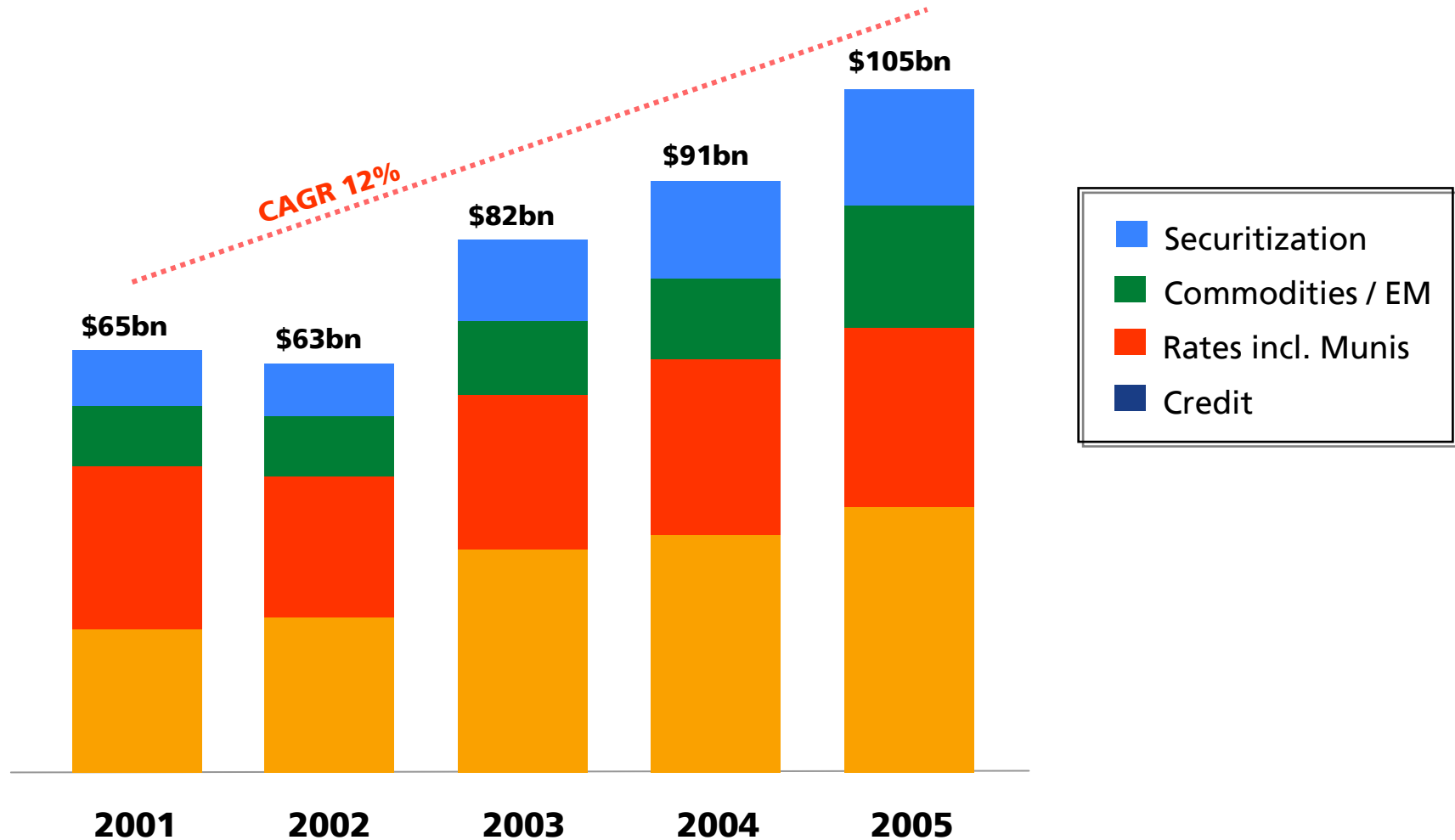
# UBS Fixed Income Investor Day Strategic Initiatives for Growth

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*Simon Bunce, Global Head of Fixed Income*

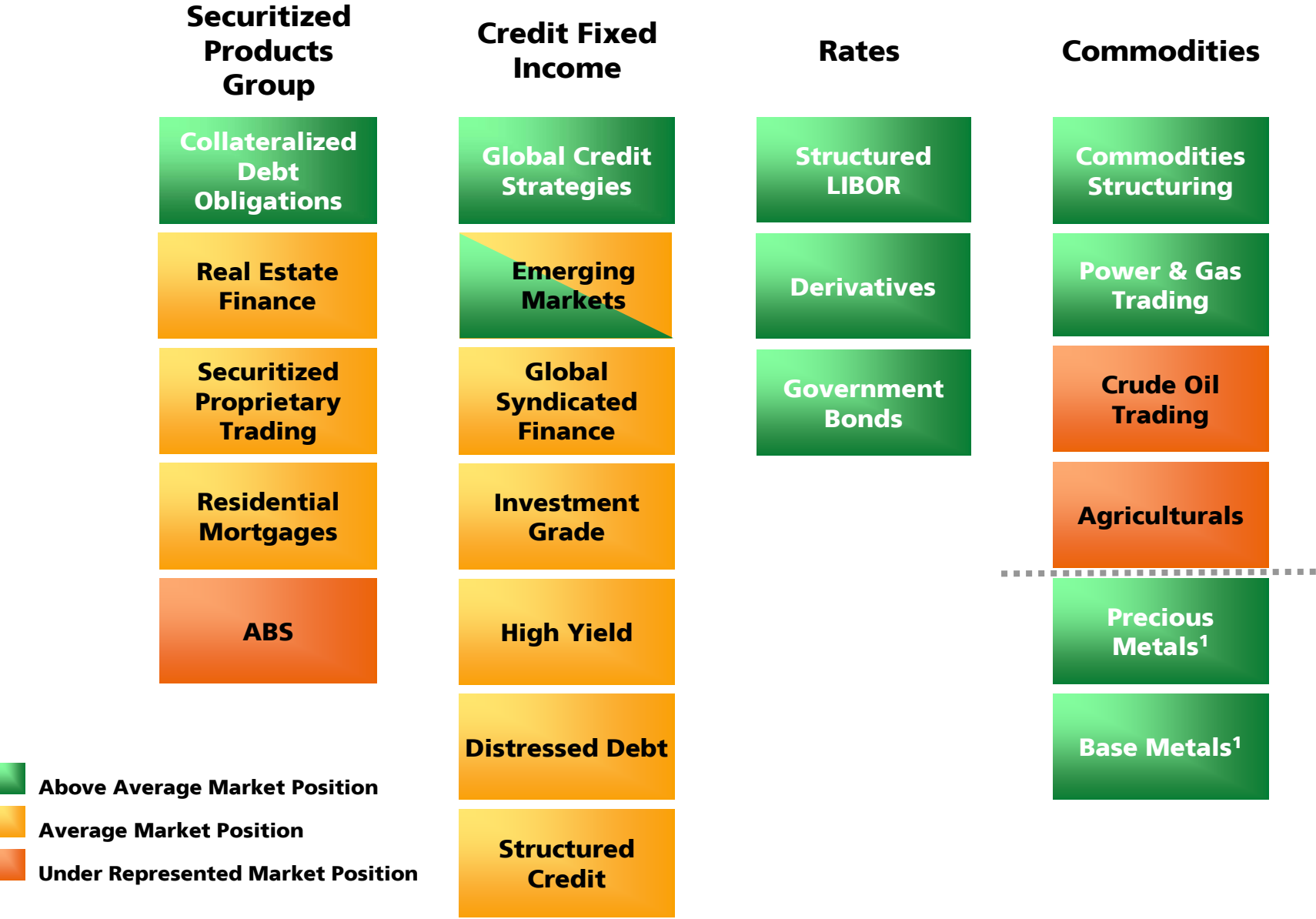
# Market revenue growth

**Fixed Income markets have significantly outperformed total Investment Banking revenues over the past several years...**



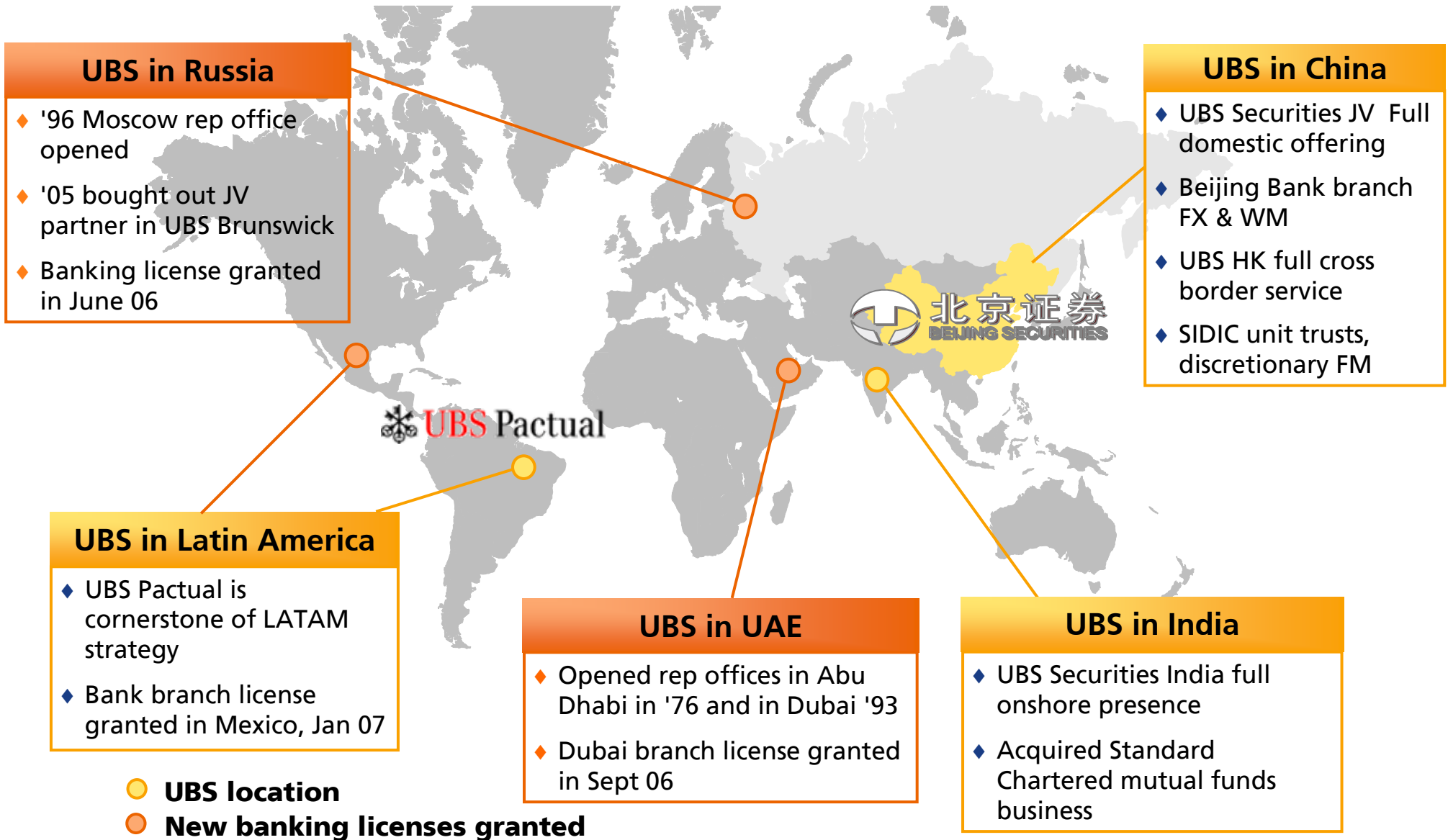
**...and are expected to do so for the next several**

# Fixed Income – identified areas of opportunity



1) Currently part of FX/CCT

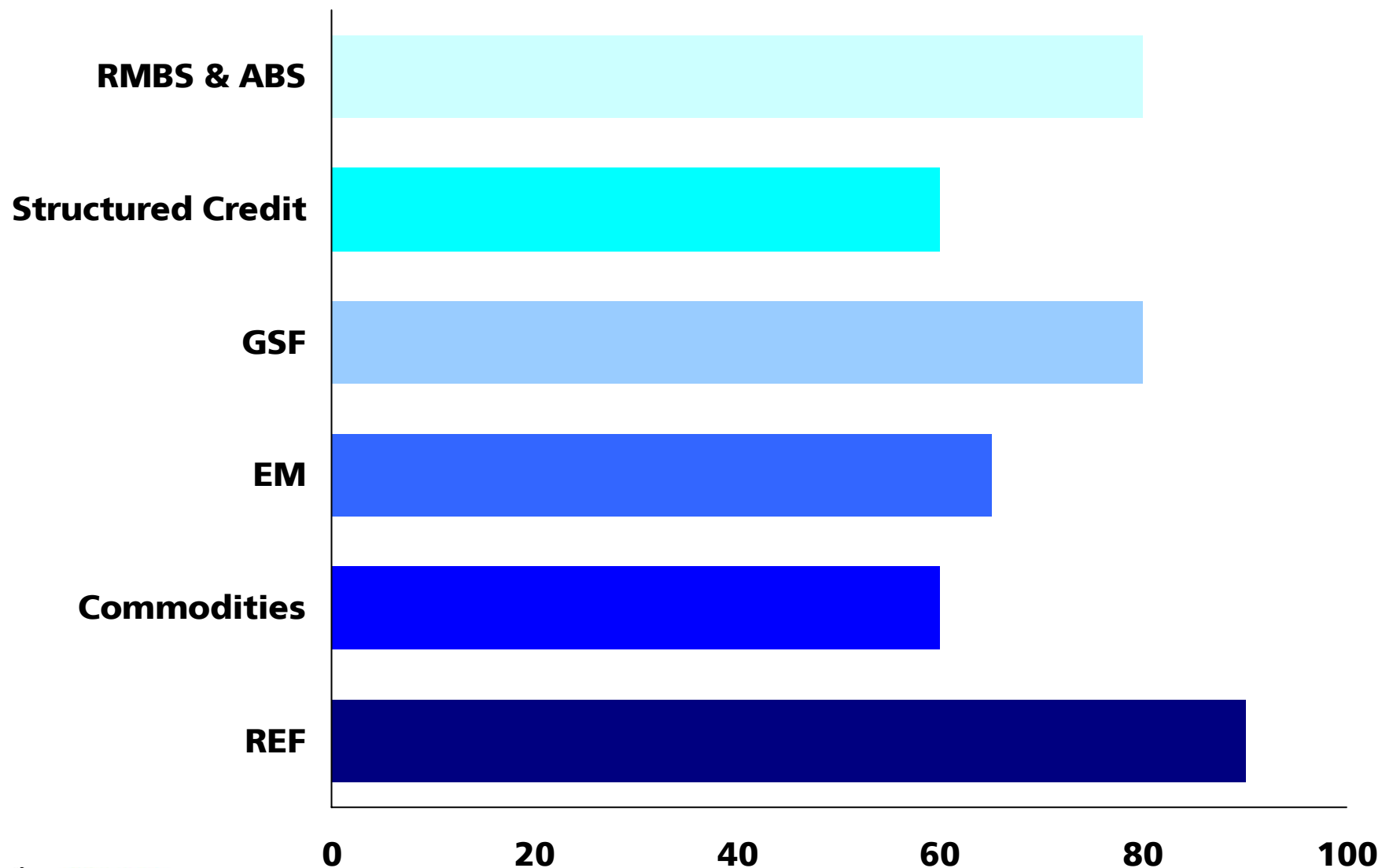
# Growing presence in Emerging Markets



# How far through investments?

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**Our growth investments are approximately 75% complete**



# Return on investment

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**We are confident in our investments for growth...**

## Client vs. Proprietary

Though our ring-fenced proprietary trading activities are growing, the vast majority of Fixed Income revenues is still derived from our client business

## Mature vs. New Businesses

We are making significant strides in high-margin new businesses, which showcase our ability to innovate tailored solutions for our clients

## Risk

We are experienced risk managers who take an intelligent and informed approach to risk – and we are convinced that our growth plan can be achieved in harmony with our robust risk management attitude

## Cost / Income Ratio

Though FIRC's cost/income ratio is temporarily elevated while we make our investments for growth, we are confident we will drive it back down to more organic levels

## Return on Equity

UBS's Return on Equity continues to sustain higher-than-targeted level – and our Fixed Income growth initiatives will only contribute to this outstanding result over time

**...and we are already beginning to see results**

# Our ambitions

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**Real Estate  
Finance**

• Achieve a full-service globally coordinated operating model by year end

**RMBS & ABS**

• Grow our non-US revenue to over 25% by 2009

**Global  
Leveraged  
Finance**

• Achieve a #6-8 league ranking in 2008 from current 10<sup>th</sup> position

**Structured  
Credit**

• Grow into top 3 competitor from current 6<sup>th</sup> position

**Commodities**

• Establish UBS as top of tier two competitors by 2009

**Emerging  
Markets**

• Become top tier player in local markets, EM structured business and liquid credits & financing business by 2009

# Q & A

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## Ten things you didn't know about UBS Fixed Income...

#1 physical supplier of natural gas in North America

Top municipal debt origination franchise in the US

Joint lead manager on record \$26.3bn tender for Freddie Mac

CreditDelta named Best In-House System of the Year in 2007 *Risk Awards*

Sole financial advisor on the largest LBO financing deal ever in Australia

#1 Fixed Income Research House in APAC

Executed the largest USD/JPY structured swap in China in 2006

#1 in Structured LIBOR and European Public Sector Derivatives

First to launch Sharia-compliant suite of products in Commodities

#1 ABS Trading House in Europe