

Investment Bank

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Unless otherwise indicated, all source data from UBS Investment Bank.

Annualized figures for the first nine months of 2010 contained in this presentation do not constitute estimates of the actual 2010 full-year results.

2009 Normalization Details: exclusion of losses on residual risk positions (CHF 4.7 billion) based on previous disclosure; normalization of Credit Loss Expense (CHF 1.3 billion), including amount related to reclassified securities (remaining adjustment based on 2004-2009 CLE average excluding reclassified securities); normalization of funding (adjustments of CHF 0.6 billion based on 3Q09 funding); exclusion of own credit charge (CHF 2.0 billion); exclusion of restructuring and other adjustments (CHF 0.6 billion) based on previous disclosure. Assets and RWA exclude residual risk positions.

2010 Normalization Details: exclusion of gains on residual risk positions (CHF 0.6 billion); exclusion of own credit charge (CHF 0.04 billion); exclusion of UK Bank Payroll Tax (CHF 0.2 billion). Assets and RWA exclude residual risk positions.

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Key messages

We are delivering on our stated strategy

We are executing with better aligned capabilities across the Investment Bank

We reconfirm our medium-term targets

We are doing what we said we would do

Rebuild selected businesses, enhance strengths and increase integration

Operate a client-centric business model based on flow and advice

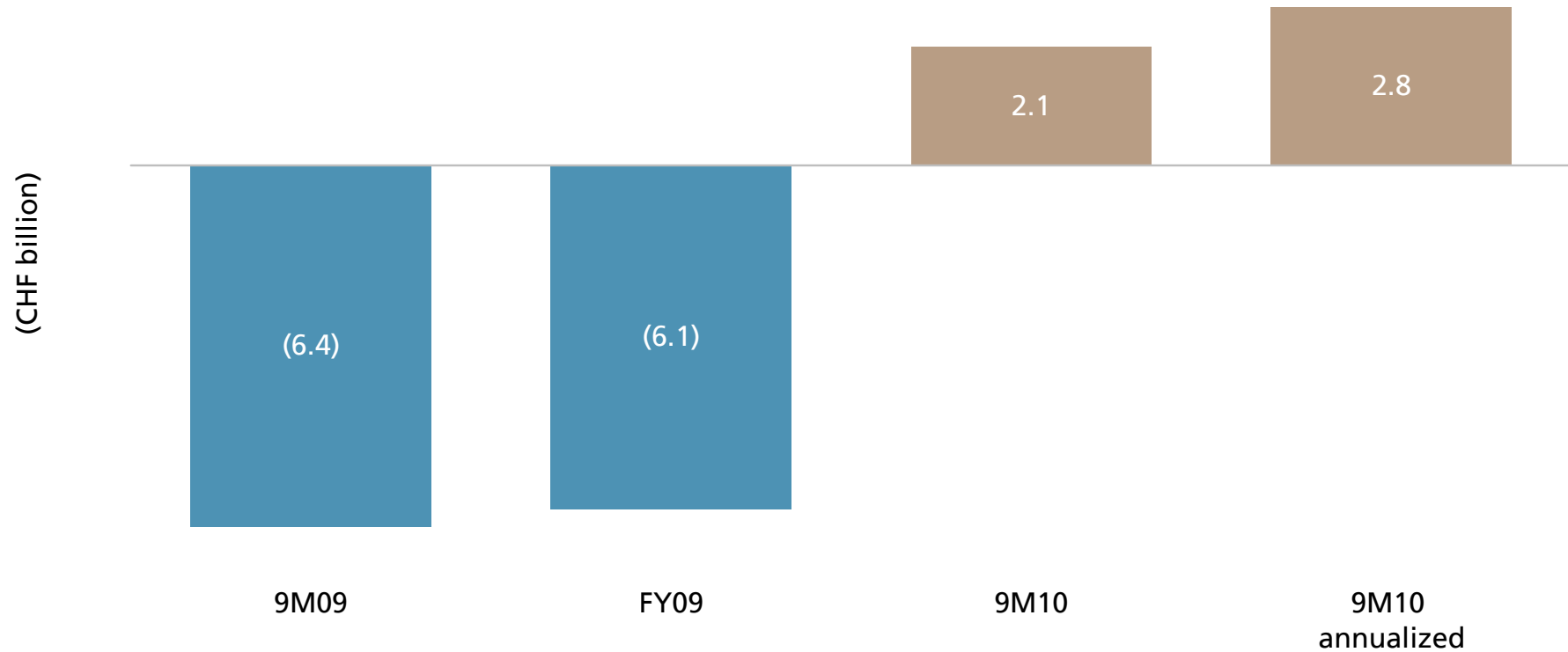
Align Equities and FICC within the Securities platform and establish IBD as lead corporate marketer

Reduce residual risk positions

Continue to embed the new risk framework and culture within the organization

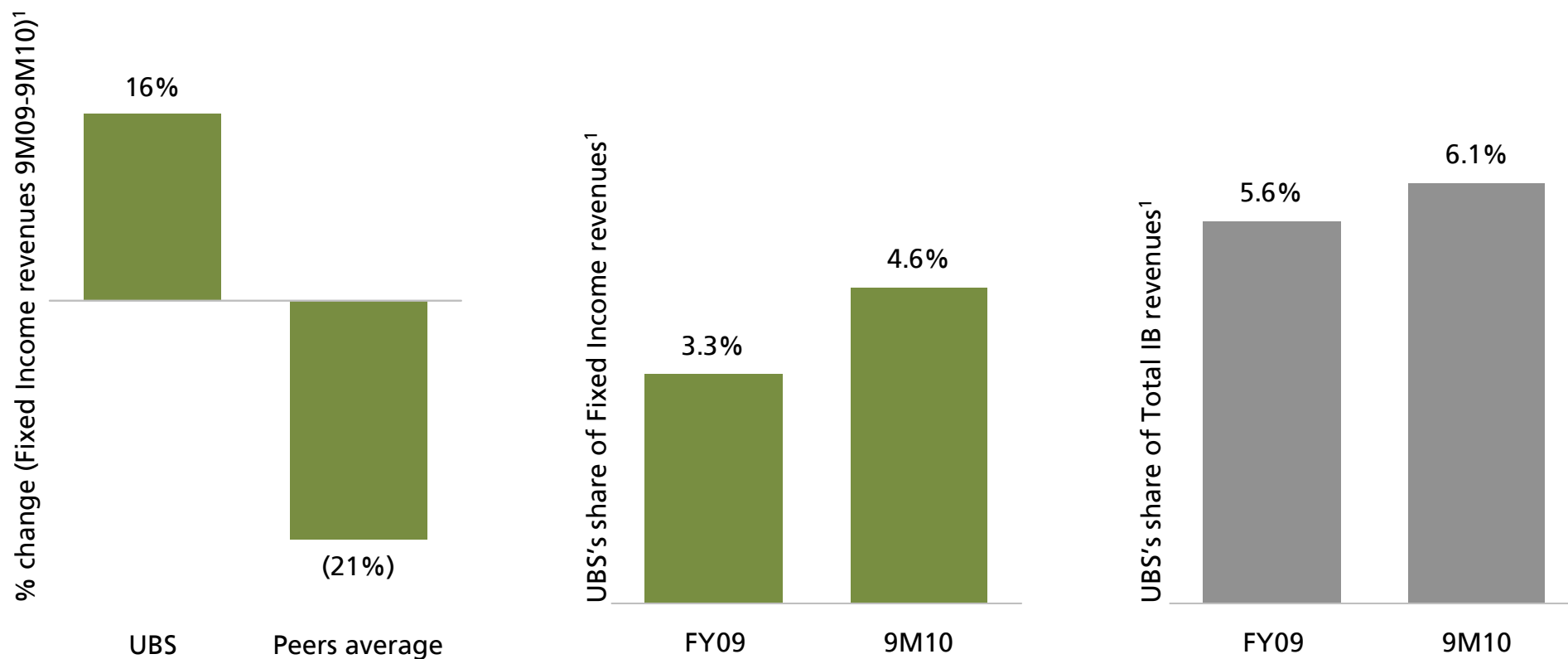
We have returned to profitability

Profit before tax



Our financial performance has improved

We have increased our share of revenues ...



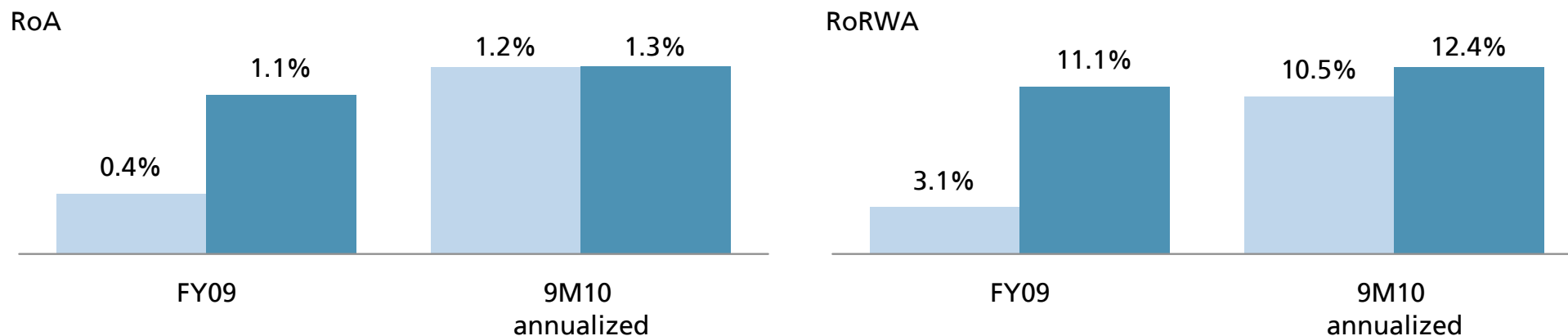
... reflecting an improved performance in FICC



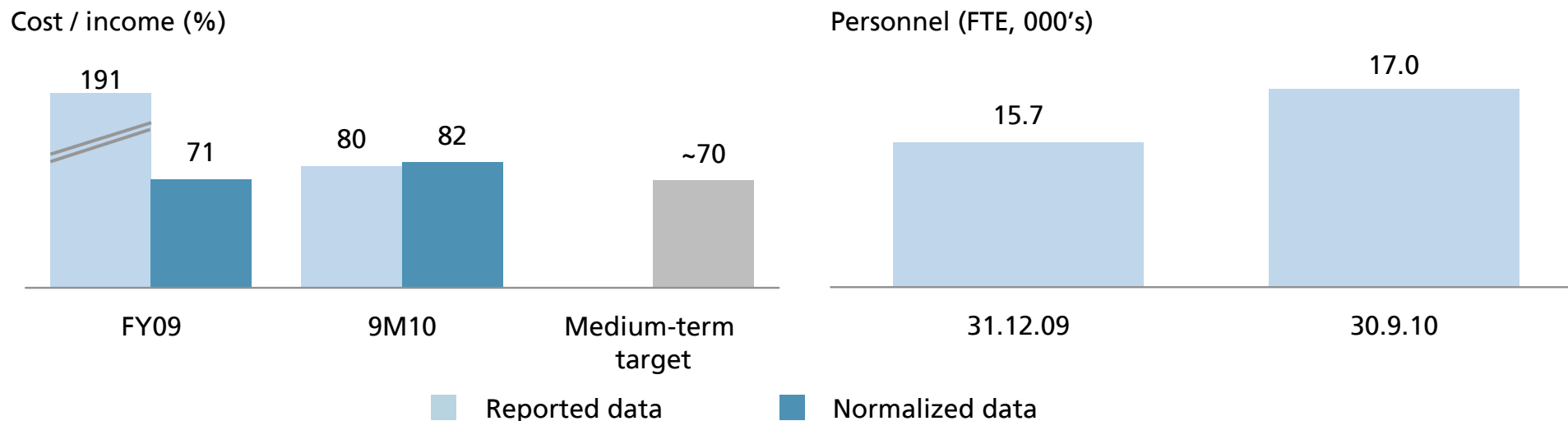
¹ Normalized data for UBS Investment Bank numbers; Peer data based on UBS Investment Bank analysis of selected peers (GS, CS, Citi, MS, DB, BofA, JPM, Barc) reported revenues, converted to CHF at the constant FX rate of USD / CHF = 1.02

Increased returns with an investment in talent

Returns have increased



Operating expenses reflect investments in talent



We continue to fill critical needs with selective hiring ...

	Securities	IBD				
2010 Key hires ¹	<p>72 hires YTD</p> <p>21% of total Securities headcount 34 new MDs / EDs (7 cross-product distribution)</p> <table border="1"> <thead> <tr> <th>FICC</th> <th>Equities</th> </tr> </thead> <tbody> <tr> <td> <p>420 FICC hires YTD</p> <p>19% of total FICC headcount 225 new MDs / EDs (72 distribution)</p> </td> <td> <p>321 EQ hires YTD</p> <p>11% of total EQ headcount 124 new MDs / EDs (59 distribution)</p> </td> </tr> </tbody> </table>	FICC	Equities	<p>420 FICC hires YTD</p> <p>19% of total FICC headcount 225 new MDs / EDs (72 distribution)</p>	<p>321 EQ hires YTD</p> <p>11% of total EQ headcount 124 new MDs / EDs (59 distribution)</p>	<p>168 IBD hires YTD</p> <p>8% of total IBD headcount 44 new coverage MDs / EDs</p>
FICC	Equities					
<p>420 FICC hires YTD</p> <p>19% of total FICC headcount 225 new MDs / EDs (72 distribution)</p>	<p>321 EQ hires YTD</p> <p>11% of total EQ headcount 124 new MDs / EDs (59 distribution)</p>					
Well positioned ²	<p>Maintained #2 Global FX House</p> <p>UBS Delta: Best Technology Vendor for Pricing and Analytics and for Risk Management</p>	<p>Maintained Top 3 globally in 1H10 with 11% market share</p> <p>Maintained #1 rank in European Equity survey</p> <p>Best Equity Bank in Asia</p>				
		<p>Maintained Top 5 position in Equity Issuance</p> <p>#5 in DCM (2009 #12)</p> <p>Maintained Top 5 in Asia and EMEA</p> <p>Maintained #1 in Australia</p>				

... to deliver world class solutions to our clients

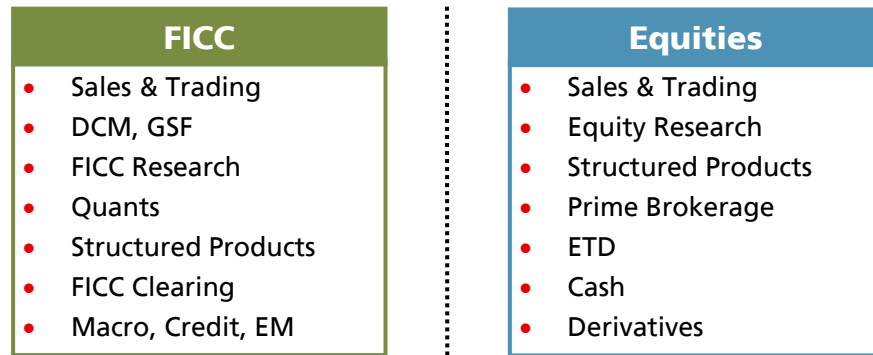


¹ YTD actual new joiners (excluding graduates) who started as of 30.9.10

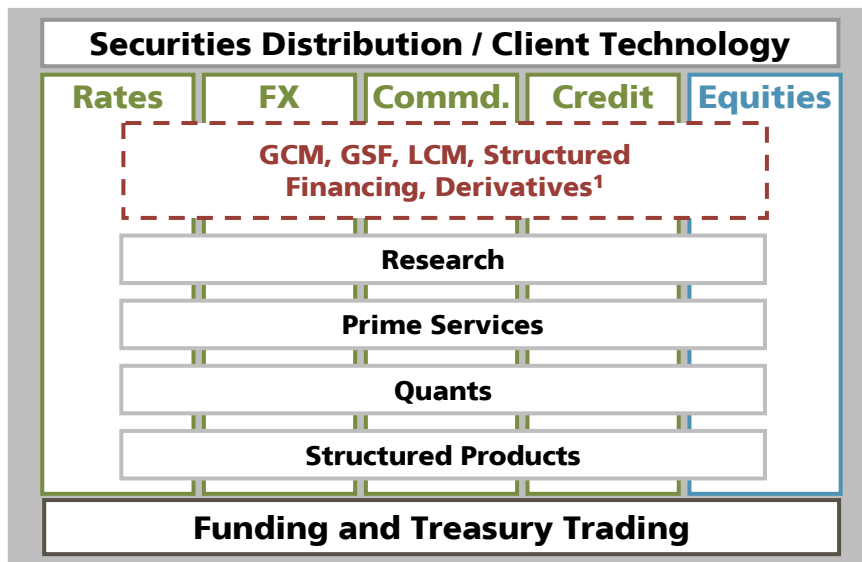
² FX: 2010 Euromoney Awards; UBS Delta: Credit magazine's Credit Awards; Equities: based on UBS management assessment; Equity survey: Thomson Reuters Extel Survey 2010 (across research (10th year), sales (9th year) and trading/execution (from #2 in 2009)); Equity Asia: 2010 Global Finance; Equity issuance and DCM: Based on 9M10 Dealogic data (volumes) - equity issuance includes IPO and follow-ons; Regional IBD rankings: based on 9M10 Dealogic data (fees)

Securities – a new organizational structure ...

From a “siloed” structure...



... to a holistic Securities business

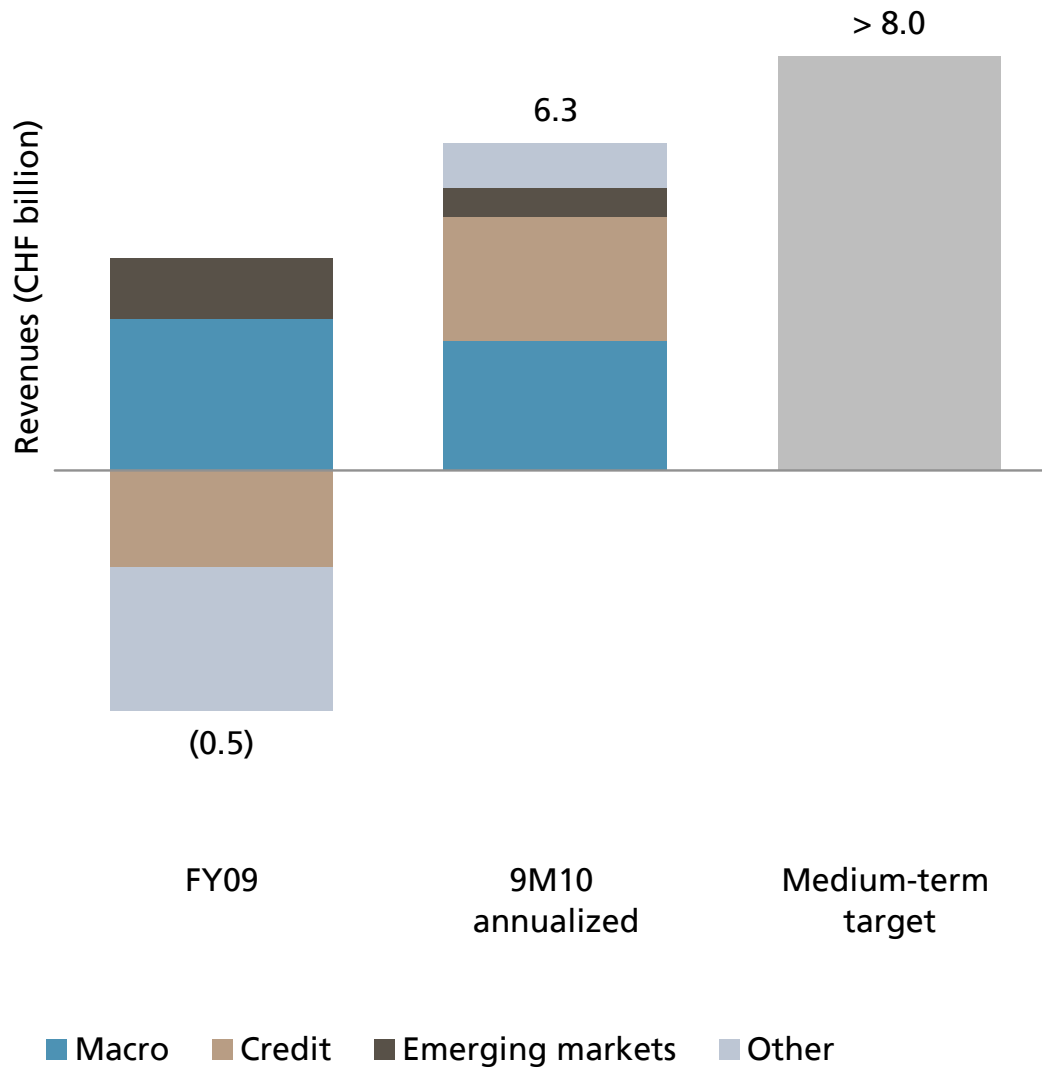


Key priorities

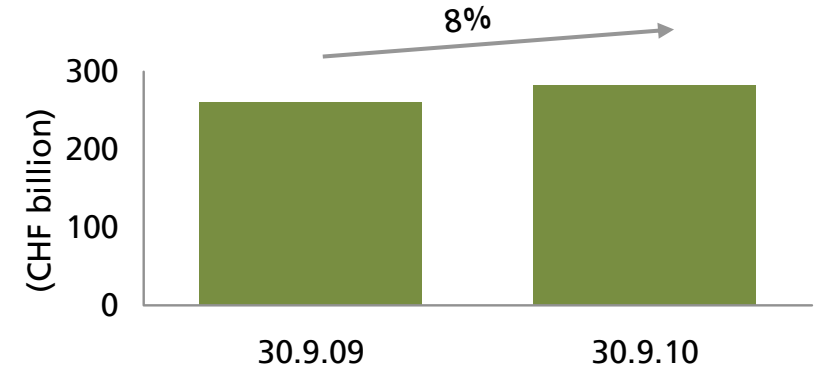
- Securities Distribution
 - Co-ordinated client coverage
 - Client segmentation
 - Consistent currency for client credits
- Cross-asset delivery
 - Improve cross-selling
 - Enhance idea generation
 - Leverage platforms
 - Optimize funding
 - Optimize resources
 - Regulatory analysis and expertise
 - Mobilize talent

... to improve market position and delivery to clients

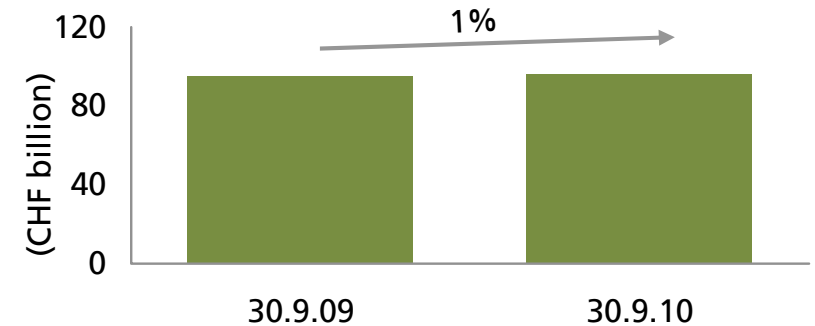
FICC – increased revenues with controlled resource usage ...



FICC assets ex-PRVs



FICC RWAs



FICC – positioned for continued growth ...

Achieving our medium-term target...

Credit

Performance drivers YTD

- Sales & trading rebuild
- Re-entered select products (incl. commodities)
- Growth driven by credit flow, client solutions and correlation trading

Key priorities for growth

- Capitalize on YTD momentum
- Increase market share
- Continue product diversification

Macro

- Improved positioning in Rates / maintained FX
- Expanded product and distribution teams
 - algorithmic trading, corporate FX, FX derivatives structuring, new FX trading client platform

- Increase market share in Rates / defend market share in FX
- Further distribution and product build-out
- Enhance Rates infrastructure

Emerging Markets

- Lower YoY revenues driven by market environment and lack of Brazilian franchise
- Focus on building on-shore platforms

- On-shore expansion
- Increase market share

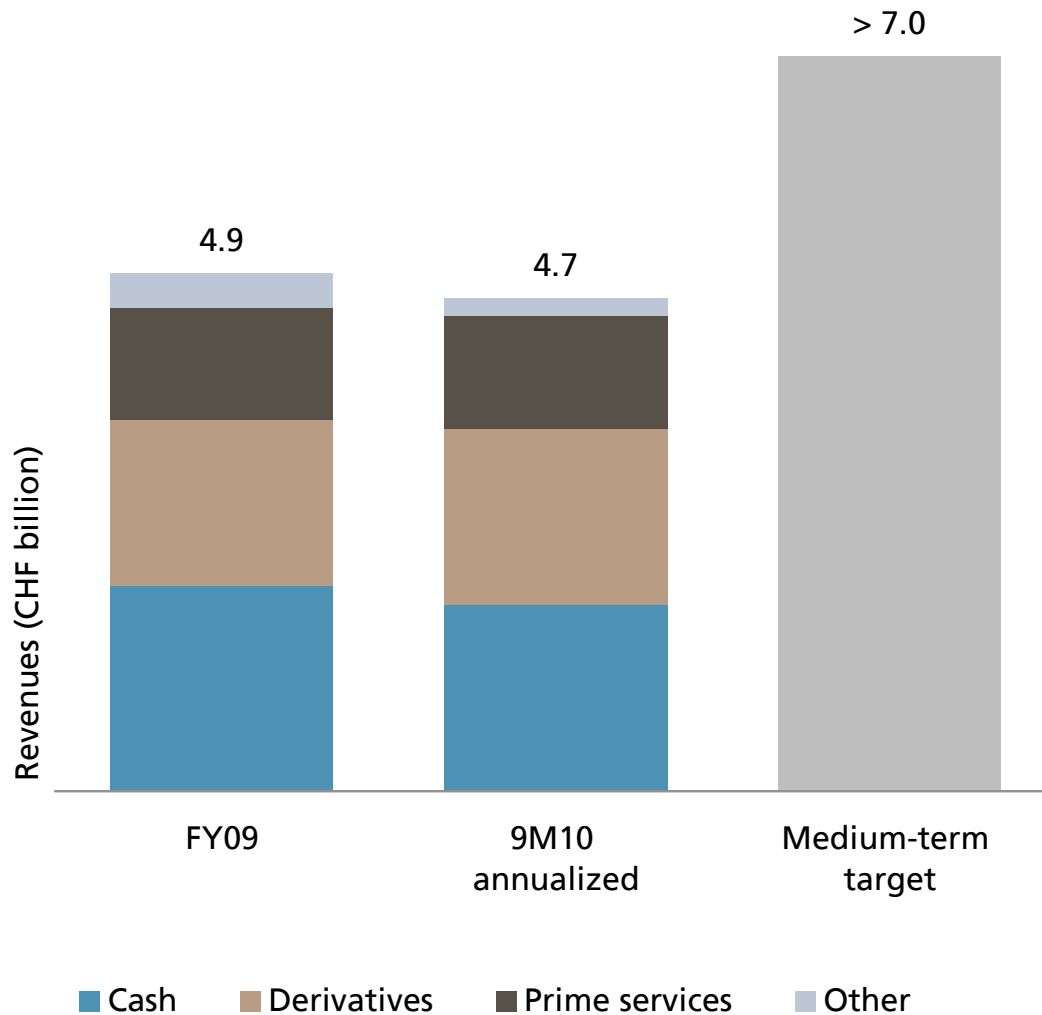
Other

- Residual risk positions
 - Reduced by 55% (total assets) and 35% (RWAs) in the last twelve months
 - Positive contribution to P&L YTD

- Position for impending regulatory changes
- Sell, unwind, re-structure residual risk positions

... through client focus and an enhanced product offering

Equities – stable franchise with strong potential ...



Performance drivers YTD

- Low volumes and client activity; risk-aversion...
- ...mostly offset by focus on clients and enhancing franchise strengths

Key priorities for growth¹

- Expand derivatives product platform
- US build-out
- Emerging markets expansion
- DES / HVDMA / Delta 1 platform enhancement
- Leverage ETD strengths
- Research monetization

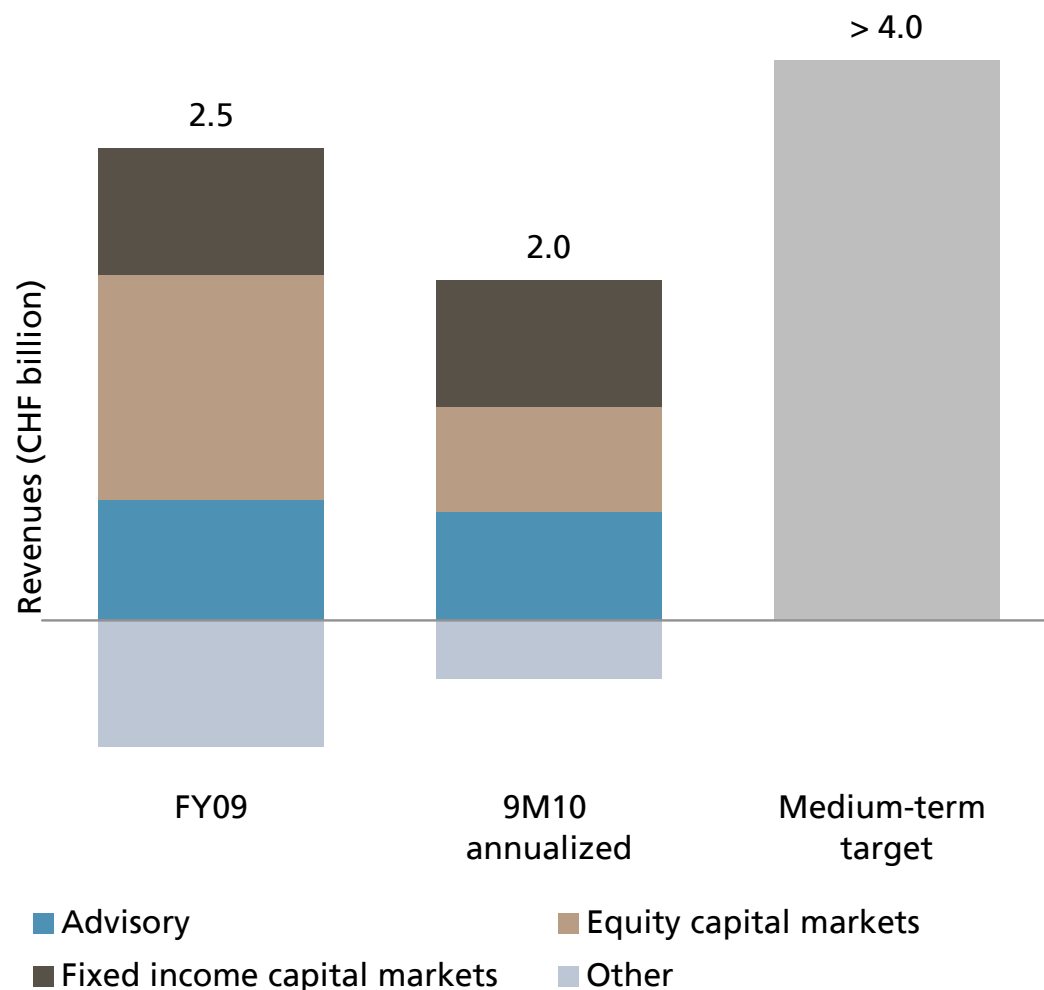
... we are well positioned to achieve our CHF 1.75 billion average quarterly target



UBS

¹ ETD = Exchange Traded Derivatives, DES = Direct Execution Services, HVDMA = High Volume Direct Market Access

IBD – re-energising the franchise to deliver on our target...



Performance drivers YTD

- Uncertain capital markets and subdued M&A activity
- Disproportionate number of elephant deals
- Increased competitive pressure

Key priorities for growth

- Enhance top 5 position in APAC and EMEA
- Expand US presence and add coverage bankers selectively elsewhere
- Integrate Link platform and rebuild IBD LATAM
- Regain leadership in ECM and M&A and maintain DCM momentum
- Market wider breadth of securities products
- Cross-UBS product delivery

... by enhancing coverage, product capabilities and alignment

Key messages

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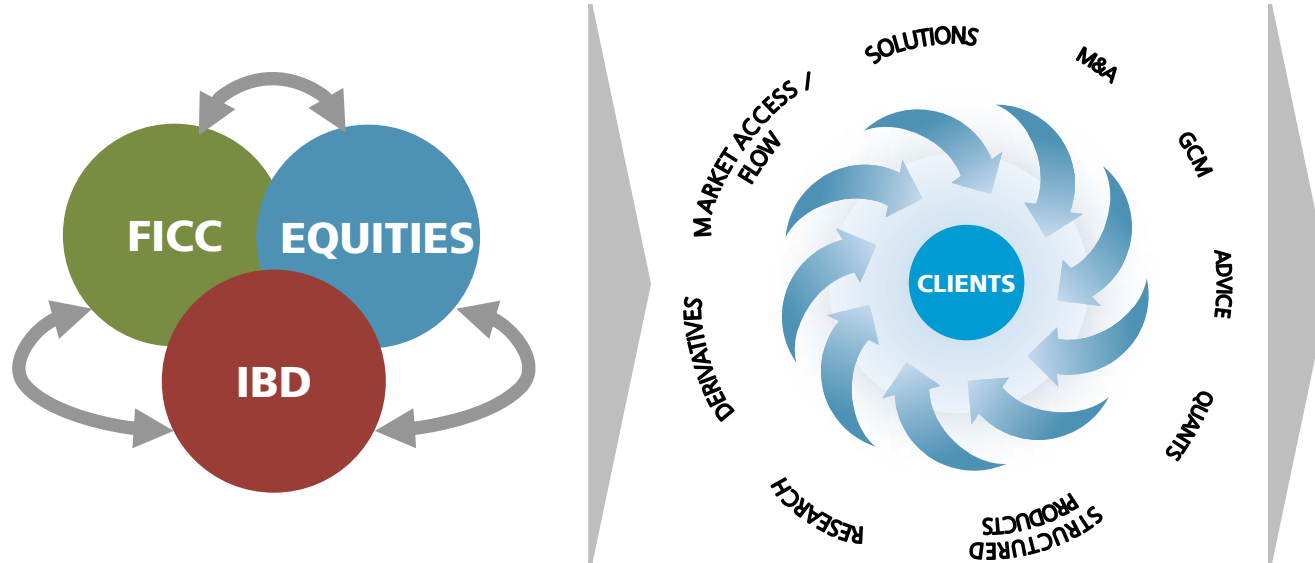
Aligned client delivery

Continued focus on client-centric model based on flow and advice ...

Better aligned ...

... offering superior products & services ...

... with market leading delivery



IBD as lead corporate marketer

Securities distribution

Cross-product solutions

Structuring, research and quants

Client-facing technology

...to achieve sustainable profitability

Integrated client delivery with partner divisions

Increasing partnership and internalization of flows

On-shore expansion in emerging markets

Global Family Offices JV

Group client segmentation

Cross-divisional referrals

Investment Products and Services ("IPS")

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Mitigating the key challenges and risks

Maintaining discipline while growing ...

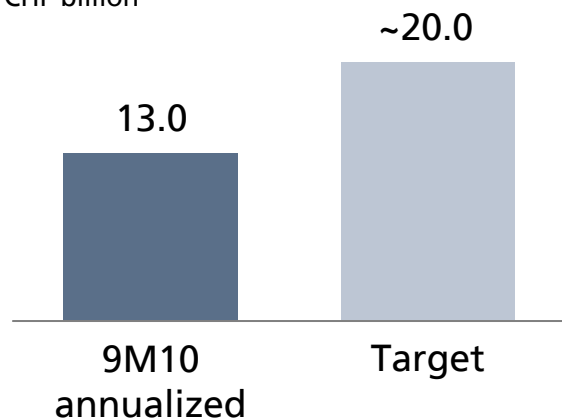
Challenges and risks	Response
Uncertain operating environment	Scalable, efficient and client-centric business model
Growth in resource-constrained environment	Active, disciplined management of limits and resources
Delivery of front-to-back infrastructure	Business line accountability for infrastructure, cost and investment management
Fierce competition for top talent	Targeted recruitment and talent management
Regulatory developments	Proactive dialogue with regulators and timely implementation

... will require us to manage, prioritize and optimize resources

We reconfirm our medium-term targets

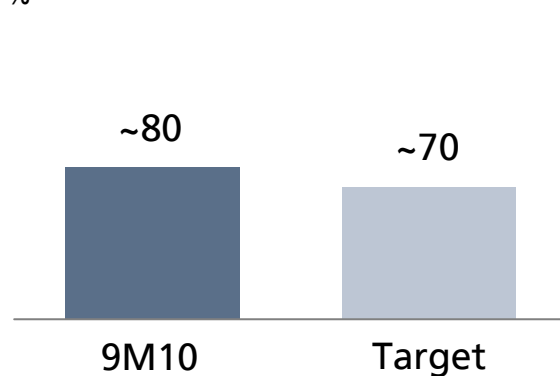
Revenues

CHF billion



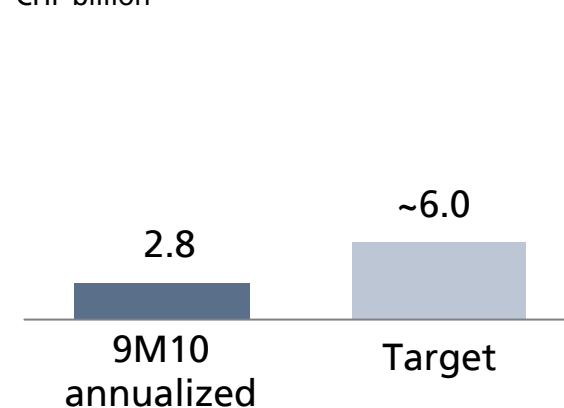
Cost / income ratio

%



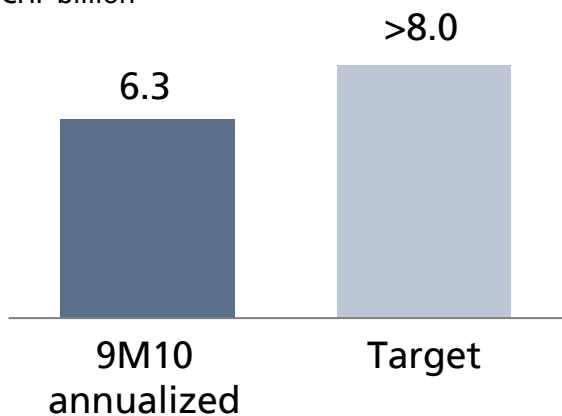
Profit before tax

CHF billion



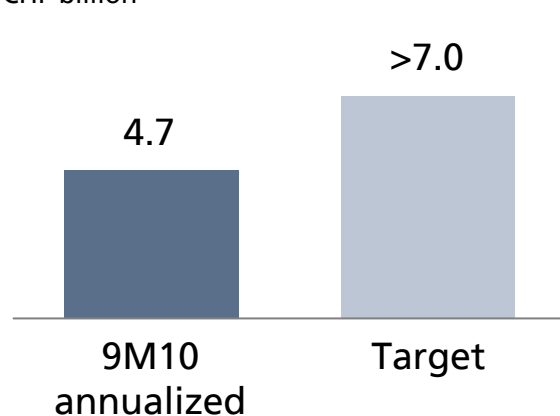
FICC revenues

CHF billion



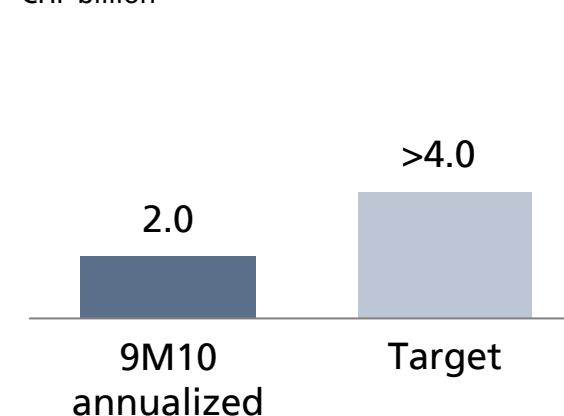
Equities revenues

CHF billion



IBD revenues

CHF billion



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