



# Investor Day 2005 Wealth Management USA

New York, 13<sup>th</sup> May 2005  
Mark Sutton, Chairman & CEO



# Business Overview

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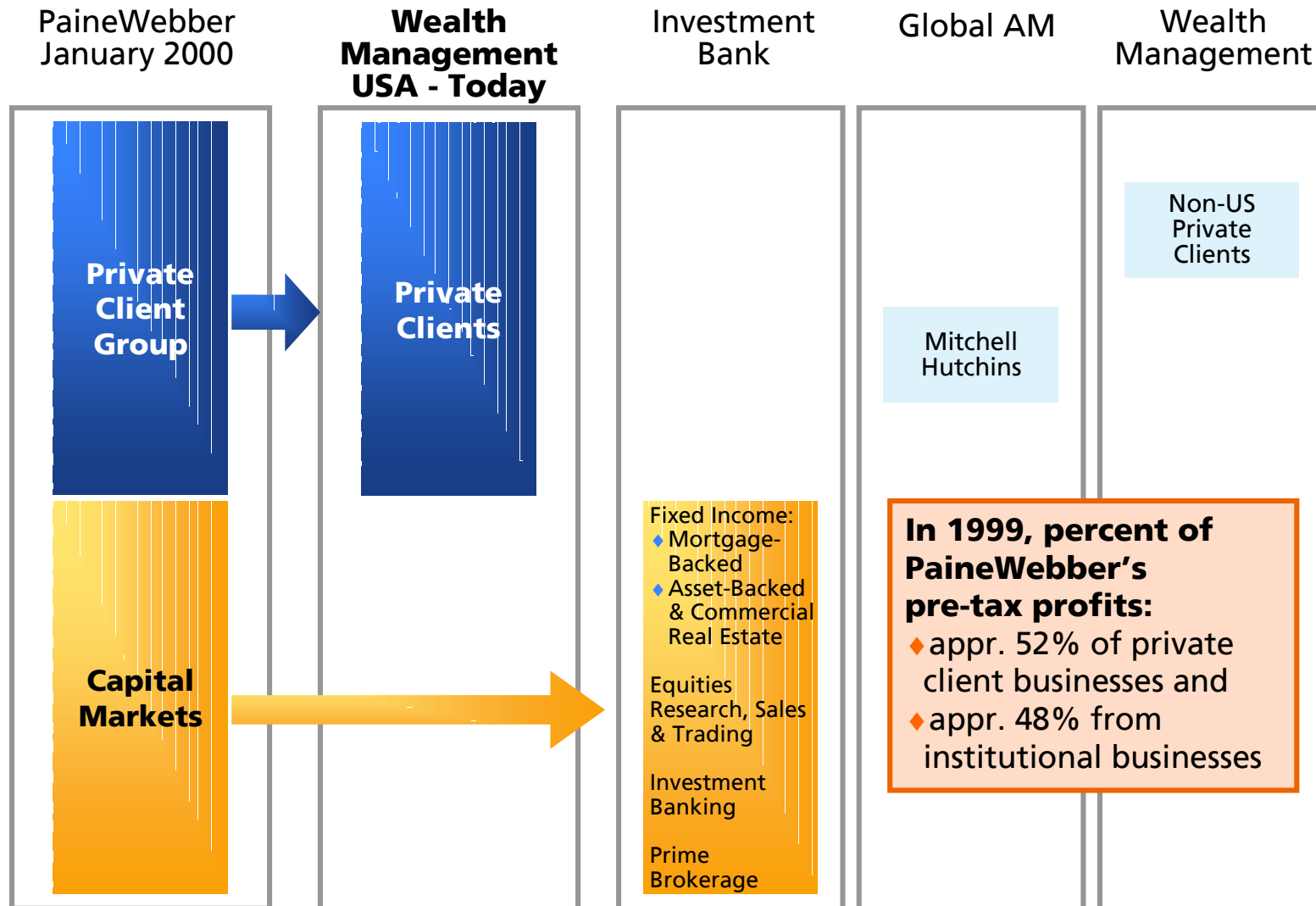


# PaineWebber to UBS

1999 (PaineWebber)	Today (WM-USA)	Benefits
US-centric broker firm	Global products and services capabilities	Attracting global investors & cache as WM leader
Product limitations in certain areas	Broader range of wealth management products and services	Tangible business growth in HNW & UHNW sectors
Sub-scale investment bank and asset management	Access to global investment bank and asset manager with rapidly growing US presence	Leveraging specialties: structured products, global asset allocation
Growing cost base in certain areas (e.g. research, regulations, etc.)	Steadily decreasing cost / income ratio	Integrated business model benefits
Limited balance sheet and lending capabilities (credit rating: BBB+)	Credit rating: S & P AA+ Moody's Aa2, Fitch AA+	Lower cost of capital, improved credibility with clients



# Wealth Management USA vs “Old PaineWebber”



June 2003: Correspondent Services Corp. divested



# New products and solutions

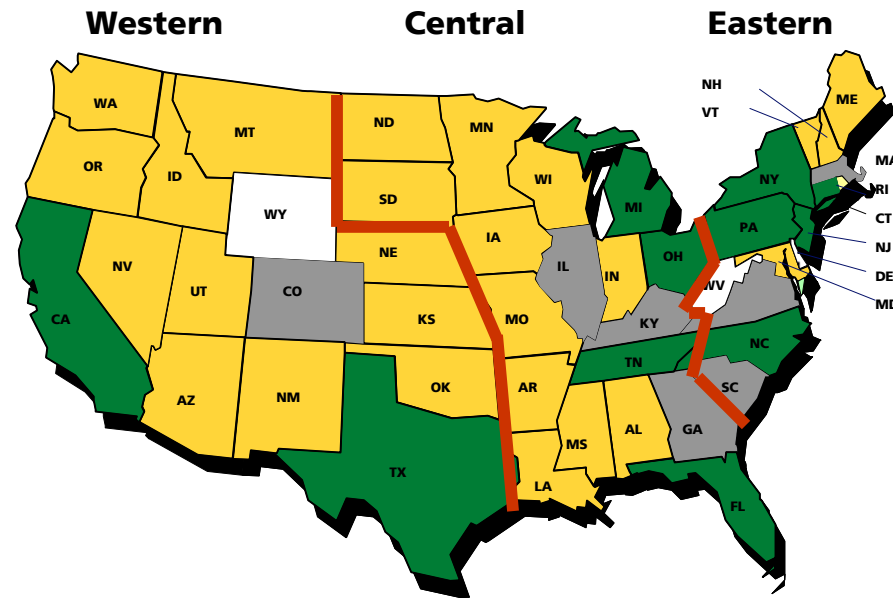
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## **Synergies between UBS' core businesses provide new solutions to meet client needs:**

- ◆ Enhanced products:
  - Separately managed accounts
  - Multi-asset portfolio management
- ◆ Portfolio advisory
  - UBS Global Asset Management asset allocation models
  - Global investment expertise and research
- ◆ Lending capabilities through UBS Bank USA
- ◆ Structured products
- ◆ Increased syndicate offerings
- ◆ Broader municipal capabilities and products
- ◆ Alternative investments



# Wealth Management USA – profile



- States 1 – 5 offices
- States 6 – 10 offices
- States 11+ offices

**In addition:**  
 - Puerto Rico  
 - Hawaii  
 - Alaska

## Key Figures

Client relationships	~2 million
Employees <sup>1</sup>	17,351
Financial advisors <sup>1</sup>	7,403
Invested assets (USD) <sup>1</sup>	557bn
Revenues (USD) <sup>2</sup> excl. acquisition costs	4.3bn

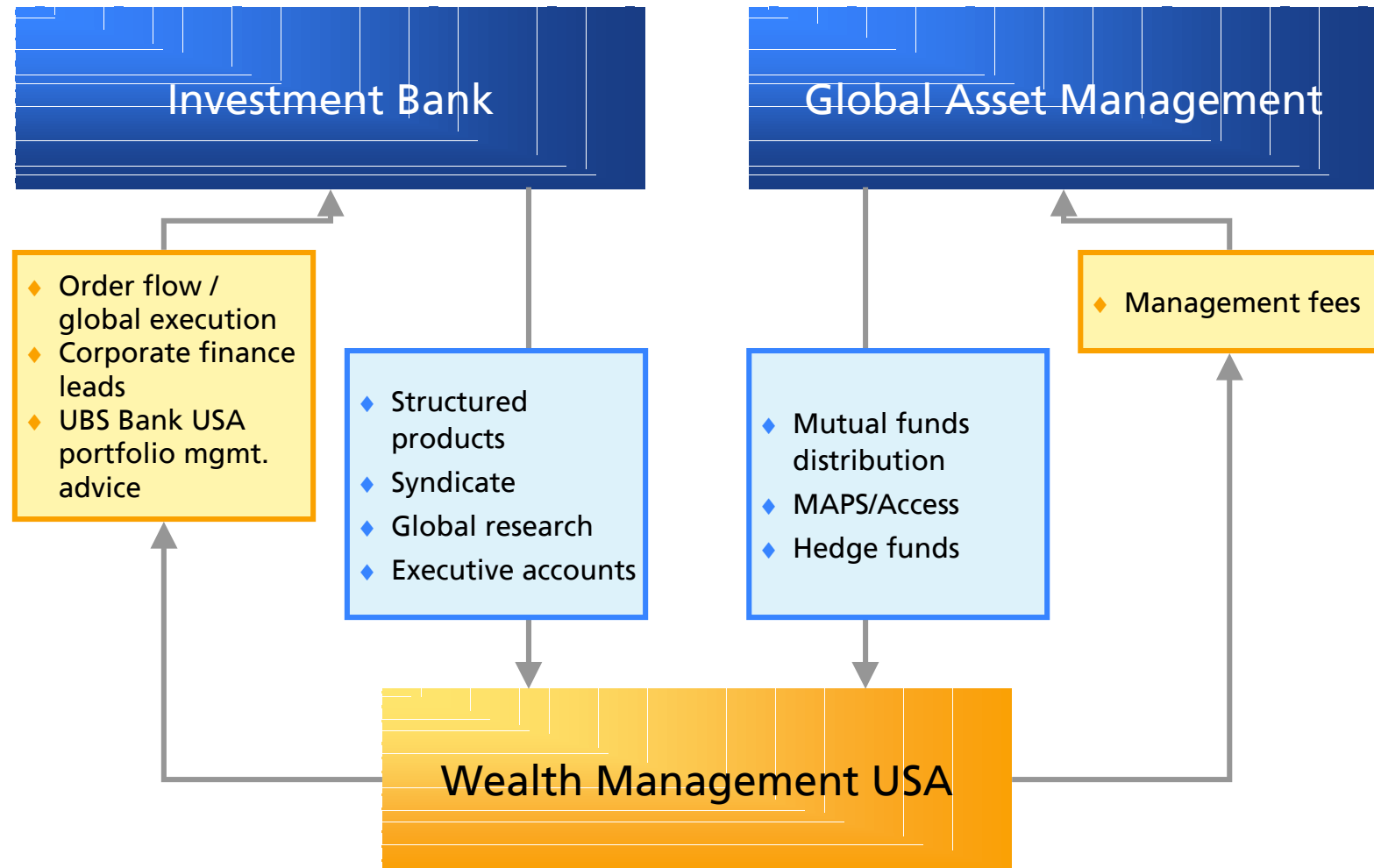
<sup>1</sup> As of 1Q05

<sup>2</sup> Rolling 12 months at 1Q05



# Integrated business model

## Example:



# Key Developments / Accomplishments

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# Highlights

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2004 operating profit<sup>1</sup> highest since acquisition

Invested assets USD 561bn<sup>2</sup>, up 22% since 2001

2004 recurring income 47% of total revenues vs. 41% in 2001

UBS Bank USA launched in 2003, deposits USD 14.9bn<sup>2</sup>

2004 market share 15.6% vs. 13.8% in 2001<sup>3</sup>

Financial advisor productivity at 115% of average vs. 102% in 2001<sup>3</sup>

1 Based on the USD result excluding acquisition costs

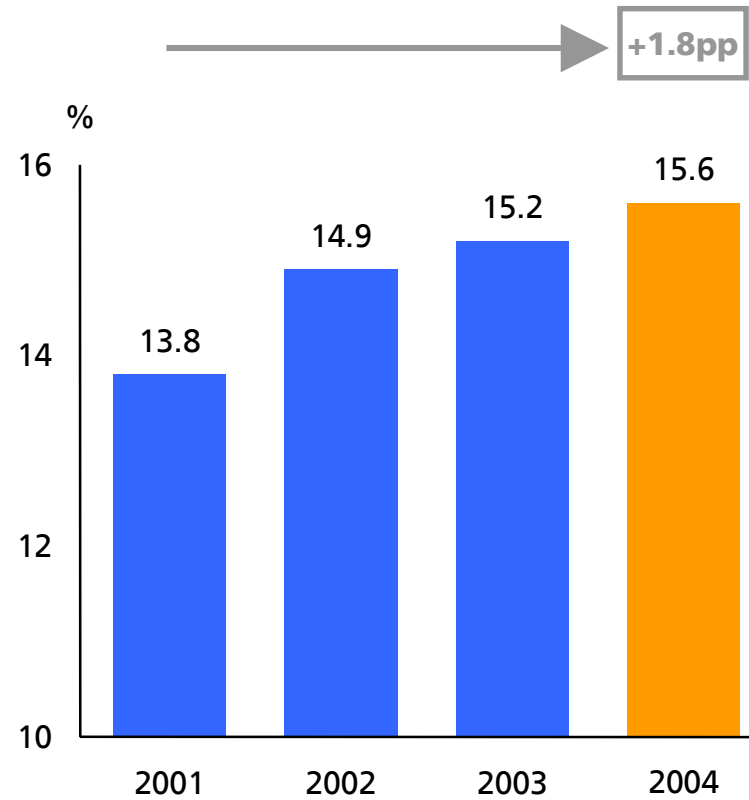
2 As of Dec-04

3 Based on compensable production among full service firms according to a leading industry survey (includes UBS, Smith Barney, Merrill Lynch, Morgan Stanley, Wachovia, AGE Edwards)



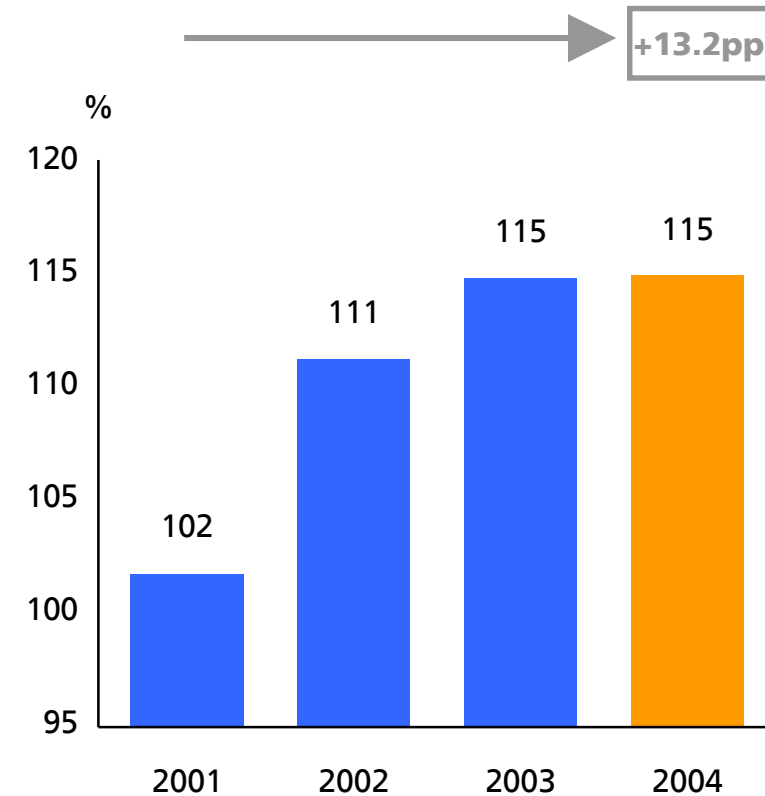
# Momentum and growth...

## Market share<sup>1</sup>



## Productivity as % of industry average<sup>1</sup>

(measured in terms of compensable revenues)



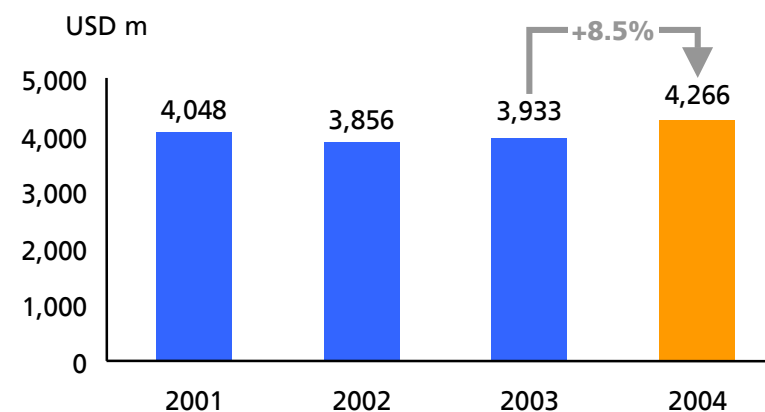
Sources: company reports and a leading industry survey

<sup>1</sup> Based on compensable products among full service firms

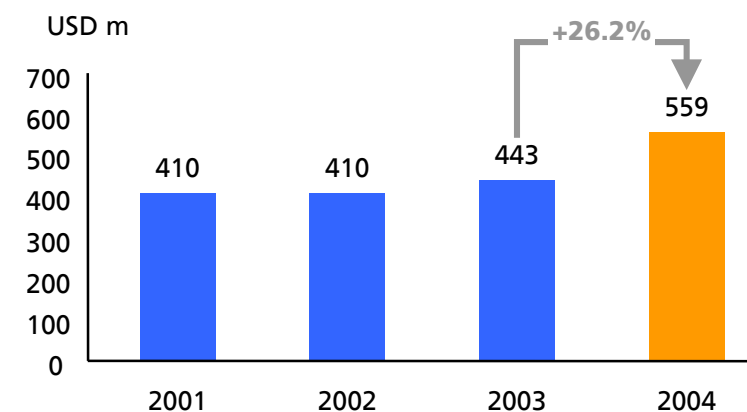


# P&L key performance indicators<sup>1</sup>

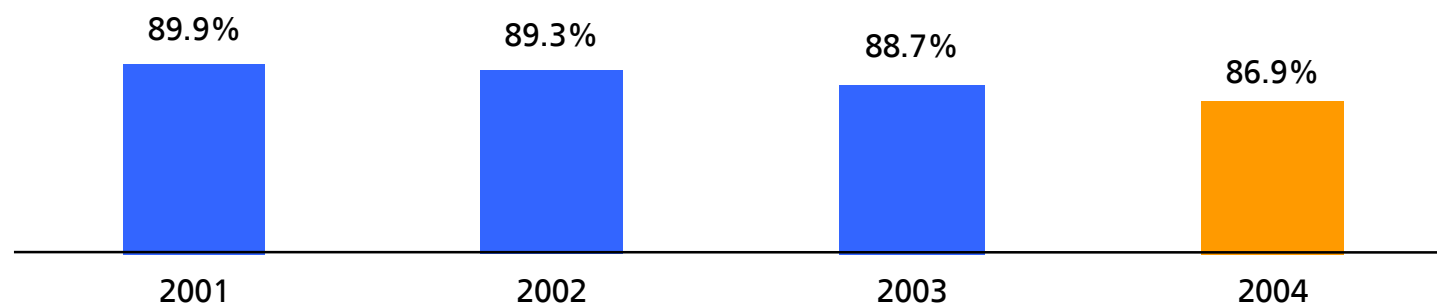
## Operating income (excl. acquisition costs)



## Performance (before tax and acquisition costs)



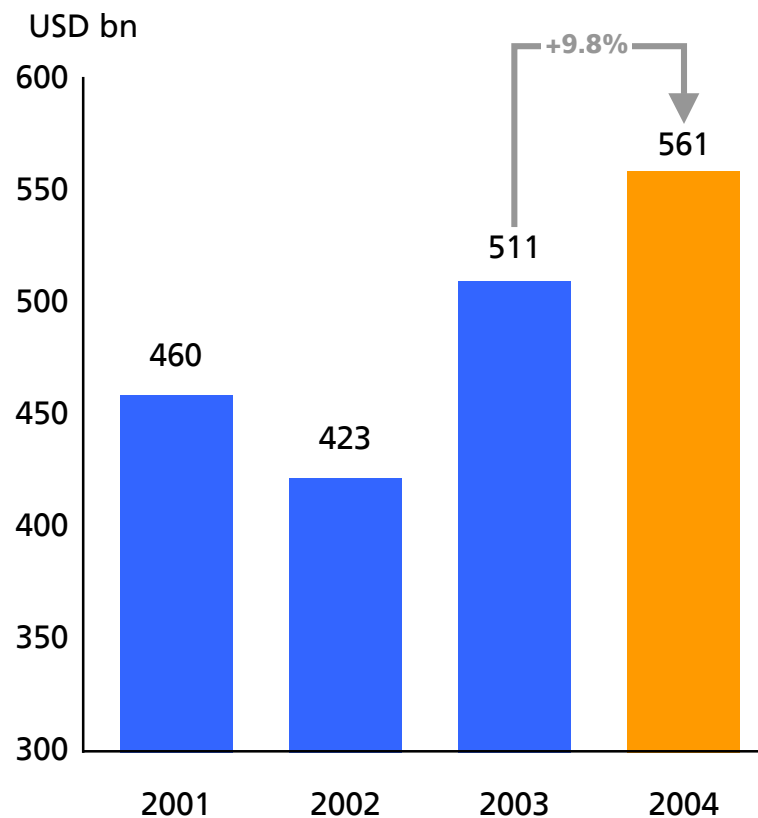
## Cost / income ratio



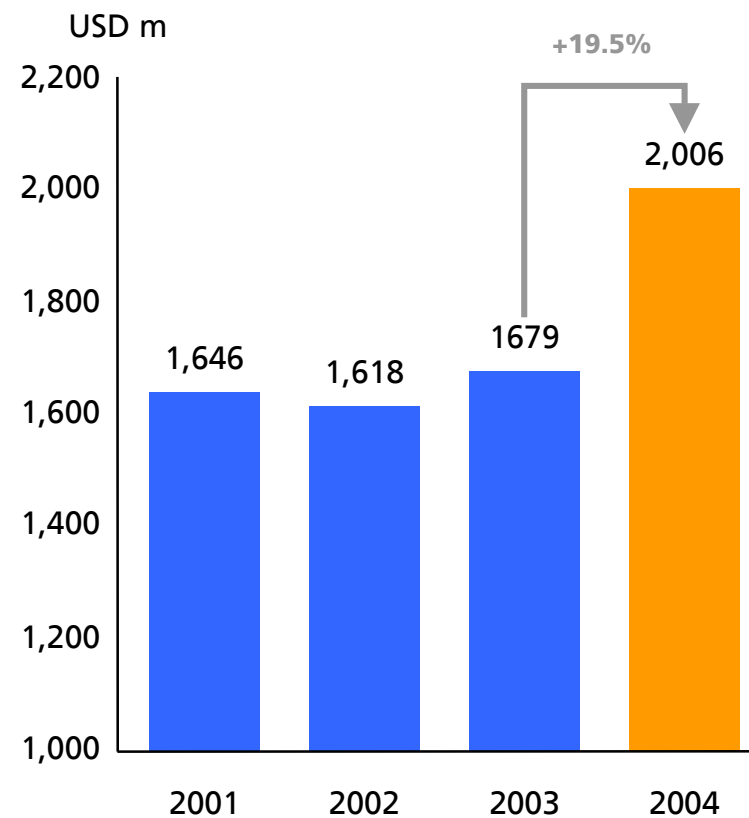
<sup>1</sup> Numbers prior to 2003 have not been restated  
Average rate (CHF / USD): 2001: 1.69 2002: 1.54 2003: 1.34 2004: 1.24  
Spot rate (CHF / USD): 2001: 1.67 2002: 1.38 2003: 1.24 2004: 1.14

# Invested assets / recurring income<sup>1</sup>

## Invested assets



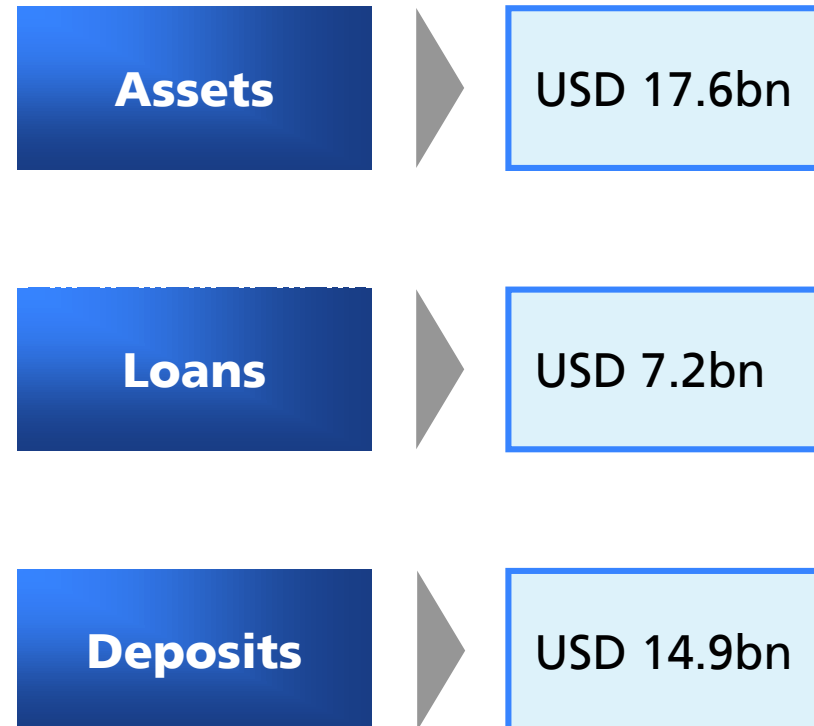
## Recurring income



<sup>1</sup> Numbers prior to 2003 have not been restated  
Average rate (CHF / USD): 2001: 1.69 2002: 1.54 2003: 1.34 2004: 1.24  
Spot rate (CHF / USD): 2001: 1.67 2002: 1.38 2003: 1.24 2004: 1.14

# UBS Bank USA<sup>1</sup>

**One of the top 50 banks in the US...<sup>2</sup>**



1 Figures as of Dec-04

2 Source: American Banker April 2005 (rating based on deposits as of Dec-04)

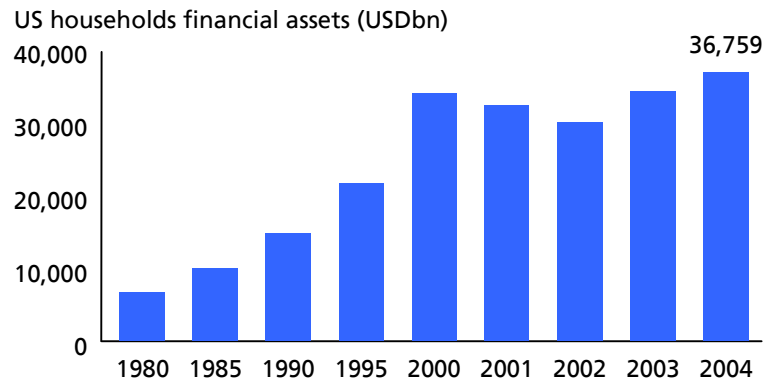
# Opportunities and Challenges

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# Opportunities

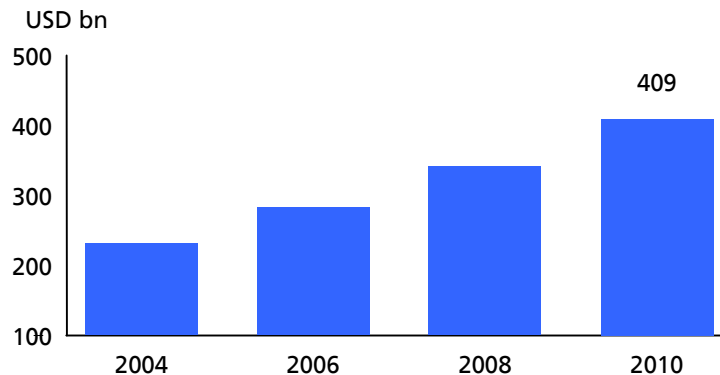
## Long term outlook for the business is strong and our strategy exploits powerful market trends

### Large and growing market



Source: Federal Reserve Bank, ICI,

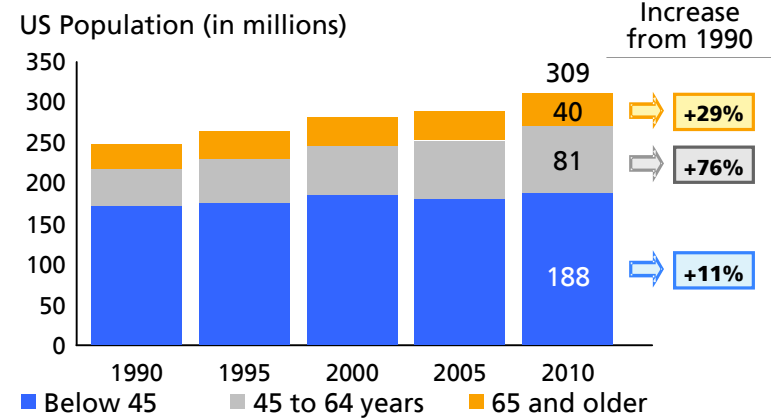
### Annual projected rollovers into IRAs



Source: Financial Research Corporation, IRA Rollover Trends, 2003

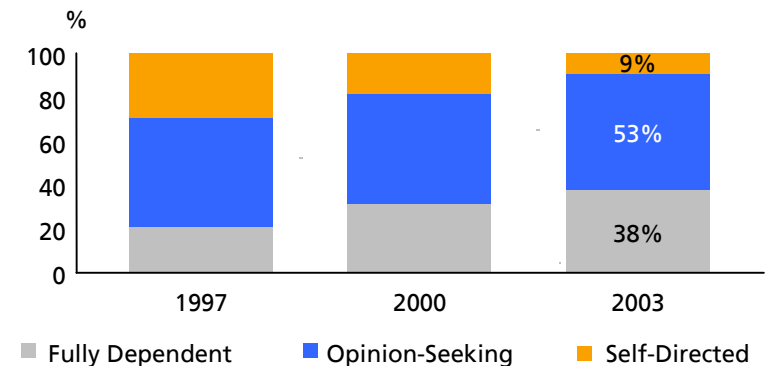


### Capitalizing on demographic trends



Source: US Census

### Our clients need advice

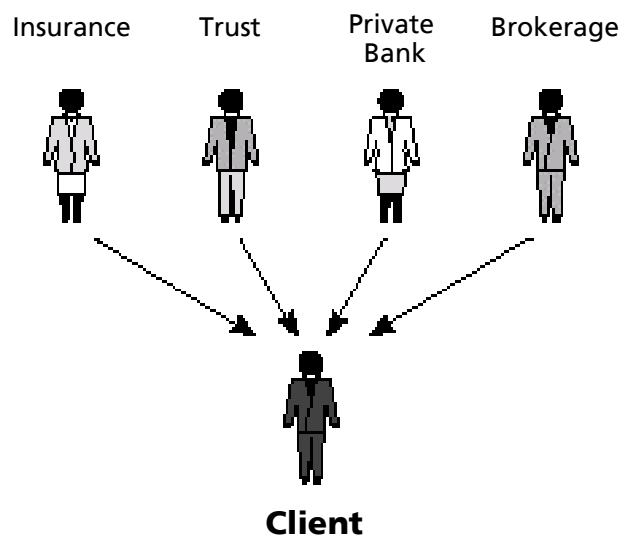


Source: Advice-Seeking Behavior of U.S. HNW Households (1997 vs. 2003) VIP Forum

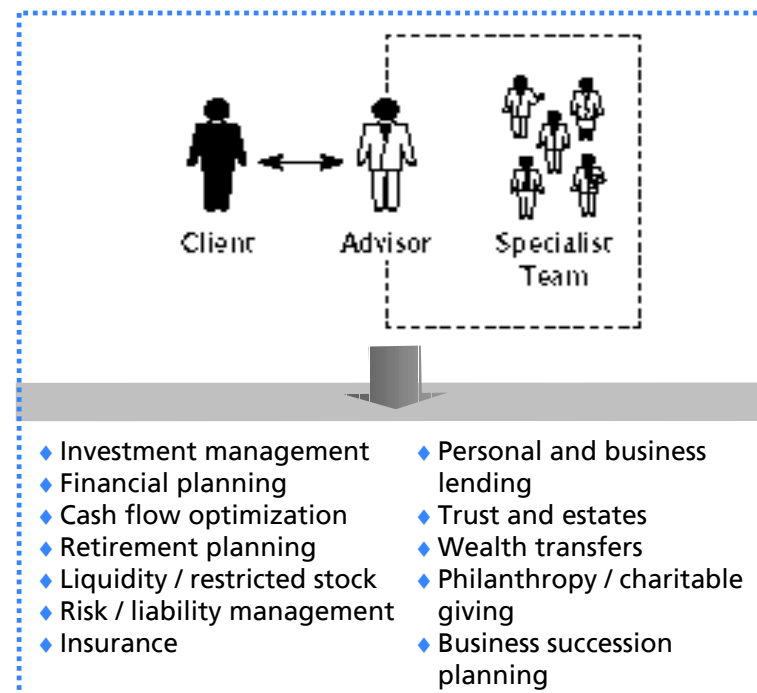
# Challenge to deliver the wealth management model

## No competitor has yet executed in scale

### Traditional Wealth Management Model



### Holistic Wealth Management Model



**“Proponents of [a holistic wealth management] model expect that taking a more comprehensive approach will allow them to boost revenue by capturing a greater share of their clients’ financial holdings”<sup>1</sup>**

<sup>1</sup> VIP Forum (9/04 Report)  
Source: VIP Forum research



# Wealth Management USA

## How we differentiate ourselves...

Global presence  
and capabilities

- ◆ Global platform of wealth management tools, services and solutions
- ◆ Sharing “best practices”, client successes and personnel

Excellent  
products &  
services

- ◆ Holistic consultative wealth management approach
- ◆ Integrated business model
- ◆ Ability to offer customized solutions

Financial  
strength

- ◆ Standard & Poor’s AA+, Moody’s Aa2 and Fitch AA+<sup>1</sup>
- ◆ Credibility

Strong brand

- ◆ Increasing brand recognition: Ranked #45<sup>2</sup>
- ◆ “You & Us” initiative
- ◆ Building our brand in our communities

1 Long-term rating

2 Business Week, September 6, 2004

# Challenge to further improve profitability

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**Competitors with lower cost / income ratio enjoy the benefits of greater scale**

## Key drivers to improve profitability

### Increase scale

- ◆ Drive FA growth
- ◆ Increase asset base
- ◆ Acquisition

Develop higher margin products and services

Foster further integration

# 2005 and beyond

## Continued organic growth on existing business supported by new initiatives

### Trends

Blur of financial services

Increasingly sophisticated client needs

Pricing pressure

Competition for talent

### Strategic responses

- ◆ Foster holistic advisory process to deliver client experience

- ◆ Deliver customized products and services for each client segment
- ◆ Leveraging UBS platform

- ◆ Focus on introducing higher margin "banking type" products and services
- ◆ Differentiate and demonstrate value added services

- ◆ Deliver robust Wealth Management platform to drive financial advisor success and growth

### Initiatives

Private Wealth Management

Client Accounts / Card Program

Small Business

Estate Planning

Retirement Initiative

Municipal Initiatives



# Products & services - Growth opportunities

## Six major initiatives currently in progress to expand our product offerings and to capitalize on market trends

Private Wealth Management	Provide ultra-wealthy individuals with specialized advice and services <ul style="list-style-type: none"><li>◆ Gain market share</li></ul>
Client Account / Card Program	Relaunch of RMA account in combination with a Dual-Card Program (announcement made on April 18, 2005) <ul style="list-style-type: none"><li>◆ Grow card business and increase share of active cards</li></ul>
Small Business	Extend the Wealth Management model and provide small business lending to our business clients <ul style="list-style-type: none"><li>◆ Gathering NNM and grow our lending business</li></ul>
Estate Planning	Integrate life insurance into a FAs standard business practice <ul style="list-style-type: none"><li>◆ Increase number of FAs who use life insurance</li></ul>
Retirement Initiative	Position Wealth Management USA to capture net new money from trillion dollar rollover of retirement assets <ul style="list-style-type: none"><li>◆ Increase assets in retirement accounts</li></ul>
Municipal Initiative	Expand the Municipal Securities franchise <ul style="list-style-type: none"><li>◆ Further expand securitization business</li></ul>



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