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UBS Investors' Day Asset Management

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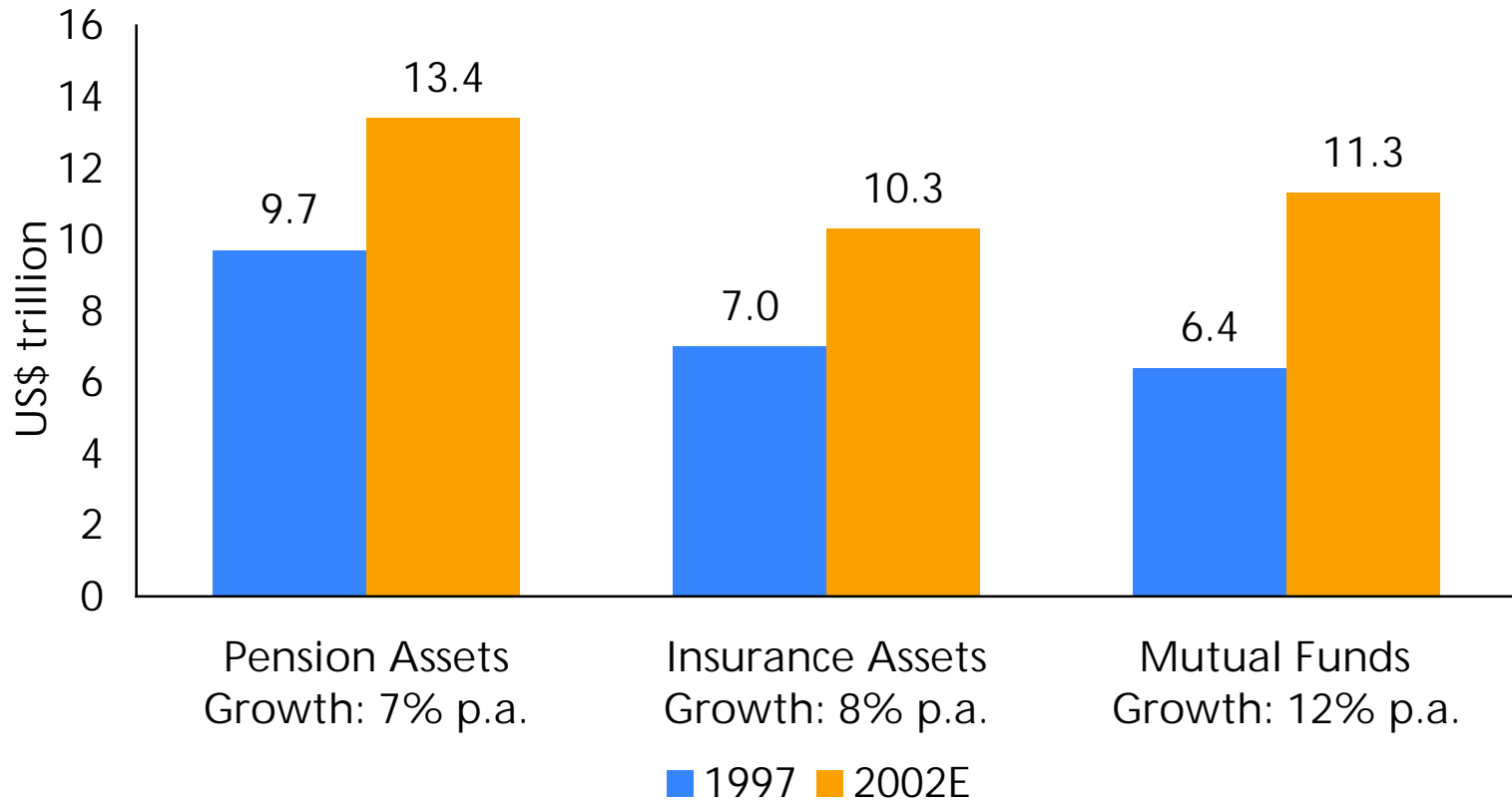


Opportunities and Challenges

SECTION 1

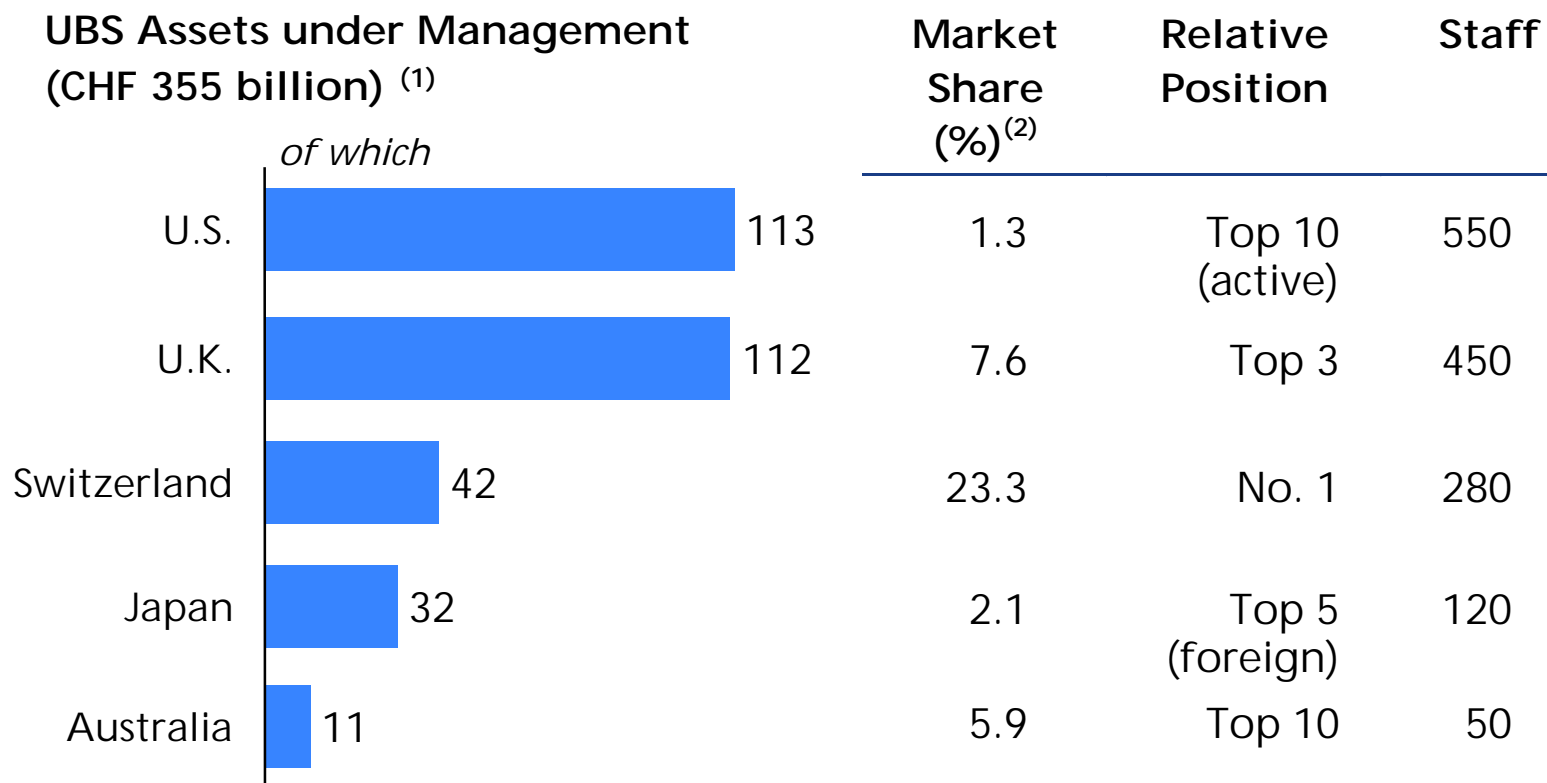
Attractive Market Opportunities

Overall growth rate: 9% p.a.



Source: InterSec Research Corp., 1998

A Strong Global Platform

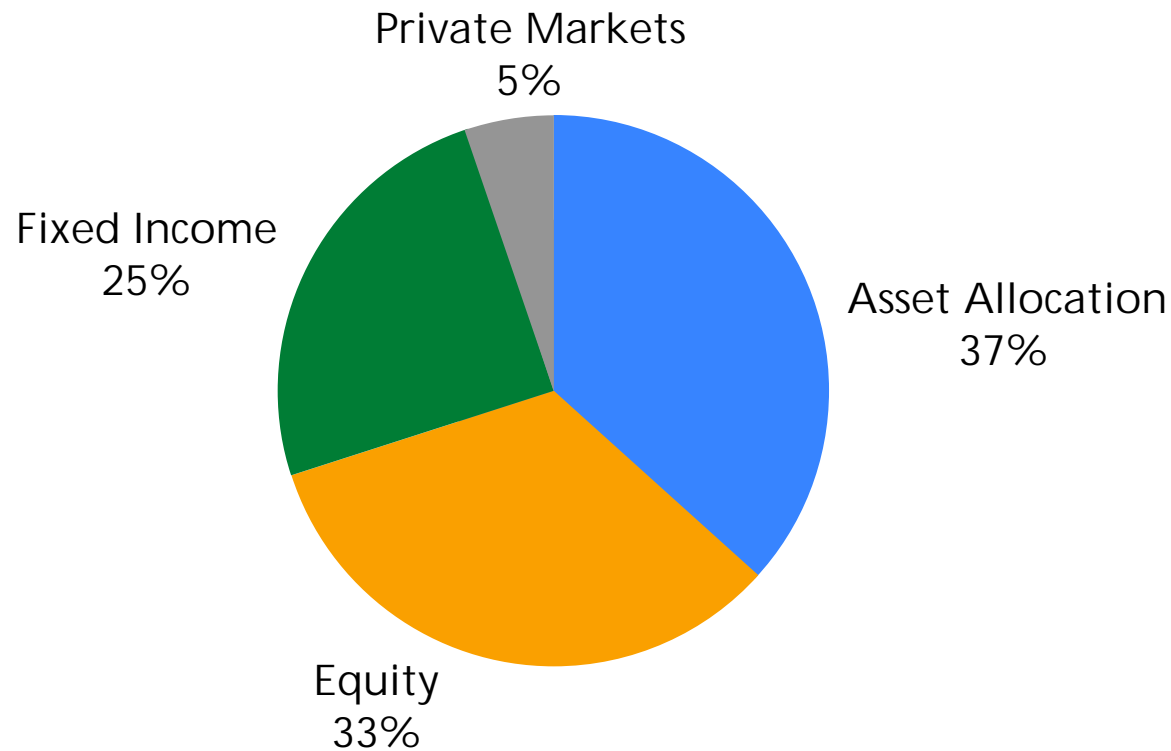


Notes:

- 1 Institutional Assets as of 30 September 1999. The CHF 45 billion not shown in the chart relates to various other countries
- 2 Watson Wyatt estimates of total externally managed institutional assets as of 31 December 1997, published March 1999

A Diverse Asset Base

Institutional Assets under Management by Client Mandate (CHF 355 billion) ⁽¹⁾



Note:
1 As of 30 September 1999

Diversified Capabilities

Equity

- ◆ Global
- ◆ Country/Regional
- ◆ Emerging Markets
- ◆ Specialized Sector Funds

Asset Allocation

- ◆ Global Balanced
- ◆ Global Frontier Portfolio
- ◆ Country/Regional Balanced
- ◆ Capital Preservation Portfolios
- ◆ Structured Investments

Fixed Income

- ◆ Global
- ◆ Country/Regional
- ◆ Emerging Markets
- ◆ High Yield
- ◆ Cash

Private Markets

- ◆ Direct Investments
- ◆ Oil & Gas
- ◆ Partnership Investments
- ◆ Real Estate
- ◆ Timber

Current Macro Trends Play To Our Strengths

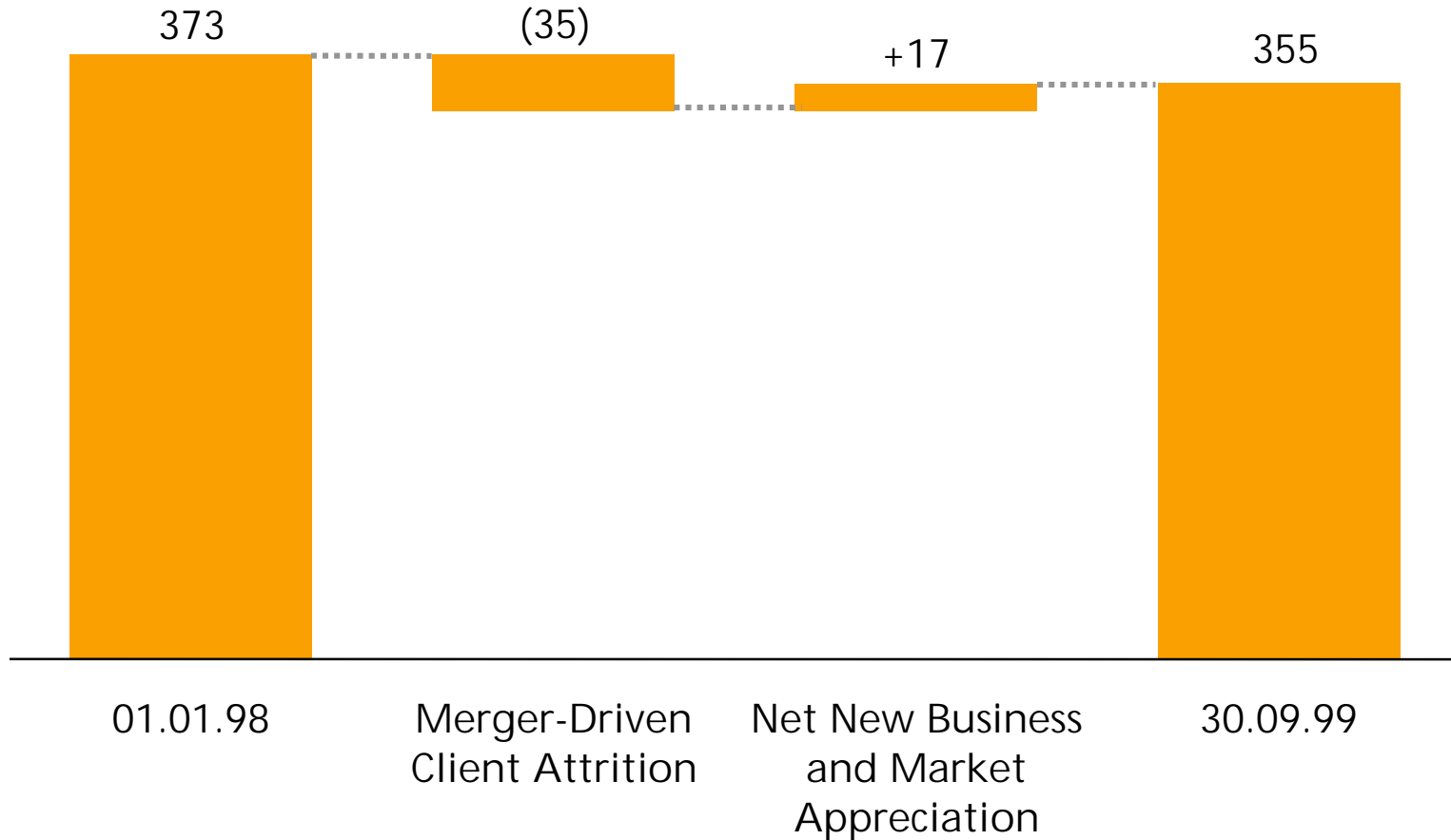
Trend		UBS Asset Management Position
Globalization	++	Global scope and presence
Consolidation	++	Scale and breadth
Differentiation of investor needs	++	Client-service skills
Financial market complexity	+	Broad investment capabilities, yet performance issues in some asset classes
Instividualization	+	Strong European Mutual Fund capacity; however, gaps in Distribution and Defined Contribution markets

Challenging Financial Performance

CHF million	Nine Months Ended 30 September 1999	Nine Months Ended 30 September 1998
Operating Income	811	868
Expenses		
– Personnel, general and administrative	472	486
– Depreciation and amortization	103	87
Total Expenses	575	573
Performance before Tax	236	295
Cost/Income (%)	71	66
Pre-goodwill Cost/Income (%)	61	59

Merger-driven Client Attrition

Institutional Assets Under Management (CHF billion)



Mixed Investment Performance Track Record

Selected Asset Classes	UBS Asset Management Position	Rationale
Fixed Income	Top third ⁽²⁾	
Cash Management	Top third ⁽²⁾	
Private Equity	Top third ⁽²⁾	
Real Estate ⁽¹⁾	Top third ^(2, 3)	
Non-U.S. Equity ⁽⁴⁾	Middle third ⁽³⁾	
U.S. Equity	Middle third ⁽²⁾	Stock selection
U.K. Balanced	Middle third ⁽³⁾	Equity underweight
Global Balanced	Bottom third ⁽²⁾	Equity underweight

Notes:

- 1 Including Allegis
- 2 UBS Brinson (Manager Rankings per Russell as of September 1999, based on 3-year investment performance)
- 3 Philips & Drew (Manager Rankings per CAPS as of September 1999, based on 3-year investment performance, except for Non-U.S. Equity)
- 4 Manager Ranking per WM Company as of September 1999, based on 3-year investment performance

Challenging Task

Profit growth momentum in
line with industry within
three years



Our Approach

SECTION 2

Our Approach

BECOME THE PREMIER GLOBAL INSTITUTIONAL ASSET MANAGEMENT FIRM

- ◆ Minimum top five market share position in core markets
- ◆ Top third position in long-term investment performance
- ◆ Profit growth momentum in line with industry
- ◆ Recognized thought leader and trend setter



Measures to protect
and strengthen client
franchise

Targeted
growth
initiatives

Investment
capability
expansion

Measures to Protect and Strengthen Client Franchise

- ◆ Continue dedicated efforts to improve investment performance
 - adhere to philosophy and process
 - review execution
- ◆ Focus on core clients with potential for long-term partnership
- ◆ Tailor investment performance risk to client risk appetite
- ◆ Intensify cross-selling across asset classes

Targeted Growth Initiatives

Europe

- ◆ Focus on Germany, France, Italy
- ◆ Develop client-driven new portfolio offerings
 - e.g. strategic asset allocation
- ◆ Offer outsourcing solutions for banks and life insurance companies (jointly with UBS Private Banking's Investment Funds unit)

Japan

- ◆ Strengthen platform to capture attractive institutional growth opportunities
- ◆ Position in Investment Fund and Defined Contribution markets (jointly with UBS Private Banking)

Investment Capability Expansion

Real Estate

- ◆ Leverage newly acquired Allegis with U.S. client franchise
- ◆ Capture opportunities for global expansion

Alternative Asset Management

- ◆ Expand these capabilities to meet increased client demand
- ◆ Combination of Alternative Asset Management capabilities across the Group

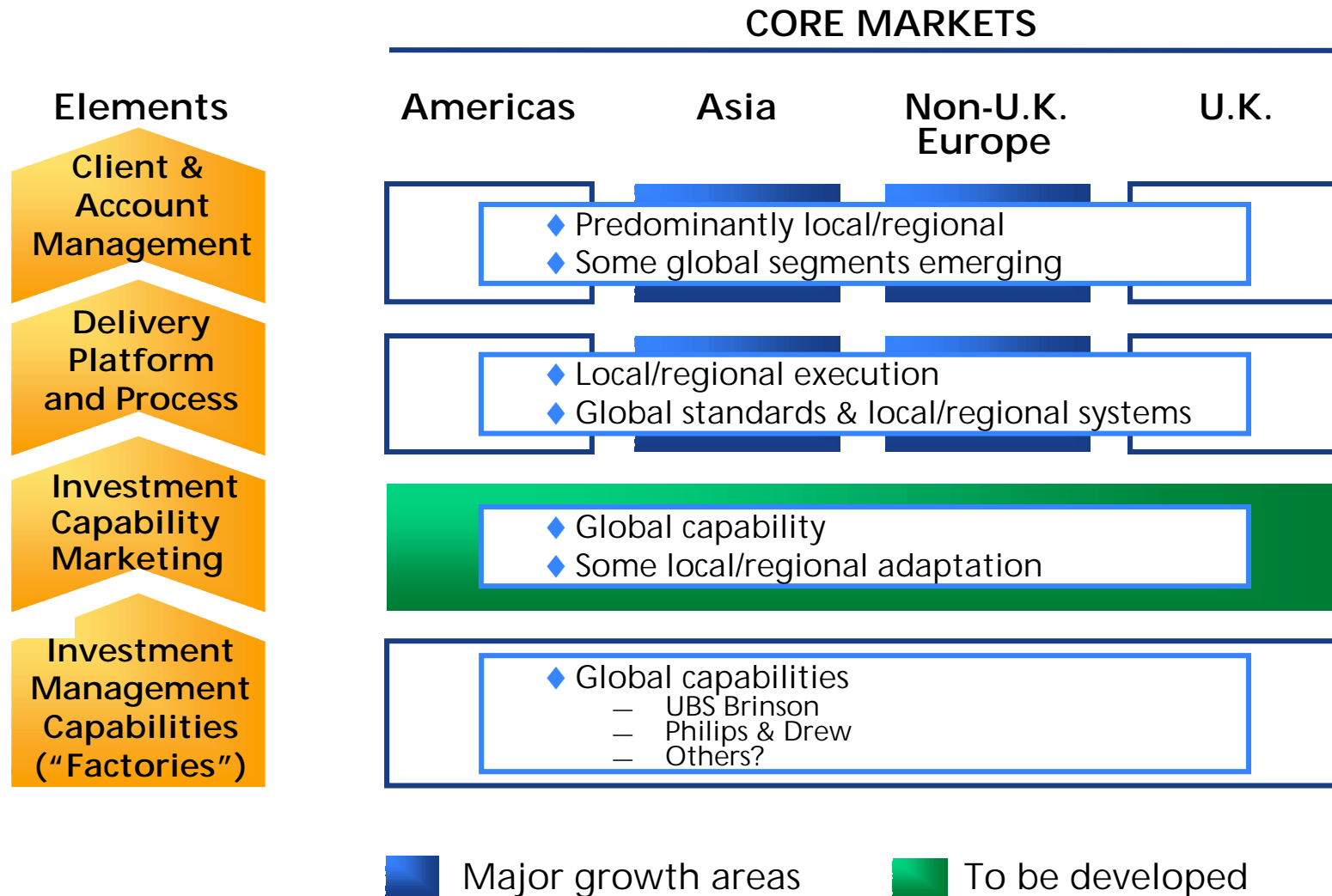
Diversification of Investment Styles

- ◆ Capability/product development and life-cycle management
- ◆ Acquisition opportunities

Implementation

SECTION 3

Implementation Via a Client-Centric Business Model ...



... reflected in Six Business Areas

Distinct entrepreneurial mandates

UBS Brinson / Brinson Partners <ul style="list-style-type: none">◆ Optimize contribution from the Americas◆ Further develop distinct global Brinson investment process◆ Contribute to global Business Development Efforts (main priority: Europe and Japan)	Philips & Drew <ul style="list-style-type: none">◆ Optimize contribution from the UK◆ Further develop distinct Philips & Drew investment process◆ Contribute to global Business Development Efforts (main priority: Europe and Japan)	Europe, Middle East and Africa <ul style="list-style-type: none">◆ Capture profitable growth opportunities in Europe◆ Contribute to global Brinson investment process◆ Optimize contribution from existing businesses in Europe, Middle East & Africa	Asia / Pacific <ul style="list-style-type: none">◆ Capture profitable growth opportunities in Asia/Pacific◆ Contribute to global Brinson investment process◆ Optimize contribution from existing businesses in Asia/Pacific
		Private Banking Investment Services <ul style="list-style-type: none">◆ Optimize contribution from Private Banking client relationship◆ Develop global investment capability marketing platform	Operations & IT <ul style="list-style-type: none">◆ Contribute to quality/efficiency of local/regional Ops & IT delivery capabilities◆ Implementation of global cooperation, standards and resource mobility

Managing the Division Based on Shared Values

- ◆ Client-centric approach
- ◆ Partnership culture
- ◆ Entrepreneurial spirit
- ◆ Accountability and meritocracy
- ◆ Professionally stimulating environment
- ◆ Honesty, integrity, openness