



Financial Services Group

UBS Third Quarter Results 2000

Zurich, 28 November 2000
Lugman Arnold

Caution regarding forward-looking statements

This presentation contains statements that constitute “forward-looking statements”, including, without limitation, statements relating to the implementation of strategic initiatives, including the implementation of the integration of PaineWebber into UBS, and other statements relating to our future business development and economic performance. While these forward looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, (1) general market, macro-economic, governmental and regulatory trends, (2) movements in local and international securities markets, currency exchange rates and interest rates, (3) competitive pressures, (4) technological developments, (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties, (6) our ability to carry out the integration of PaineWebber into UBS within the scheduled timeframe and to achieve the anticipated resulting benefits of the merger, and (7) other key factors that we have indicated could adversely affect our business and financial performance which are contained in our past and future filings and reports, including those with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS or PaineWebber with the SEC. UBS is not under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.



Continued strong profitability - reported basis

(CHFm)	3Q00	3Q99	Δ%
Operating income	8,545	6,534	31
Operating expenses	5,842	4,921	19
Net profit before tax	2,703	1,613	68
Net profit	2,075	1,225	69

Significant financial events - 9M1999 / 2000

(CHFm)	Pre Tax
2Q00: US Global Settlement	(200)
3Q99: LTCM Capital Gain	26
2Q99: Swiss Life / Rentenanstalt	1,490
2Q99: International Global Trade Finance	200
1Q99: Julius Baer Registered Shares	110



Continued strong profitability - adjusted basis

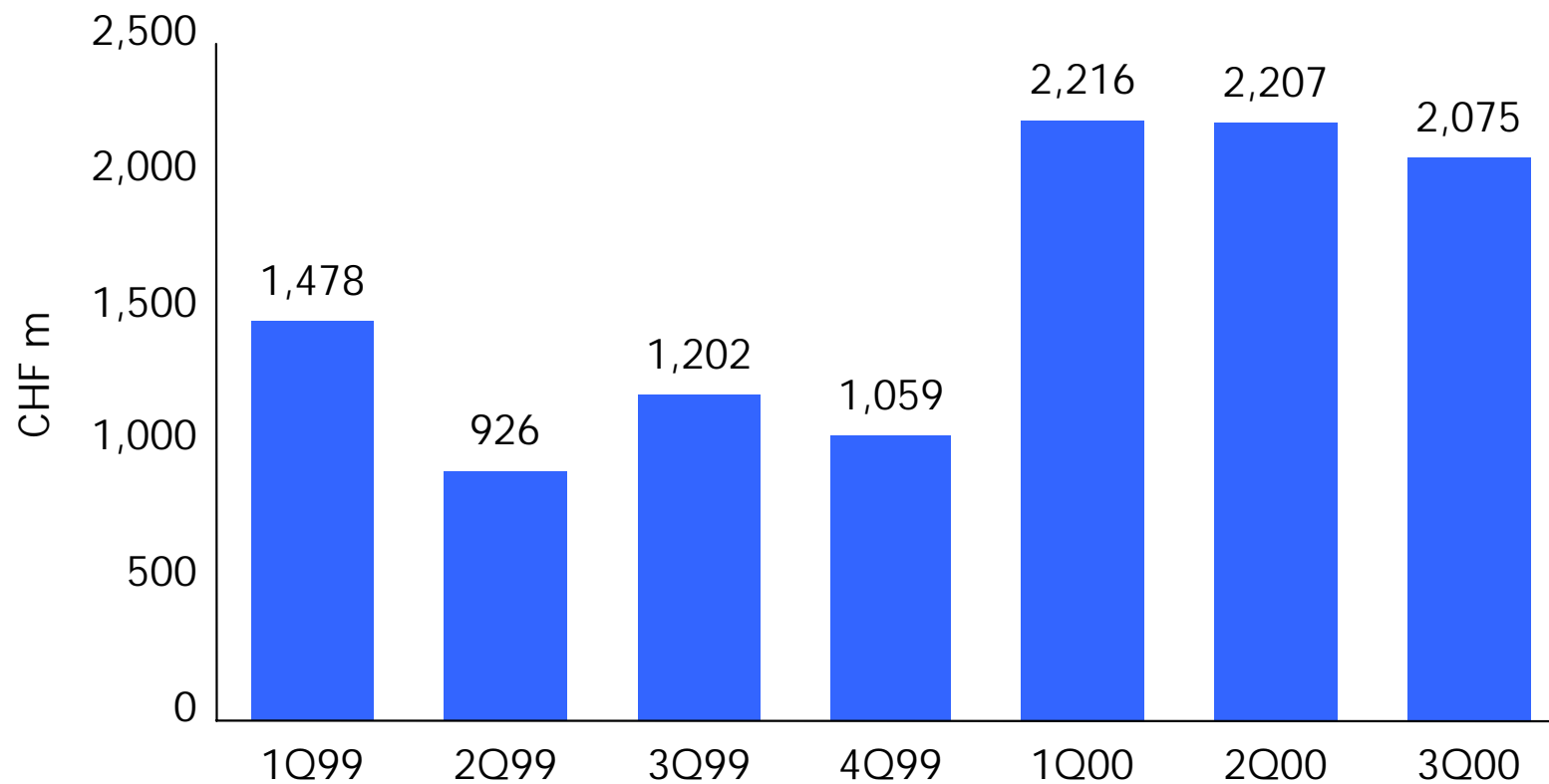
(CHFm)	3Q00	3Q99	Δ%
Operating income	8,545	6,508	31
Operating expenses	5,842	4,921	19
Net profit before tax	2,703	1,587	70
Net profit	2,075	1,202	73

Continued strong profitability - adjusted basis

(CHFm)	9M00	9M99	Δ%
Operating income	27,102	19,810	37
Operating expenses	18,639	14,992	24
Net profit before tax	8,463	4,818	76
Net profit	6,498	3,606	80

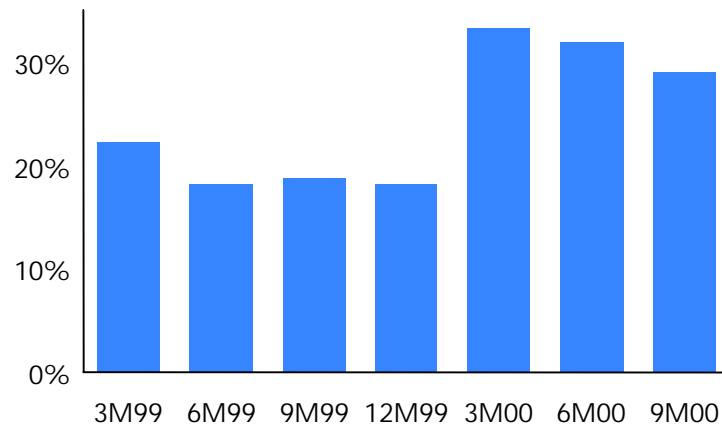


Net profit after tax (excluding SFEs)

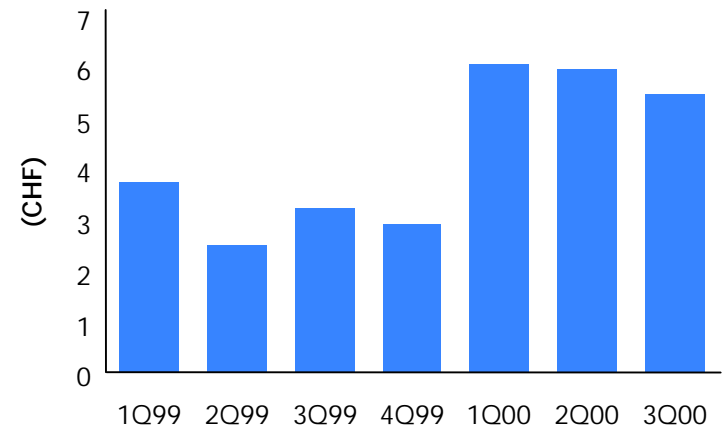


Performance against Targets

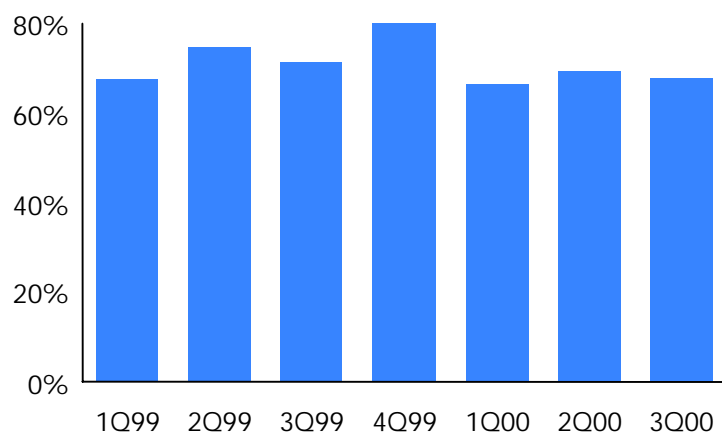
ROE ¹



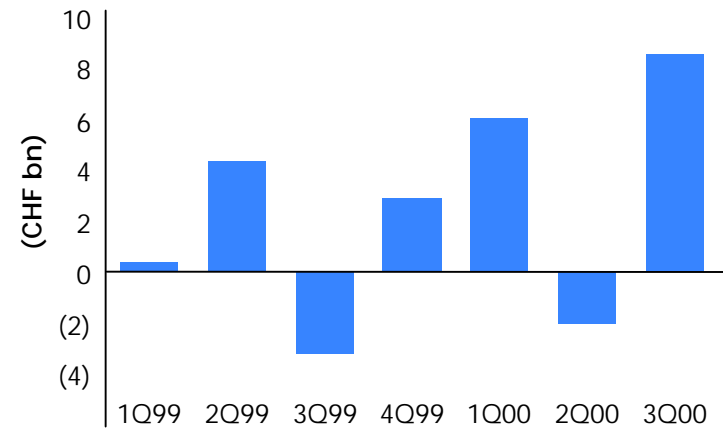
Basic EPS ²



Cost / Income ²



Net New Money ³



NOTES:

- 1 Annualized, before goodwill amortization and adjusted for significant financial events
- 2 Before goodwill amortization and adjusted for significant financial events
- 3 Private Banking and Private Clients



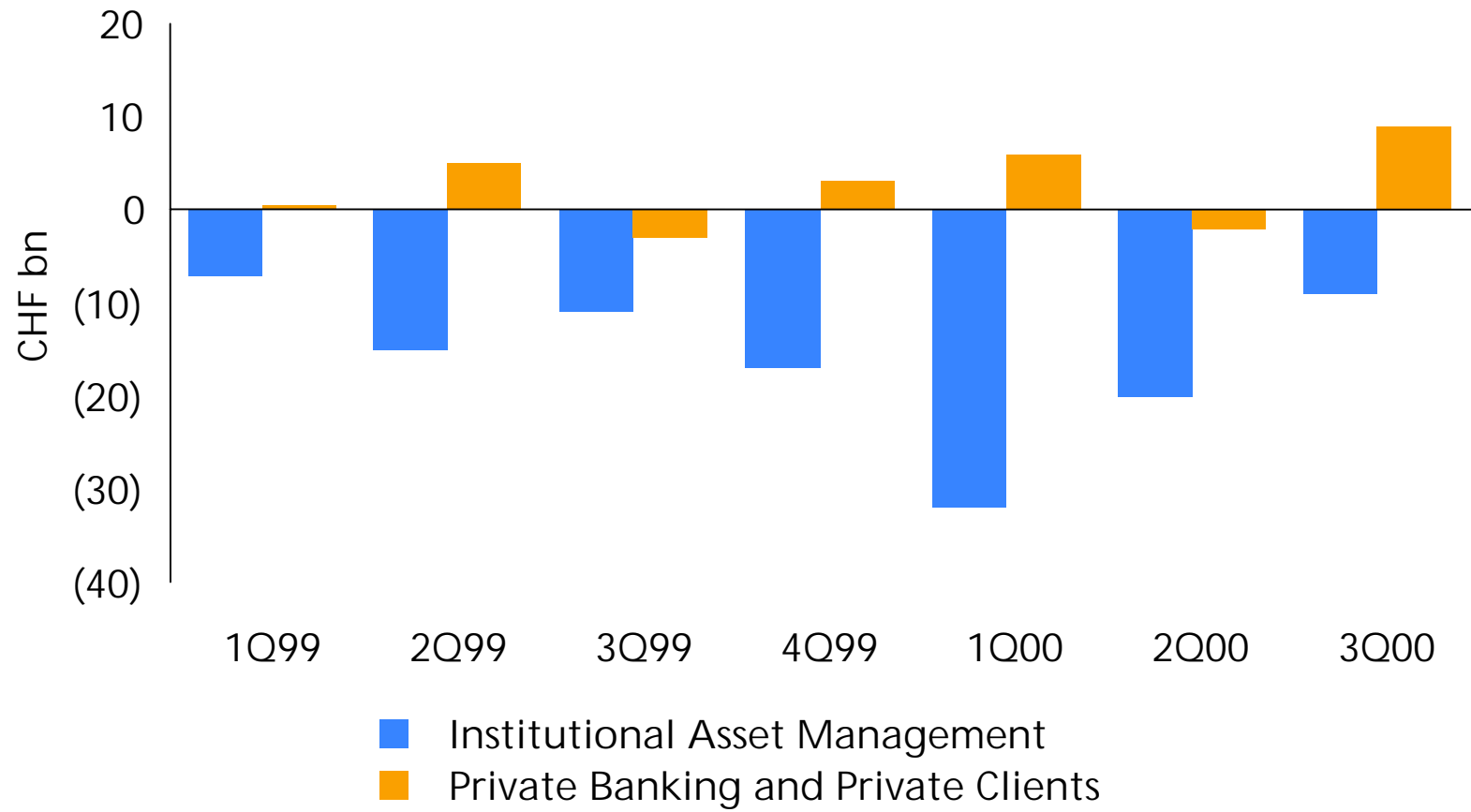
Assets under Management

(CHFbn)	PB	PC	PCC	IAM ¹	IF/G	Total
Total opening	683	37	439	525	225	1,711
Net new money ²	1	8	1	(9)	0	
Performance & currency ³	23	(1)	0	12	2	
Total closing	707	44	440	528	227	1,746

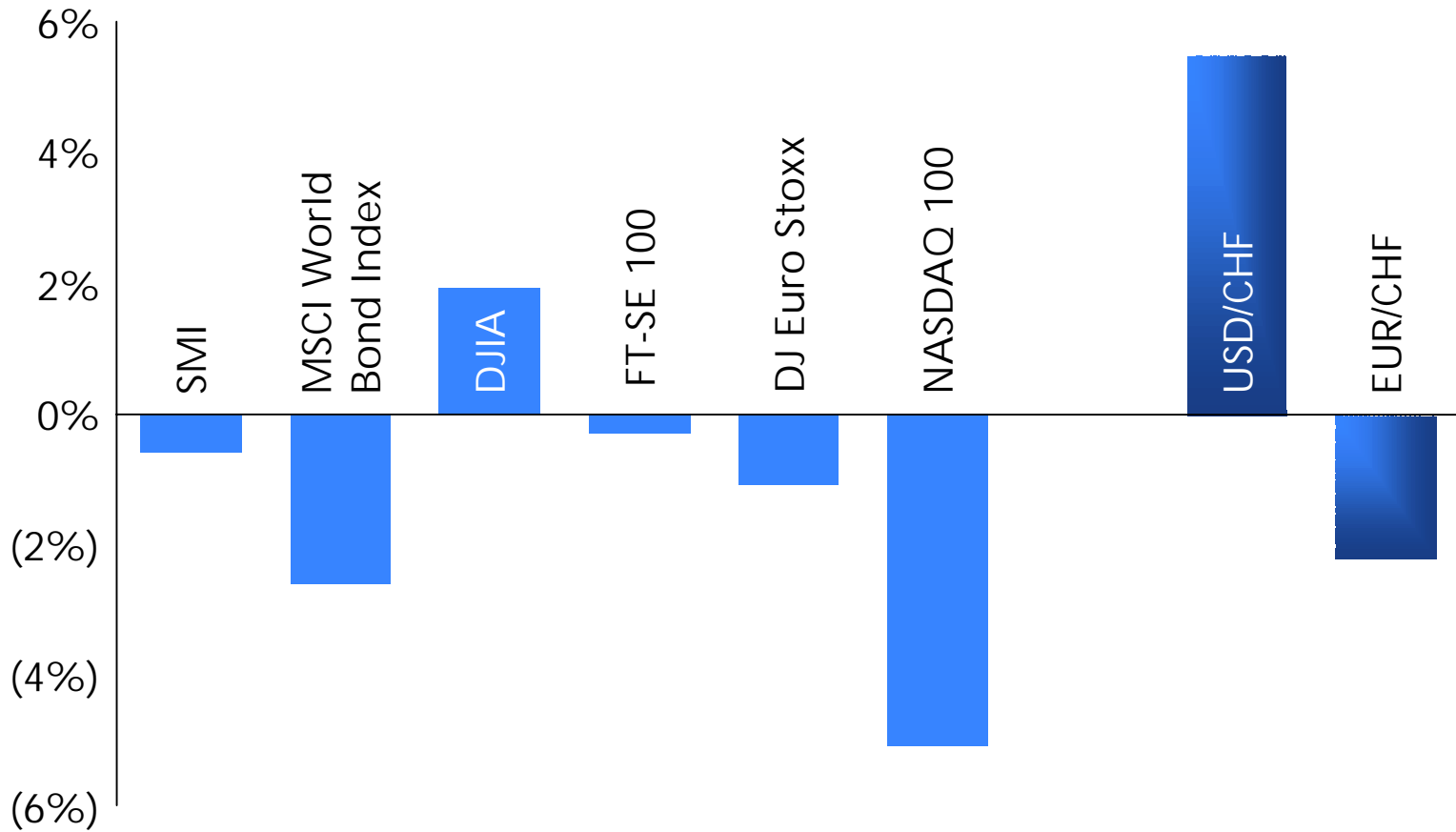
NOTES:

- 1 Including non-institutional assets also included here in IF/GAM business unit
- 2 Excludes interest & dividend income
- 3 Includes interdivisional transfers

Net New Money



Market movements - 3Q00



SOURCE: Bloomberg

Total operating income (adjusted)

(CHFm)	3Q00	3Q99	Δ%
Net interest income	1,831	1,413	30
Credit loss expense	142	(275)	-
Net interest income after credit loss expense	1,973	1,138	73
Net fee and commission income	3,865	3,066	26
Net trading income	2,368	2,097	13
Net gain from disposals	0	(6)	-
Other income	339	213 ¹	59
Total operating income	8,545	6,508	31

NOTE:

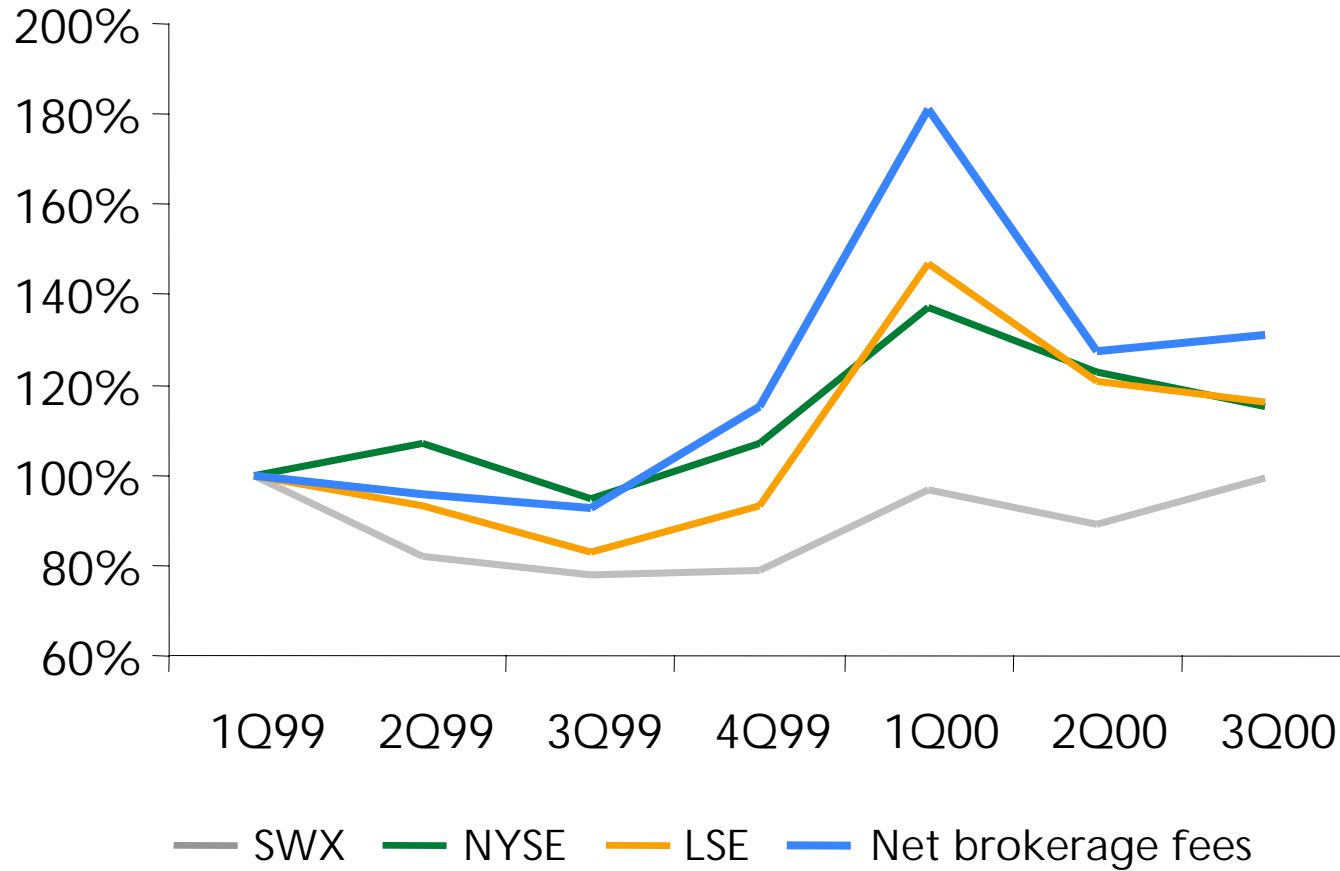
¹ Adjusted for LTCM gain of CHF 26m



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Market activity

Net brokerage fee income vs. trading turnover



Total operating expenses

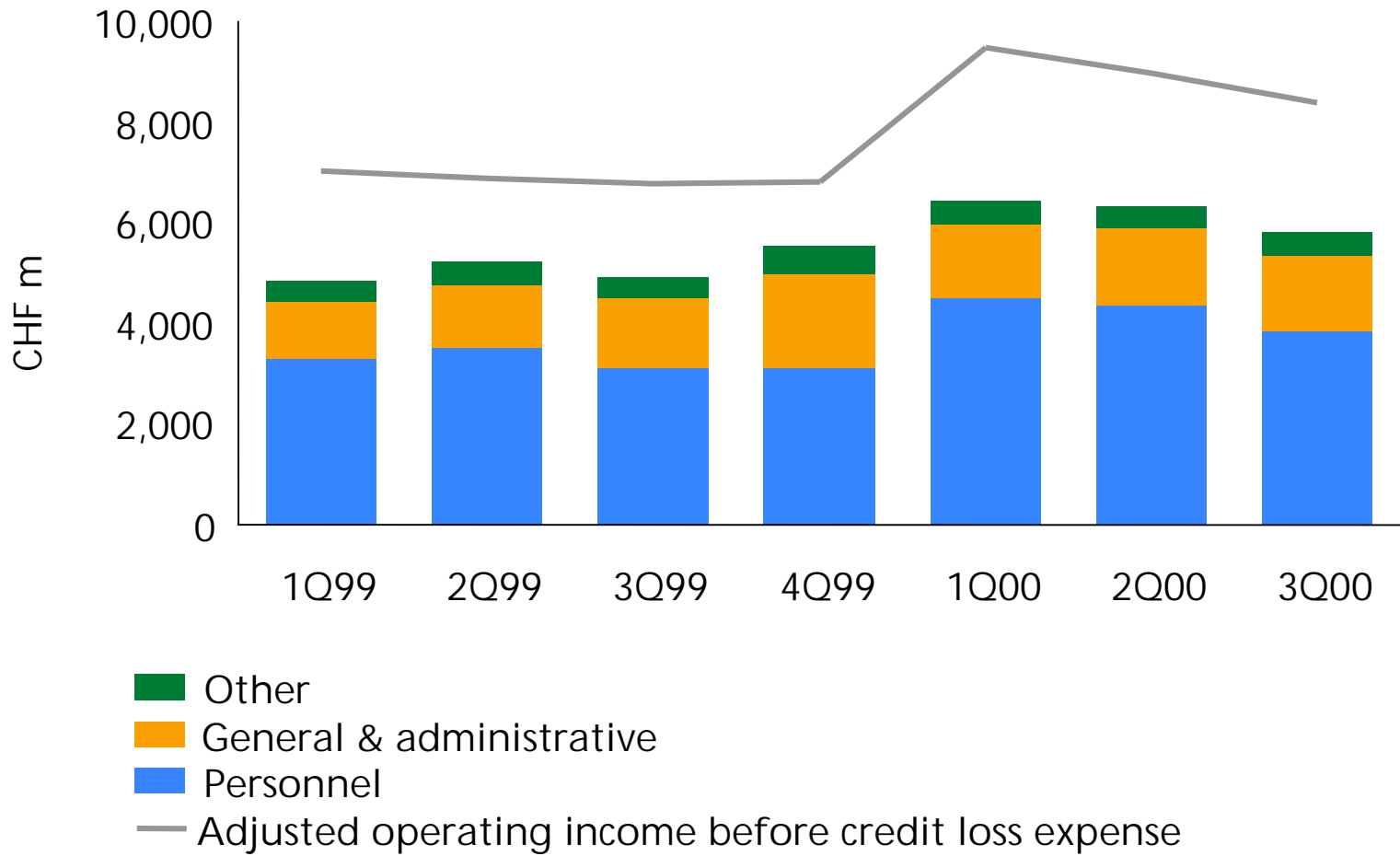
(CHFm)	3Q00	3Q99	Δ%
Personnel	3,863	3,104	24
General and administrative	1,503	1,391	8
Depreciation	350	345	1
Goodwill amortization ¹	126	81	56
Total expenses	5,842	4,921	19

NOTE:

¹ Includes amortization of other purchased intangible assets



Cost trends



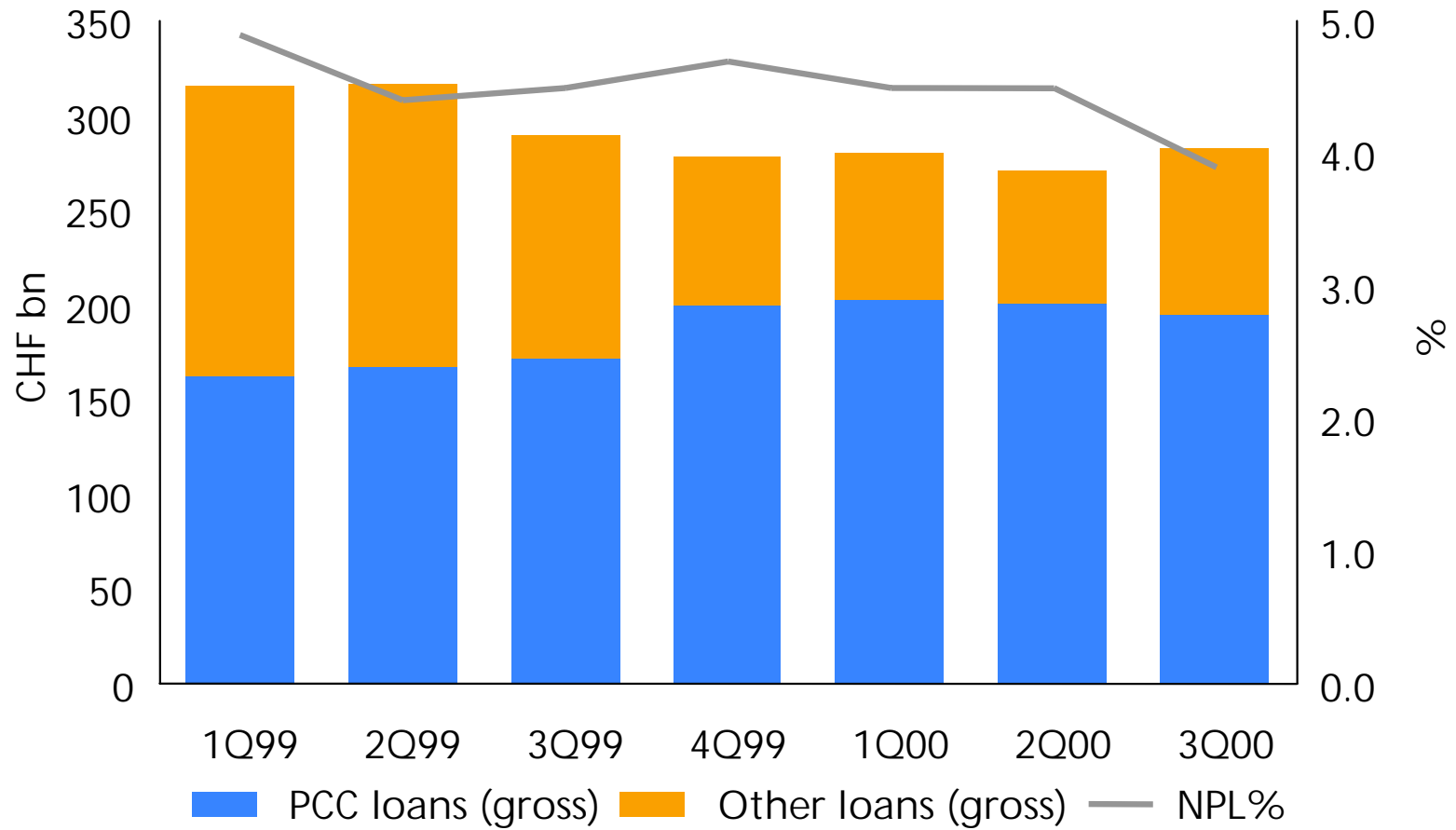
Asset quality

(CHFm)	30.9.00	30.6.00	Δ%
Total loans (gross)	282,370	270,978	4
Impaired loans ¹	19,630	21,011	(7)
Non-performing loans	11,129	12,085	(8)
Impaired loans in % of gross loans	7.0	7.8	
NPL's in % of gross loans	3.9	4.5	
Allowances as % of impaired loans	55.9	55.0	
Allowances as % of NPL's	64.3	65.2	

NOTE:

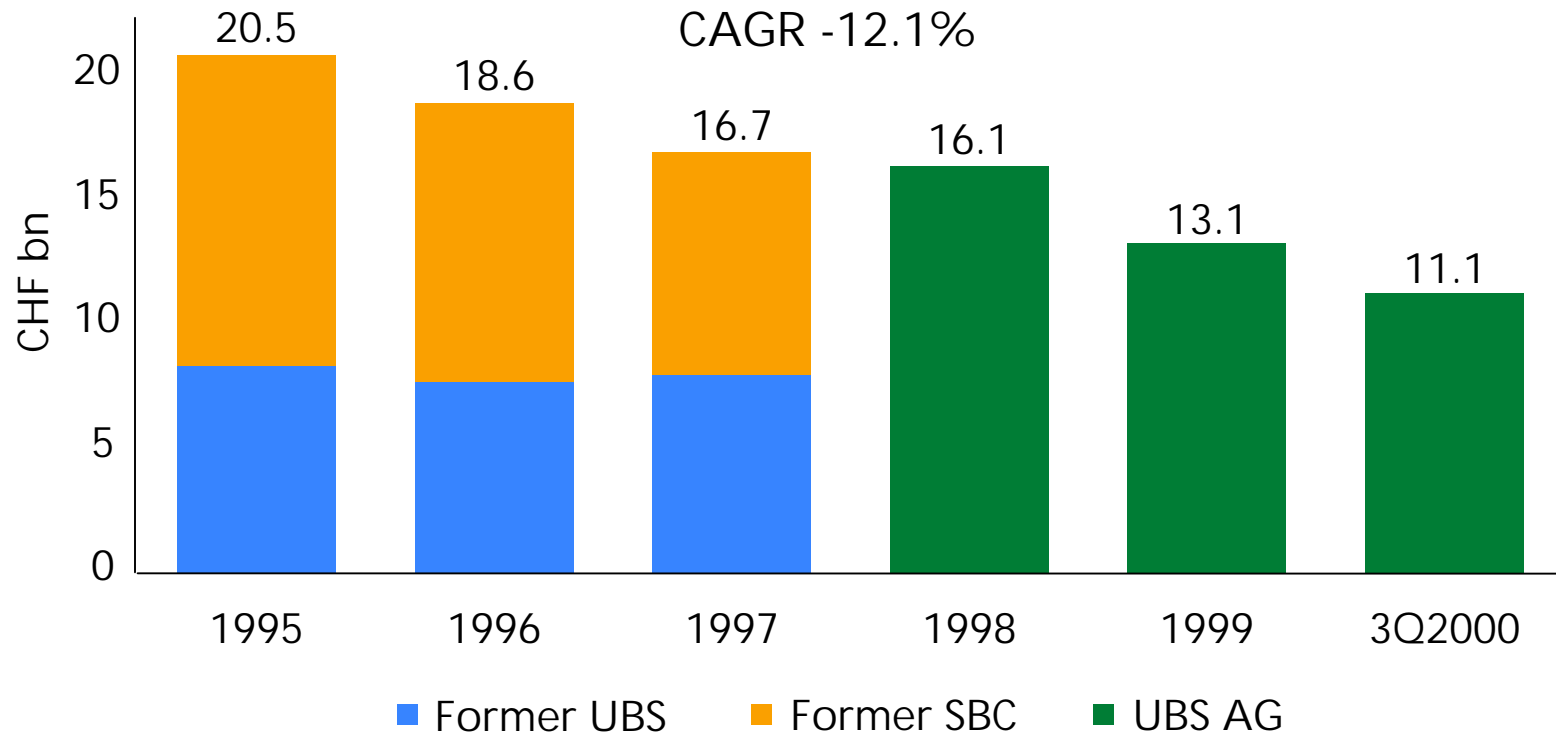
¹ Loans with high probability that they will suffer partial or full loss, includes non-performing loans

Asset quality development

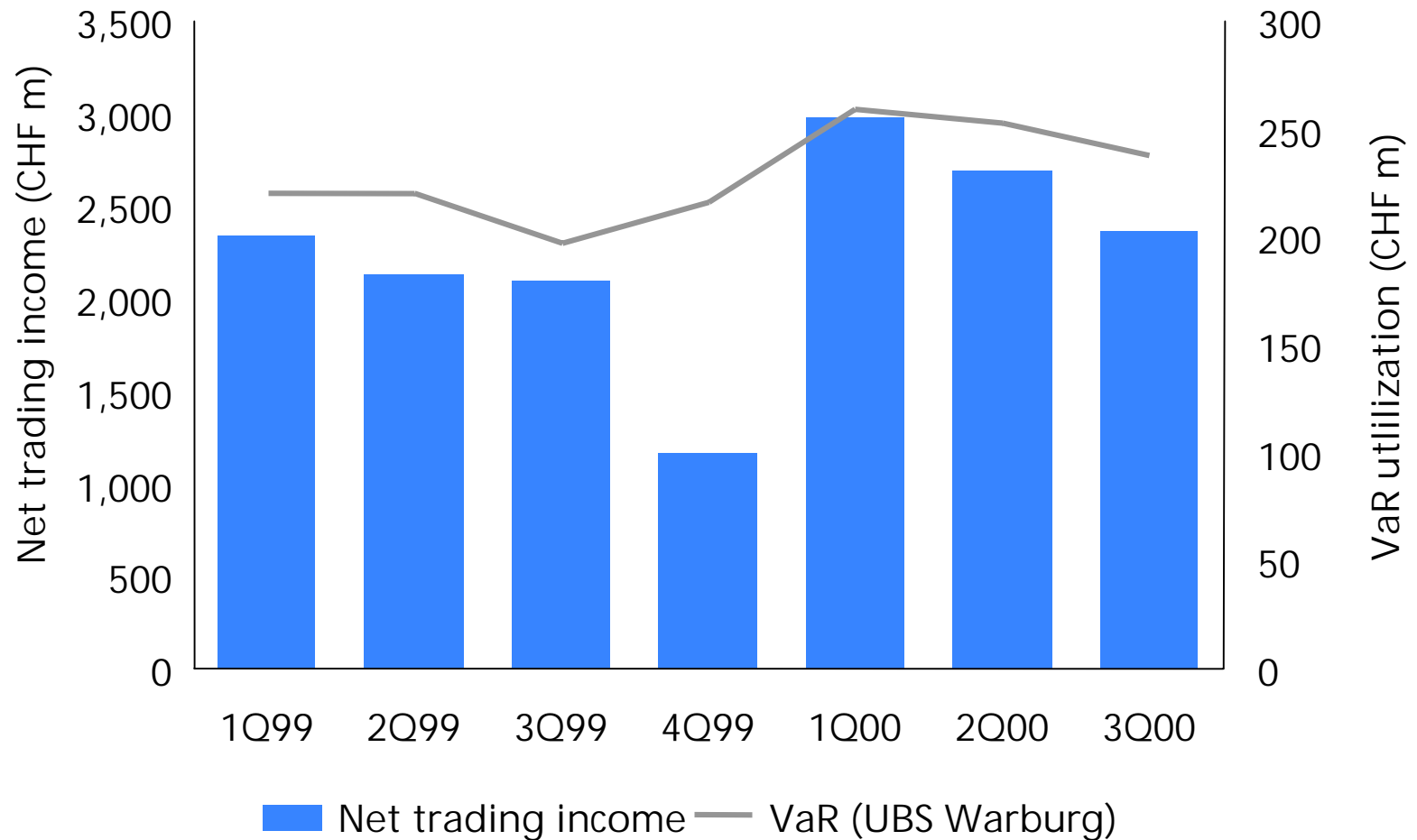


Strong reduction of Non-Performing Loans

Non-Performing Loans

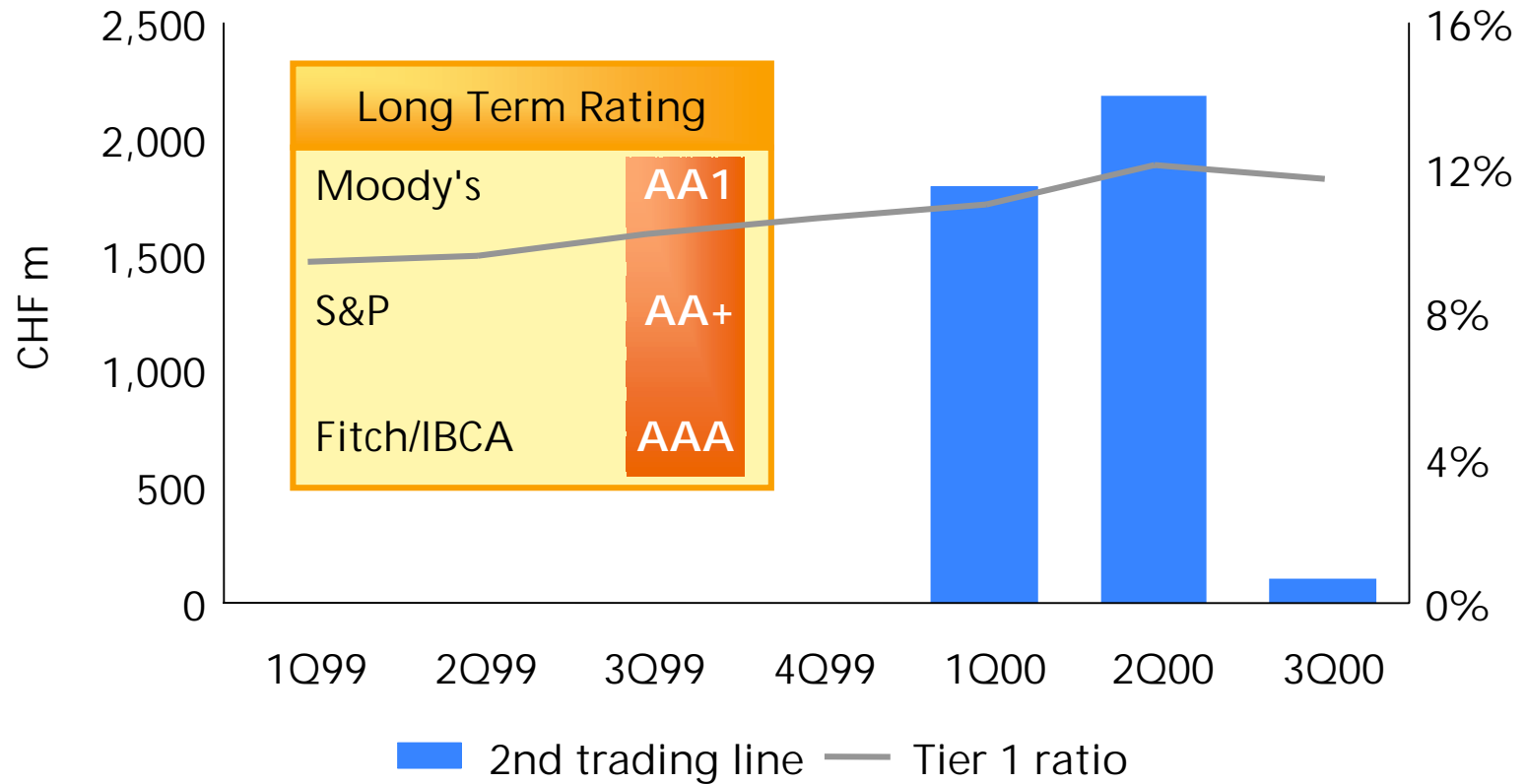


UBS Warburg VaR utilization¹ & net trading income

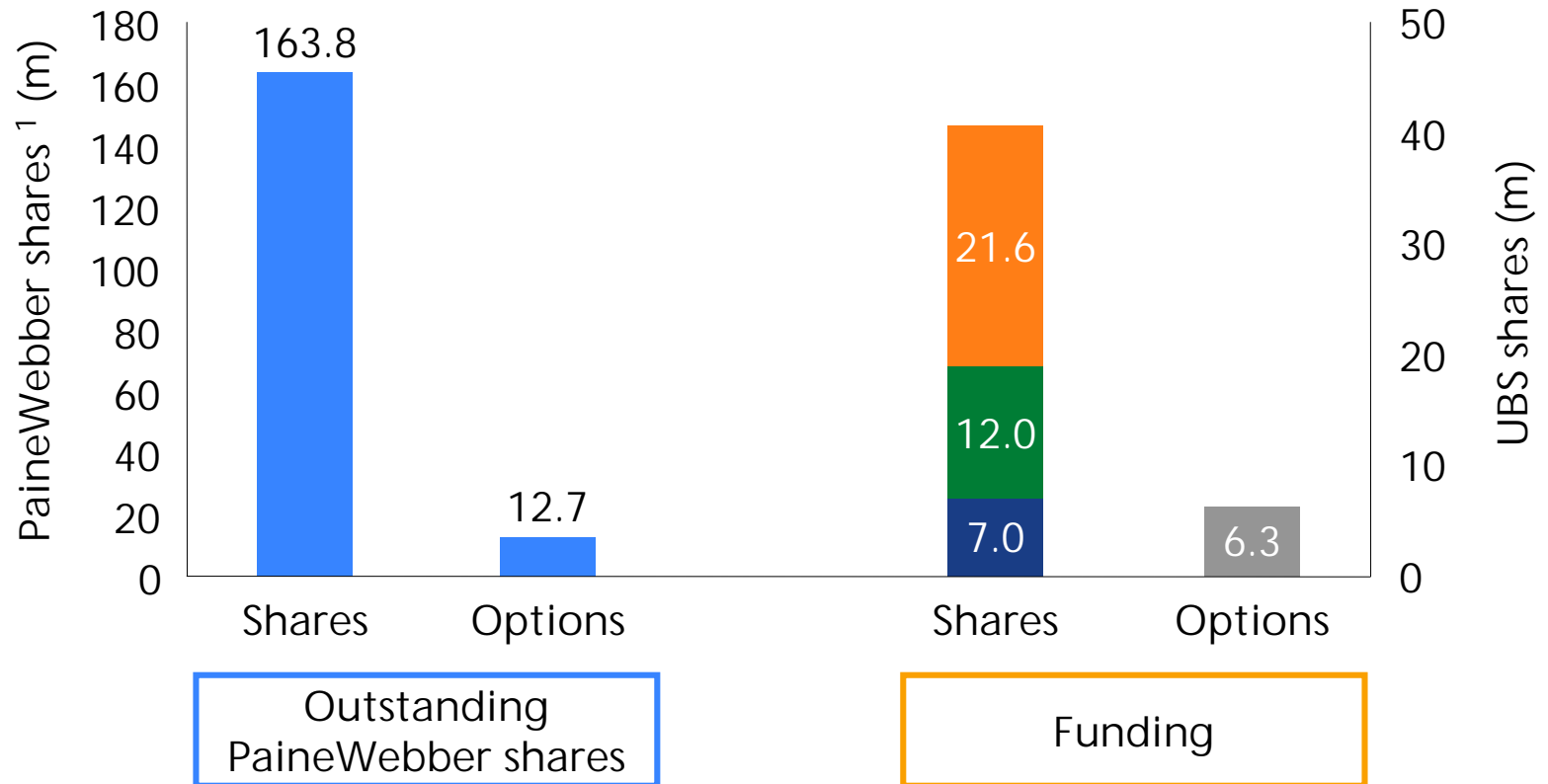


NOTE:
 1 Quarterly Average

Share buyback and Tier 1 ratio



Financing of the PaineWebber merger



■ PW shares ■ Treasury shares ■ Issued shares ■ Borrowed shares ■ Conditional Capital

NOTE:

1 As at 3 November 2000



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Private & Corporate Clients

(CHFm)	3Q00	2Q00	3Q99	3Q00 vs3Q99	3Q00 vs2Q00
Operating income	1,609	1,701	1,566	3%	(5%)
Operating expenses	1,145	1,175	1,277	(10%)	(3%)
Pre-tax profit	464	526	289	61%	(12%)
Cost / income ratio ¹	64%	62%	69%		

KPI's	3Q00	2Q00	3Q00 vs2Q00
AuM (CHFbn)	440	439	0%
Net new money	1.0	0.4	150%
NPL ratio (%)	5.6%	6.0%	
Headcount	21,767	22,270	(2%)

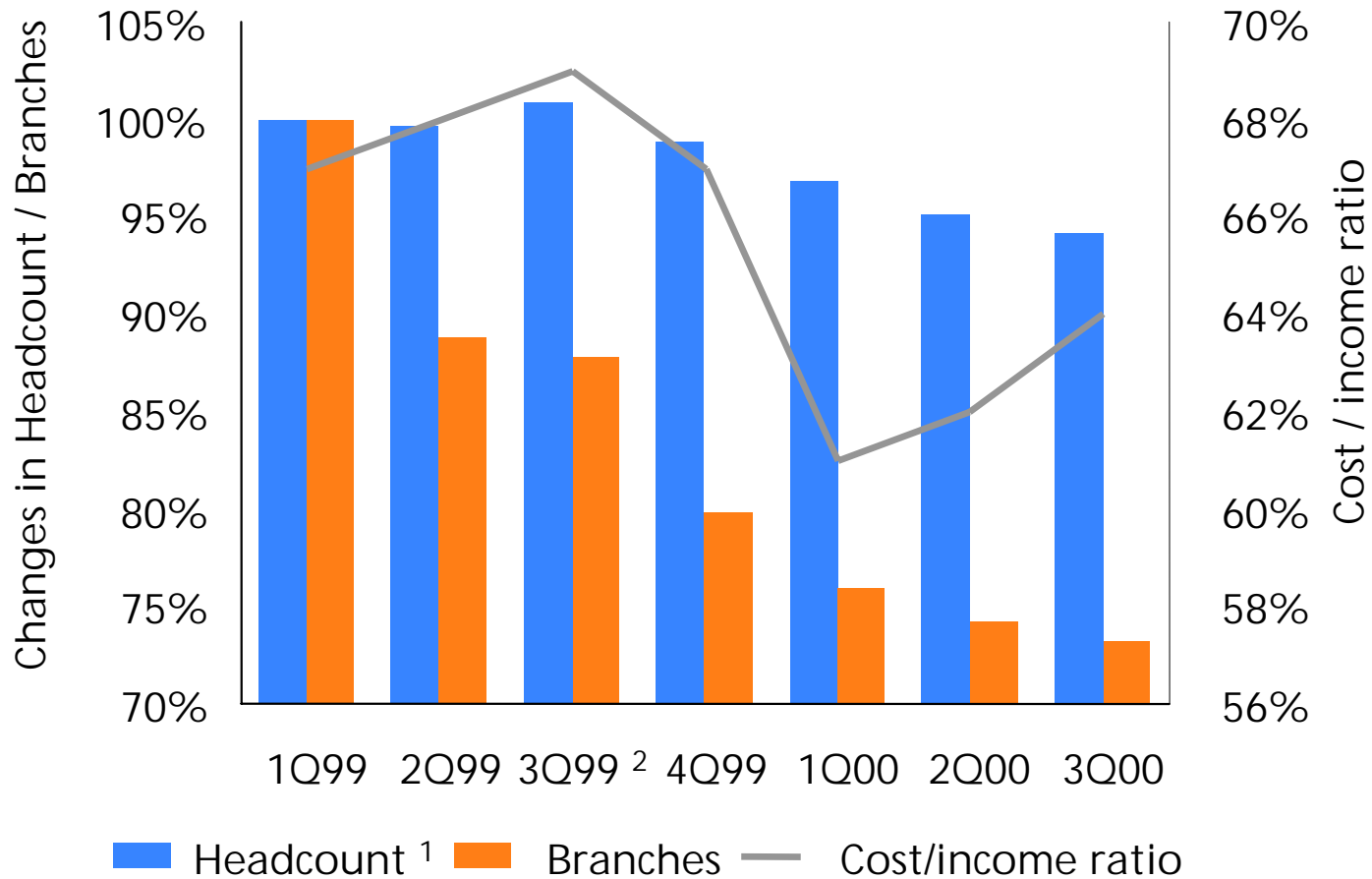
NOTE:

¹ Pre-goodwill & credit loss expense



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Cost base development



NOTES:

1 Excludes Systor employees

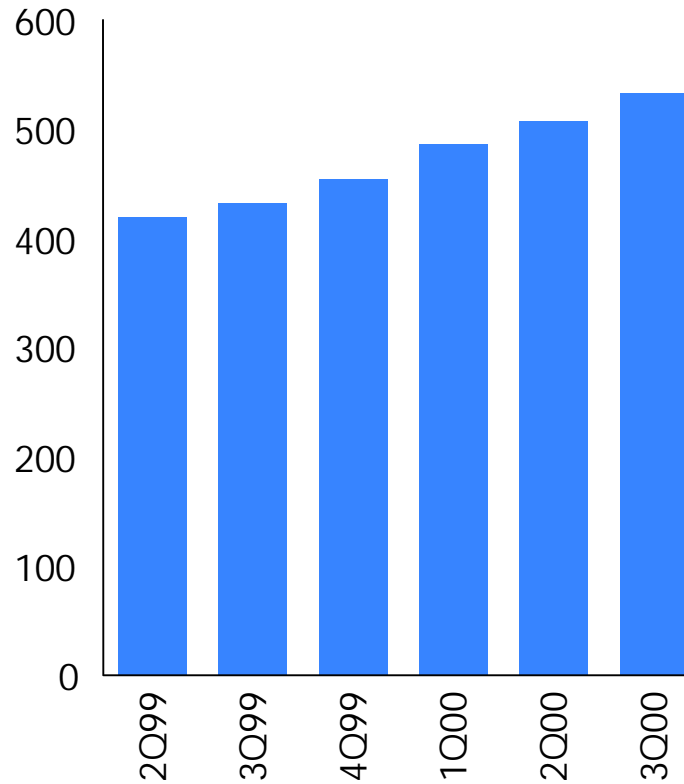
2 Transferred 405 Trade Finance headcount



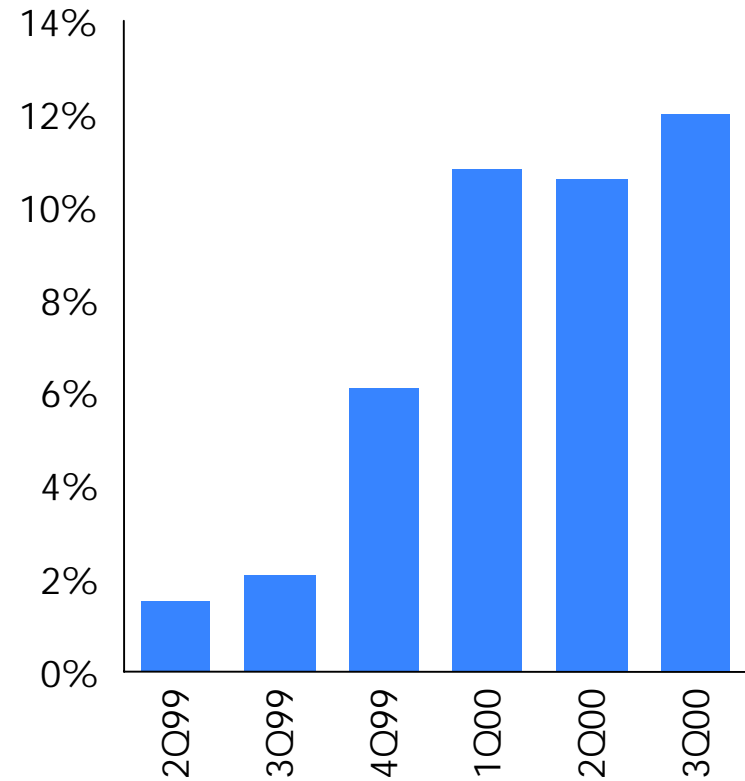
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e-banking metrics UBS Switzerland

Contracts (000s)



% securities transactions on-line



Private Banking

(CHFm)	3Q00	2Q00	3Q99	3Q00 vs3Q99	3Q00 vs2Q00
Operating income	1,619	1,634	1,403	15%	(1%)
Operating expenses	732	749	673	9%	(2%)
Pre-tax profit	887	885	730	22%	0%
Cost / income ratio ¹	44%	45%	47%		

KPI's	3Q00	2Q00	3Q00 vs2Q00
AuM (CHFbn)	707	683	4%
Net new money	0.5	(2.8)	-
Gross margin (bps)	94	95	(1%)
Headcount	7,654	7,447	3%

NOTE:

¹ Pre-goodwill & credit loss expense



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Institutional Asset Management

(CHFm)	3Q00	2Q00	3Q99	3Q00 vs3Q99	3Q00 vs2Q00
Operating income	336	325	272	24%	3%
Operating expenses	278	266	189	47%	5%
Pre-tax profit	58	59	83	(30%)	(2%)
Cost / income ratio ¹	70%	69%	60%		

KPI's	3Q00	2Q00	3Q00 vs2Q00
AuM (CHFbn)	528	525	1%
Institutional AuM	326	326	0%
Net new money	(9.1)	(20.2)	55%
Gross margin (bps)	35	32	9%
Headcount	1,725	1,712	1%

NOTE:

¹ Pre-goodwill & credit loss expense



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Investment Funds/GAM

(CHFm)	3Q00	2Q00	3Q99	3Q00 vs3Q99	3Q00 vs2Q00
Operating income	157	165	97	62%	(5%)
Operating expenses	131	131	48	173%	0%
Pre-tax profit	26	34	49	(47%)	(24%)
Cost / income ratio ¹	68%	65%	49%		

KPI's	3Q00	2Q00	3Q00 vs2Q00
AuM (CHFbn)	227	225	1%
Net new money	0.2	0.8	(75%)
Gross margin (bps)	37	38	(3%)
Headcount	1,086	1,038	5%

NOTE:

¹ Pre-goodwill & credit loss expense



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Corporate & Institutional Clients

(CHFm)	3Q00	2Q00	3Q99	3Q00 vs3Q99	3Q00 vs2Q00
Operating income	4,266	4,821	2,932	45%	(12%)
Operating expenses	3,056	3,401	2,371	29%	(10%)
Pre-tax profit	1,210	1,420	561	116%	(15%)
Cost / income ratio ¹	70%	69%	78%		

KPI's	3Q00	2Q00	3Q00 vs2Q00
Compensation ratio	51%	54%	
NPL ratio	2.1%	2.7%	
Average VaR (CHFm)	238	253	(6%)
Headcount	13,268	12,730	4%

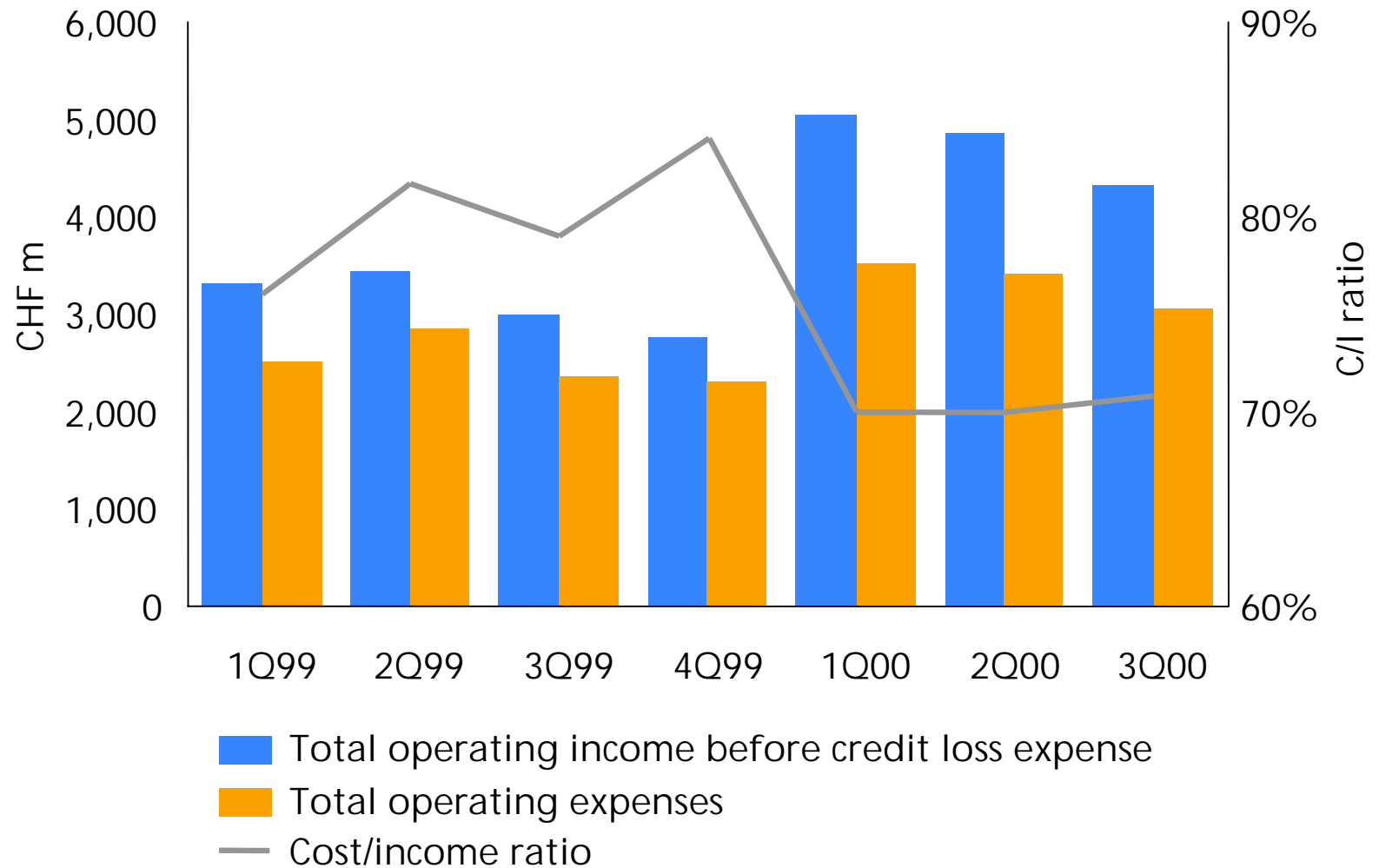
NOTE:

¹ Pre-goodwill & credit loss expense



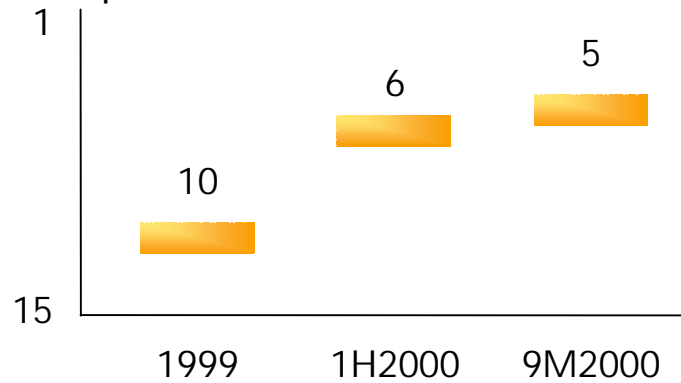
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Record levels of profitability

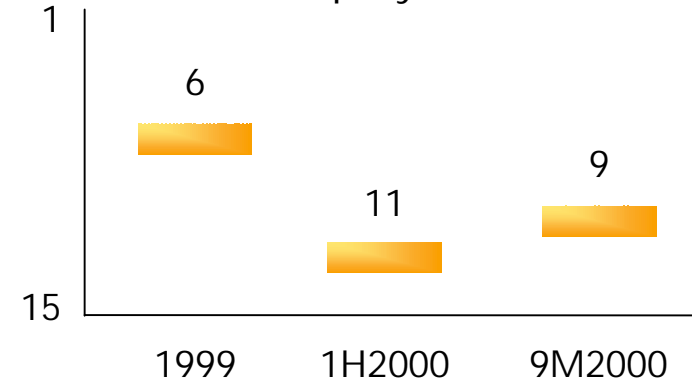


UBS Warburg league table positions

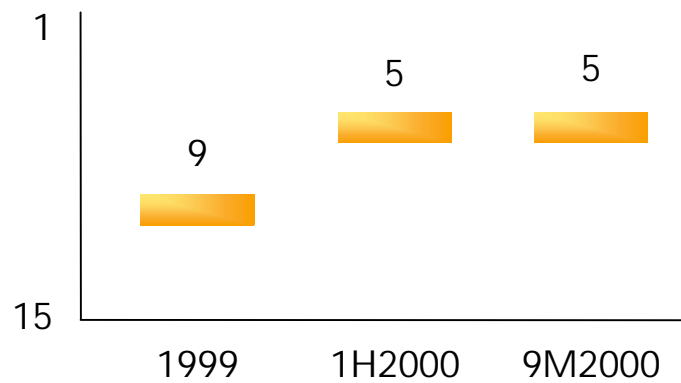
Completed Global M&A ¹



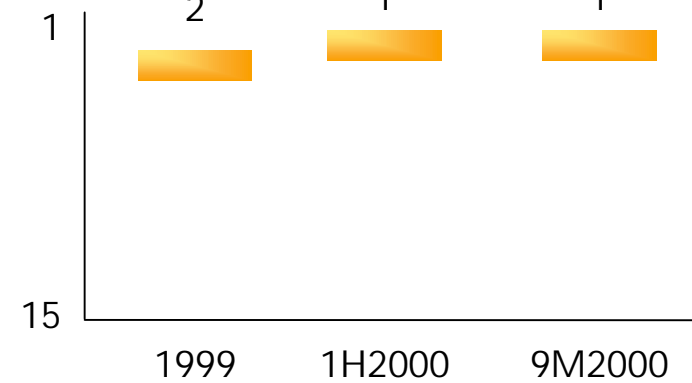
International Equity New Issues²



International Bonds ²



Eurobonds ²



SOURCE:

1 Thomson Financial Securities Data

2 Capital Data Bondware



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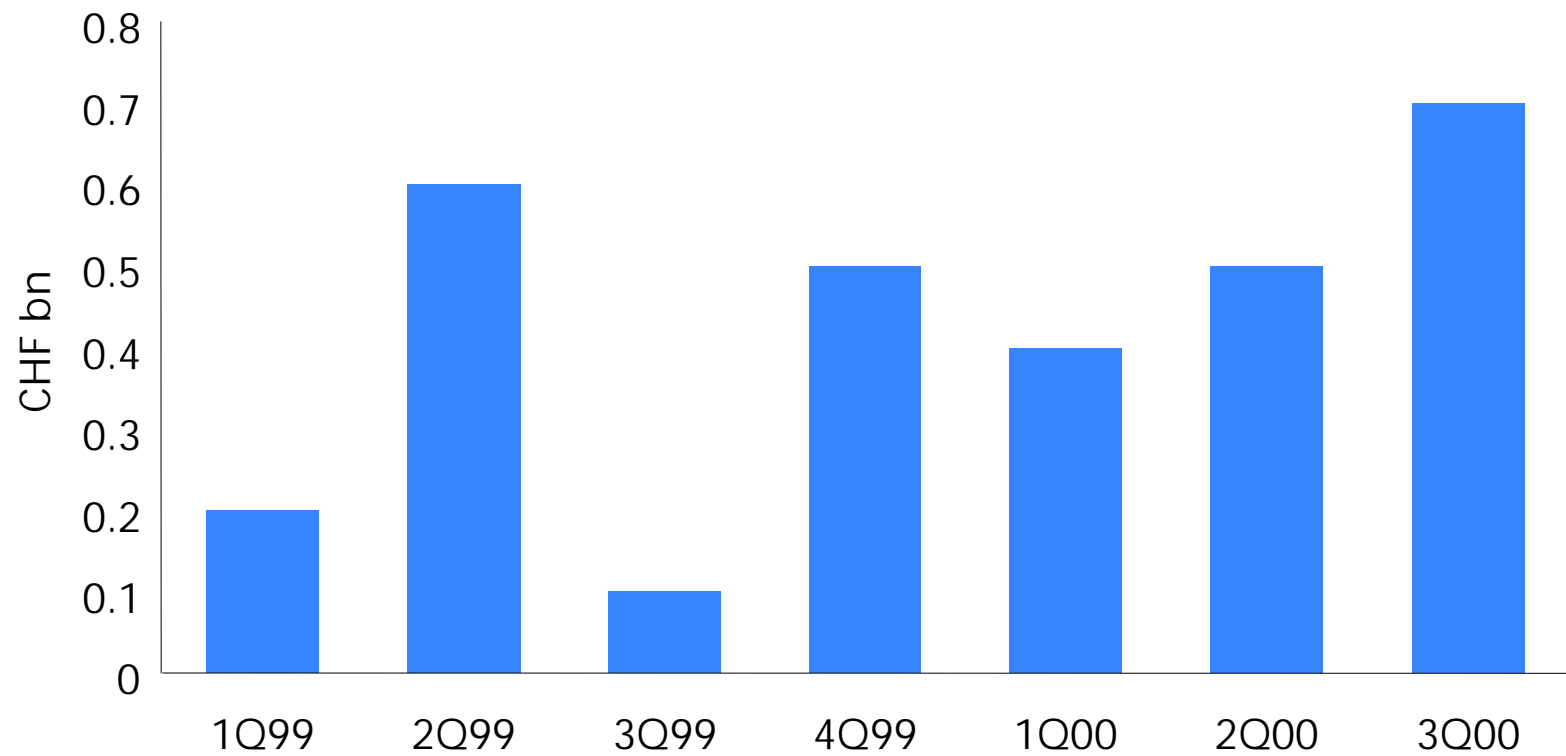
UBS Capital

(CHFm)	3Q00	2Q00	3Q99	3Q00 vs3Q99	3Q00 vs2Q00
Operating income	79	4	134	(41%)	
Operating expenses	33	47	52	(37%)	(30%)
Pre-tax profit	46	(43)	82	(44%)	207%

KPI's	3Q00	2Q00	3Q00 vs2Q00
Book value (CHF bn)	4.5	3.8	18%
Headcount	117	113	4%



Increasing investment rate



Private Clients

(CHFm)	3Q00	2Q00	3Q99	3Q00 vs3Q99	3Q00 vs2Q00
Operating income	69	61	44	57%	13%
Operating expenses	116	130	139	(17%)	(11%)
Pre-tax profit	(47)	(69)	(95)	51%	32%
Cost / income ratio ¹	-	-	-		

KPI's	3Q00	2Q00	3Q00 vs2Q00
AuM (CHFbn)	44	37	19%
Net new money	8.1	0.8	913%
Gross margin (bps)	69	64	8%
Headcount	1,177	1,277	(8%)

NOTE:

¹ Pre-goodwill & credit loss expense



Financial Services Group

e-services

(CHFm)	3Q00	2Q00	3Q00 vs2Q00
Operating income	(5)	0	
Operating expenses	68	95	(28%)
Pre-tax profit	(73)	(95)	23%

KPI's	3Q00	2Q00	3Q00 vs2Q00
Headcount	384	226	70%



PaineWebber integration update

Rapid and successful progress

- ◆ May 16th New York Stock Exchange listing
- ◆ Jul 12th Merger announced
- ◆ Jul 14th Integration team established
- ◆ Sep 7th UBS Extraordinary General Meeting
- ◆ Sep 21st UBS Warburg Organizational Structure confirmed
- ◆ Oct 23rd PaineWebber Special Shareholders' Meeting
- ◆ Nov 3rd Merger completed

**98% of PaineWebber staff offered employment letters have
accepted jobs**

Early wins - US Private Clients

Successful introduction of GOALS

Content

- + New investment solution...
- + ... using innovative equity derivative products...
- + ... and UBSW expertise at packaging products for private clients
- + Leverages UBS's high credit rating and capital strength

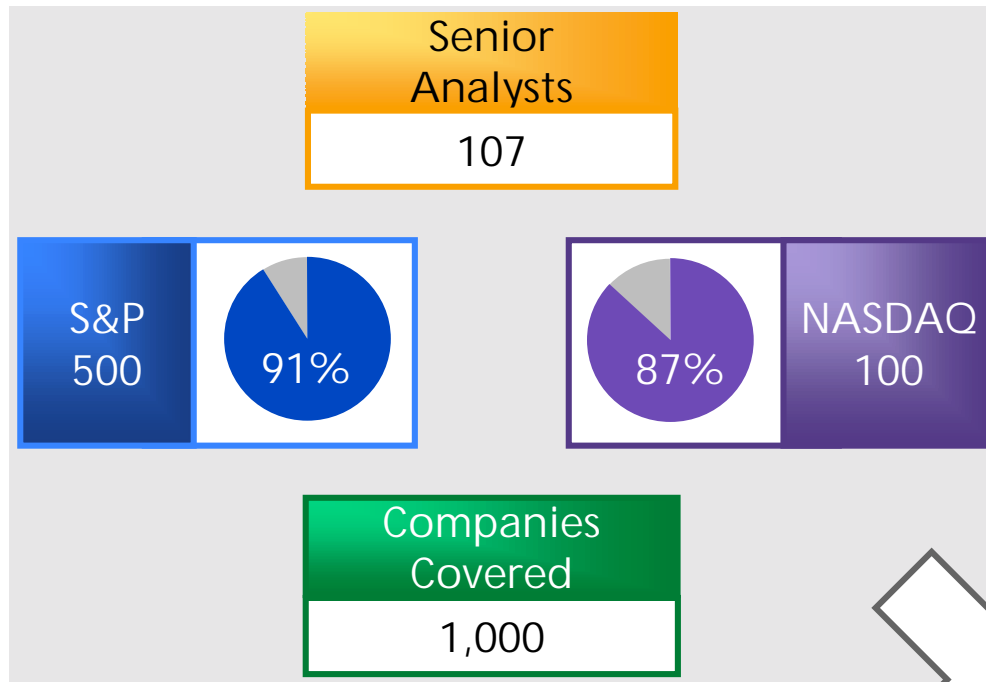
Distribution

- + Strong demand from PaineWebber clients...
- + ... bringing UBS Warburg's product excellence to a wider investment base ...
- + ... within weeks of merger completion



Early wins - US Equities

Bulge bracket position



Proforma market shares	
NYSE:	6.1%
NASDAQ:	2.5%

Developments in financial disclosure

Additional fourth quarter report

- ◆ Fourth Quarter Report 2000 22 February 2001
- ◆ Annual Report 2000 15 March 2001

Accelerated timetable for 2001 reporting

- ◆ First Quarter Report 2001 15 May 2001
- ◆ Second Quarter Report 2001 14 August 2001
- ◆ Third Quarter Report 2001 13 November 2001

Client Assets reporting

- ◆ Phase in new client assets reporting framework from 1Q 2001
- ◆ Other institutions invited to join in developing industry standard



Outlook

- ◆ Record nine-month results
- ◆ Fourth quarter is normally the quietest in most of our businesses
- ◆ Assuming consistent market conditions...
- ◆ ...confidence that we can complete 2000 in robust form
- ◆ Excellently positioned for further success in 2001