

Our employees

The excellence, inspiration and commitment of our employees are critical to implementing our business strategy and to meeting the needs of our clients. Our commitment to our employees is reflected in the investment we make in managing talent, and in the development of our performance-oriented culture and our leadership.

Our workforce

In 2010, we focused on enhancing integration across the firm and investing in our workforce by making a number of improvements to the way we managed our employees. For example, we instituted measures to further develop our performance-oriented culture and revised our Code of Business Conduct and Ethics (the Code) to clearly set out the principles and practices we expect all our employees to follow. Additionally, we launched a corporate university to provide more training opportunities and promote continuous development.

During 2010, our employees were responsible for helping to rebuild our businesses and were fully engaged in regaining client trust. We judiciously invested in recruiting, managing, training and retaining talented employees who have the skills, experience and drive to meet our clients' needs and grow our businesses.

Internal mobility encourages integration, collaboration and business innovation, and supports individual career development. We continue to support employee mobility across regions and business divisions. In 2010, 489 employees moved to roles in a different region, compared with 910 in 2009. During the course of the year, 1,290 employees transferred between business divisions, compared with 993 in 2009.

Employee turnover, or terminations as a percentage of average overall headcount, was 14.6% in 2010. Employee-initiated turnover was 8.9%, down 0.8% from 2009. In general, employee levels stabilized over the course of the year, with the number of people employed on 31 December 2010 at 64,617, down 616 or 1% from year-end 2009. In 2010, our employees worked in 57 countries, with approximately 36% of our staff employed in the Americas, 36% in Switzerland, 17% in Europe, the Middle East and Africa and 11% in Asia Pacific.

Personnel by region

		As of		% change from
<i>Full-time equivalents</i>	31.12.10	31.12.09	31.12.08	31.12.09
Switzerland	23,284	24,050	26,406	(3)
UK	6,634	6,204	7,071	7
Rest of Europe	4,122	4,145	4,817	(1)
Middle East/Africa	137	134	145	2
USA	22,031	22,702	27,362	(3)
Rest of Americas	1,147	1,132	1,984	1
Asia Pacific	7,263	6,865	9,998	6
Total	64,617	65,233	77,783	(1)

Personnel by business division

		As of		% change from
<i>Full-time equivalents</i>	31.12.10	31.12.09	31.12.08	31.12.09
Wealth Management	15,663	15,408	17,910	2
Retail & Corporate	12,089	12,140	13,105	0
Wealth Management & Swiss Bank	27,752	27,548	31,016	1
Wealth Management Americas	16,330	16,925	20,623	(4)
Global Asset Management	3,481	3,471	3,914	0
Investment Bank	16,860	15,666	19,132	8
Treasury activities and other corporate items	194	1,624	3,098	(88)
Total	64,617	65,233	77,783	(1)
<i>of which: personnel managed centrally</i>	19,406	19,993	23,997	(3)

Recruiting new employees

We are committed to retaining and developing highly qualified employees and to actively recruiting new talent to build our businesses. In 2010, our recruiting efforts focused on meeting the growing demand for staff while continuing to reduce the cost of hiring through increased emphasis on internal hiring, greater efficiency in recruiting operations and reductions in external recruiting costs. Positions we desire to fill increased 145% from 2009, with 136% growth in the number of positions that were actually filled in 2010.

We strive to create a timely, professional and positive experience for candidates. In 2010, we filled 9,101 positions across the firm. Hiring was most visible in the Investment Bank, with 2,360 positions filled in 2010. A top priority for 2010 was to hire experienced client and financial advisors across our strategic growth areas. In 2010, Wealth Management & Swiss Bank hired around 300 client advisors globally, while 278 experienced financial advisors were hired in Wealth Management Americas.

In 2010, 773 university graduates joined UBS as part of our undergraduate and MBA graduate training programs. An additional 988 interns were hired globally over the course of the year, while our apprenticeship program in Switzerland hired 287 apprentices.

Several new recruiting initiatives were launched in 2010 to ensure there is a continuous and visible presence on our target campuses, consistent with our commitment to graduate hiring. We continue to provide unique educational opportunities for graduates that include business-specific activities.

Strengthening and sustaining our diverse workforce

A workforce of individuals from widely different backgrounds, cultures and life experiences is essential in today's global business environment. This is in part because having a diverse employee base and inclusive work environment increases the performance and engagement of our employees. In 2010, our workforce was comprised of citizens from 147 countries; the average age of our employees was 38 years; and the average length of employment with the firm was 8.6 years. Diversity in gender, ethnicity, age and other factors supports first-hand understanding of regional markets, sensitivity to local customs and awareness of other personal preferences. We believe that we also gain a competitive advantage from more subtle differences in background, experience and thought. These elements provide the perspective from which our employees can anticipate needs and generate solutions for our increasingly diverse client base worldwide. In the end, our long-term success depends on equal employment opportunity and having the best people in the right roles.

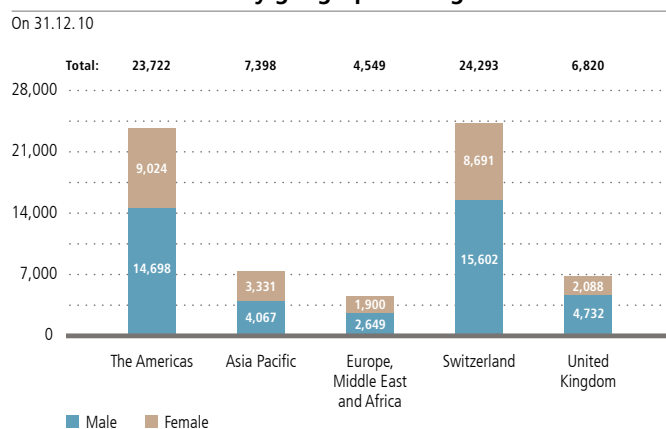
Building and maintaining a workforce of highly talented individuals demands an open-minded, inclusive and respectful work-

ing culture, merit-based career advancement and a sense of individual contribution. In recent years, we have promoted diversity in three stages: (i) raising basic awareness; (ii) integrating diversity into the employee experience through recruiting, performance management and retention; and (iii) working to ensure that diversity ultimately becomes a self-sustaining part of our culture.

The scope of our diversity strategy and initiatives is both global and regional. As part of our global top-down accountability strategy in 2010, senior management and Human Resources (HR) jointly developed divisional diversity goals relating to representation, retention and work environment/culture. While it is premature to quantify accomplishments, particularly in the first year after the firm's restructuring, quantitative and qualitative methods will be used to monitor progress in 2011.

Regional diversity teams translate our global commitment into action by working with local business and HR leaders on business-aligned plans linked to regional talent strategies. In 2010, initiatives that were previously launched in Europe, the US and several other regions made progress in creating a culture in which men and women thrive equally in their careers, where gender differences are an asset, and where different working styles and practices enable us to improve our service to clients. In one initiative piloted in the UK, France and Germany, we focused on hiring and developing talented professional women, working with them to create individual development plans, assigning sponsors and providing educational opportunities. Other regional diversity initiatives included a US Women's Leadership Conference, where approximately 300 women employees participated in an all-day workshop focusing primarily on individual career development.

Gender distribution by geographical region¹



¹ Calculated on the basis that a person (working full-time or part-time) is considered one headcount in this graph only. This accounts for the total UBS end-2010 employee number of 66,782 in this graph, which excludes staff from UBS card center, Hotel Seepark Thun, Wolfsberg and Widder Hotel.

Gender distribution by employee category¹

As of 31.12.10	Officers		Non-officers		Total	
	Number	%	Number	%	Number	%
Male	32,068	72.0	9,680	43.5	41,748	62.5
Female	12,474	28.0	12,560	56.5	25,034	37.5
Total	44,542	100.0	22,240	100.0	66,782	100.0

¹ Calculated on the basis that a person (working full-time or part-time) is considered one headcount (in this table only). This accounts for the total UBS end-2010 employee number of 66,782 in this table, which excludes staff from UBS card center, Hotel Seepark Thun, Wolfsberg and Hotel Widder.

Global network guidelines enable employees to set up or join employee networks/affinity groups in any of our operating regions. We have more than 20 employee networks to help build cross-business relationships and strengthen our inclusive culture.

Regarding the role of equal employment opportunity, our HR policies and processes have global coverage and outline our commitment to non-discrimination and equal opportunity for all employees.

In 2010, we received a 100% rating in the Human Rights Campaign Foundation's 2010 Corporate Equality Index (US), Top 25 Most LGBT Friendly Corporations in the World in the International Gay & Lesbian Chamber of Commerce (IGLCC) Index 2010, the National Black MBA-WGC "Corporate Sponsor" award (US), the Equal Opportunity for Women in the Workplace Agency (EOWA) Employer of Choice For Women citation (Australia), and UBS Japan was awarded "Qualified Employer who Supports the Growth of the Future Generations" (through 2012).

Managing performance

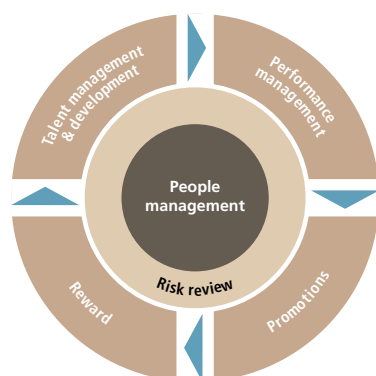
Helping employees perform at their highest level is a year-round process that plays a key role in strengthening our performance-oriented culture. We believe employees are better motivated, more committed and more productive if they participate in effective performance management processes. Since 1996, we have employed a process that assesses demonstrated results and behaviors and is supported by ongoing employee-manager dialogue.

In 2010, we made a number of critical changes to our performance management process. There are two fundamentally new elements: an evaluation process that clearly differentiates an employee's performance relative to peers and allocates compensation accordingly, and significantly more transparent communication to employees about all of our performance management processes. Notably, an employee's overall compensation will now be more transparently linked with the value of their individual contributions. These changes are expected to drive even stronger performance at all levels, enable better delivery of our strategy and ultimately contribute to our long-term sustainable profitability. In 2010, 97% of eligible employees participated in this process.

Performance management for our most senior executives is even more rigorous than for other employees. Input from peers is required, and a more comprehensive evaluation is completed based on key achievements, business performance, risk management, leadership skill and specific financial targets. In 2010, we enhanced our performance management procedures for key risk takers/controllers. By the nature of their role, these individuals have been determined to be able to materially commit, deliver or control the firm's resources and/or exert significant influence over UBS's risk profile. We now ensure that a holistic evaluation is conducted by relevant control functions on an annual basis. A sample of senior management and key risk-taker performance objectives are also reviewed annually.

We have Group-wide ranks (Non-Officer, Authorized Officer, Associate Director, Director, Executive Director and Managing Director) and salary ranges that are applicable to all employees. In 2010, we standardized our rank and role classification model, with all business divisions and the Corporate Center following the same model. Global role profiles now form the basis for all of our HR processes and enable us to create and implement more clearly defined career paths for all employees.

Our approach to people management



Compensation

We strive to provide our employees with market-competitive pay and incentives. Our approach recognizes the need to compensate individuals for their business performance within the context of increasingly competitive market conditions, a fast-changing commercial environment and evolving regulatory oversight. At the same time, ensuring the long-term success of the firm is our foremost priority.

Our compensation structure is designed to be appropriately balanced between fixed and variable elements. Emphasis is

placed on the variable component as an incentive to excel and to foster a performance-driven culture, while supporting appropriate and controlled risk taking. Our Total Reward Principles are the foundation of our compensation programs. We always take a holistic view of employee compensation within a total reward framework that takes into account base salary, discretionary incentives and benefits.

→ Refer to the “Compensation” section for more information

Employee share ownership

We support employee share ownership in principle because we believe that personal accountability for business actions and decisions can be encouraged through equity-based awards that vest and/or become unrestricted over time. In 2010, we changed some terms of Equity Plus, our voluntary equity-based program. Under the new program terms, employees are able to purchase shares at market price and receive one free share for every three shares purchased. These free shares vest within three years, subject to continued employment at UBS.

On 31 December 2010, current employees held an estimated 6% of UBS shares outstanding (including approximately 4% in unvested/blocked shares), based on all known share holdings from employee participation plans, personal holdings and individual retirement plans. At the end of 2010, an estimated 55% of all employees held UBS shares, while an estimated 50% held UBS stock options.

Education and talent development

We take a structured approach to both leadership development and business education to ensure our employees have the knowledge and skills required to meet our business needs and support our strategic goals. In January 2010, we launched the UBS Business University, a global and largely virtual corporate university that integrates our learning activities under one umbrella. The Business University effectively aligns all training and education elements across the firm and promotes a culture of continuous development. Having one Group-wide learning organization also leverages the expertise within our various former learning organizations, increases efficiency, eliminates duplication and significantly reduces training costs, while focusing on positively impacting business results.

One of the Business University’s primary goals is to enhance the ability of our senior leaders and key talent to build a unique and effective leadership culture and put our strategy into practice. A series of leadership development offerings, executive coaching and new hire programs equip our current and future leaders to deliver results to clients and colleagues.

A comprehensive business education offering is provided through more than 70 role-specific learning pathways. These learning pathways consist of a structured sequence of activities that help ensure consistent training across similar job roles worldwide. Client-facing staff participate in specialized advisory and sales training that enables them to more effectively meet clients’ needs. They also engage in training that fosters cross-divisional collaboration so that clients can benefit from solutions reflecting all our business divisions. Programs like these help drive our one-firm approach and leverage our unique product offerings.

All of our employees can access a broad range of professional development training, including learning modules on understanding, managing and controlling risk, general finance and mandatory legal and compliance topics.

In 2010, our employees participated in a total of 453,000 training experiences across all of the Business University’s offerings, averaging almost seven training experiences per employee.

We also invest in talent development and succession planning for the most critical roles across the firm. An annual firm-wide talent review helps to identify and build the skills and competencies of employees who are recognized to have leadership potential. In addition, potential successors for senior leadership roles are identified and tracked on a firm-wide basis.

Building a leadership culture

In 2010, the UBS Business University worked closely with the Group Executive Board (GEB) and the business divisions to put our new strategy into practice, and to further develop our leadership culture. The Business University also supported the design, development and roll out of our GEB-sponsored “Leading UBS forward” employee training program (which will continue into 2011). The program raises awareness and understanding of our strategy and identity, our values and our strategic principles. Face-to-face workshops open to all employees are led by “ambassadors” who are nominated senior employees from across the firm.

UBS values

Truth

Accuracy | Authenticity | Certainty
We behave with respect and integrity |
We are accurate, realistic and
accountable | We always act fairly and
abide by the law

Clarity

Ease | Simplicity | Directness
We make it easy to do business with
UBS | We are concise, precise and to
the point | We are reliable and
consistent

Performance

Achievement | Execution | Attainment
We will always give our best | We will
perform to the highest professional
standards | We will lead the market
through superior service and execution

These sessions provide an opportunity for everyone to better understand key components of our strategy, commit to changing our culture, and embed our values in their daily work.

Commitment

Meeting the needs of clients is a core objective for UBS, and relationships based on respect, trust and mutual understanding are the foundation for our success. The Code sets out the principles and practices that all employees are expected to follow. It also underscores the critical importance of responsible corporate behavior. In 2010, we put in place a process to affirm the Code and provided training to all employees. We are committed to upholding our corporate values of truth, clarity and performance. They are integrated into our corporate decision making and people management processes, and are aimed at shaping the daily actions of our employees.

Employee assistance

We are dedicated to being an attractive and supportive employer. Employee benefits such as insurance, pension, retirement and time off are competitive in our local markets. We also offer additional, innovative benefits to employees where practical. One example is that we encourage and support our employees' efforts to volunteer in the many communities in which we operate.

To help employees better manage life and work issues, we offer employee assistance programs (EAP) in a number of locations. In the UK, the EAP provides access to specialist support on topics such as finances, family, bereavement and legal/consumer rights. A health and well-being program provides an on-site general practitioner, physiotherapist and dentist as well as occupational health services and an emergency back-up childcare and eldercare facility.

In the US, the EAP, known as the Work/Life Assistance Program, provides around-the-clock counseling and referral services to employees and their families to assist them in resolving issues that may affect their health, personal life, or job performance. The program also provides information about work-life effectiveness and offers referral services for child care, prenatal care, summer care, adoption, academic services and adult care. We also provide on-site childcare at our Stamford, Connecticut site and emergency/back-up child care in most other US locations.

Employee assistance initiatives in Asia Pacific are generally conducted on a country-by-country basis. In Hong Kong, for example, consultants from an external EAP provider work with employees and their immediate family members on issues of work and life stress, family, mental health, personal development or other personal or work-related challenges.

In Switzerland, assistance for current and retired employees, as well as family members, is provided through our HR Social Counseling and HR Retiree Services functions. Services include counseling for personal issues, difficulties in the workplace, sickness, financial difficulties and retirement. As an additional, complementary service for employees, an internal Ombudsman's Office was opened in July 2010. HR Health Care considers local health and safety matters and coordinates the UBS Care Team. Work days

lost to accident or illness are tracked, with 18,915 and 103,635 days respectively accounted for in 2010.

In Switzerland, we have a long-standing initiative called COACH to help redeploy employees within UBS, or help them find jobs outside the firm in the event of a restructuring. Advisors in the COACH transfer and severance process provide support and assistance in finding a new job by working closely with our internal recruitment center and outside employment services. During the COACH process, employees retain full salary and benefits, and financial assistance is available for job-related training, if needed.

Staff below the Director level are eligible for the Social Partnership Agreement for employees in Switzerland (SOVIA CH). SOVIA CH lays out the terms and conditions for implementing redundancies among employees whose jobs are subject to the Agreement on Conditions of Employment for Bank Staff. SOVIA CH governs the requirements and procedures for internal hiring, job transfers, and, when needed, severance. The aim is to implement necessary job cuts and operational changes in a responsible manner, making full use of our internal labor market, and to offer targeted, relevant support and career advice to these employees.

Employee representation

As part of our commitment to being a responsible employer, we partner with all of our employee representation bodies to create an active dialogue between employees and management. In 2010, we worked with the European works councils to implement changes in our performance management processes, entering into local consultations where appropriate.

The UBS Employee Forum (UBSEF) was established in 2002, and has representation from 18 countries across Europe, notably Austria, France, Germany, Luxembourg, Switzerland and the UK. The UBSEF facilitates the open exchange of views and information on pan-European issues that have the potential to impact our regional performance, prospects and operations, and fulfills EU Directive 94/45 on the establishment of a European Works Council. Local forums exist across Europe to address issues such as health and safety, changes to workplace conditions, pension arrangements and consultation on collective redundancies and business transfers.

In Switzerland, for example, the Employee Representation Committee (ERC) partners with UBS management in annual salary negotiations, and represents employee interests on specific topics outlined in the collaboration and co-determination clauses of personnel regulations. It also fosters an open dialogue between employees and management through a variety of channels and activities. ERC representatives are elected to represent employees whose work contracts are governed by Swiss law and the Agreement on Conditions of Employment for Bank Staff. The UK Employee Forum (UKEF), which is formed from elected representatives from all of our UK businesses and appointed management representatives, focuses on local economic, financial and social activities of concern to UK employees. It may also be used for defining workforce agreements affecting UK employees.

Collectively, the UBSEF, including the ERC and UKEF, represents over 40% of our global workforce.