

Global Investment Strategy

The Profit Picture Monthly

December 2001 Update

- We increased our S&P 500 estimates: Q4 went from \$9.33 to \$10.20, 2002 from \$48.00 to \$51.00. Reasons: excellent progress in war, better than expected trend in bottom-up earnings estimates (which partly reflects cost-cutting).
- Many sectors remain weak: tech, telecom, commodities, machinery. Energy is major new source of weakness; financials and retailing start to improve. Consumer non-durables, healthcare, services, utilities continue strong (pages 4, 6).
- In Q4 multinationals will enjoy the weakest dollar since Q3 1999 (page 9).
- Margins are down substantially from 2000 levels, but remain high by historical standards, given how low capacity utilization has dropped (page 10).
- NAPM, leading indicators, real disposable income suggest underlying fundamentals are stabilizing (page 11).

**In 2002, looking for
good sequential growth**

Table 1: S&P Earnings

	S&P 500					S&P Industrials					
	Rept'd EPS	Change yr/yr	Write- offs	Oper. EPS	Change yr/yr	Rept'd EPS	Change yr/yr	Write- offs	Oper. EPS	Change yr/yr	
2000	Q1 A	\$13.74	25.4%	\$0.00	\$13.74	20.4%	\$14.34	29.9%	\$0.16	\$14.50	23.8%
	Q2 A	13.48	7.8%	1.24	14.72	15.5%	15.31	14.7%	0.78	16.09	18.5%
	Q3 A	13.71	14.9%	0.67	14.38	10.8%	14.35	22.1%	0.74	15.09	12.0%
	Q4 A	9.07	-29.0%	4.51	13.58	-2.2%	9.85	-30.2%	5.08	14.93	-0.5%
	Year	50.00	3.8%	6.42	56.42	10.6%	53.85	7.2%	6.76	60.61	12.7%
2001	Q1 A	9.18	-33.2%	3.16	12.34	-10.2%	8.75	-39.0%	3.47	12.22	-15.7%
	Q2 A	4.83	-64.2%	7.00	11.83	-19.6%	2.71	-82.3%	9.44	12.15	-24.5%
	Q3	5.63	-58.9%	5.00	10.63	-26.1%	5.25	-63.4%	5.40	10.65	-29.4%
	Q4	7.20	-20.6%	3.00	10.20	-24.9%	6.99	-29.0%	3.19	10.18	-31.8%
	Year	26.84	-46.3%	18.16	45.00	-20.2%	23.70	-56.0%	21.50	45.20	-25.4%
2002	Q1	8.21	-10.5%	3.00	11.21	-9.1%	7.80	-10.9%	3.50	11.30	-7.5%
	Q2	10.20	111.3%	2.00	12.20	3.2%	10.35	281.9%	2.00	12.35	1.6%
	Q3	12.23	117.3%	1.00	13.23	24.5%	12.45	137.1%	1.00	13.45	26.3%
	Q4	12.34	71.5%	2.00	14.34	40.6%	12.60	80.3%	2.00	14.60	43.4%
	Year	43.00	60.2%	8.00	51.00	13.3%	43.20	82.3%	8.50	51.70	14.4%

Note: We would use operating earnings to assess changes in earnings, and an average of reported and operating earnings to determine the level of earnings and calculate P/Es.

Source: Standard & Poor's and UBS Warburg LLC

**Includes \$4.00 from
SFAS 142; EPS +4%,
"Apples-To-Apples"**

www.ubswarburg.com/researchweb

In addition to the
UBS Warburg web site
our research products are available
over third-party systems
provided or serviced by:
Bloomberg, First Call, I/B/E/S, IFIS,
Multex, QUICK and Reuters

**UBS Warburg is a
business group of UBS AG**

Thomas M. Doerflinger, Ph.D.
+1-212-713 2540
thomas.dorflinger@ubsw.com

Michael Krause
+1-212-713 4915
michael.krause@ubsw.com

Chart 1: S&P 500 Write-Offs as a Percentage of Operating Earnings (four rolling quarters)

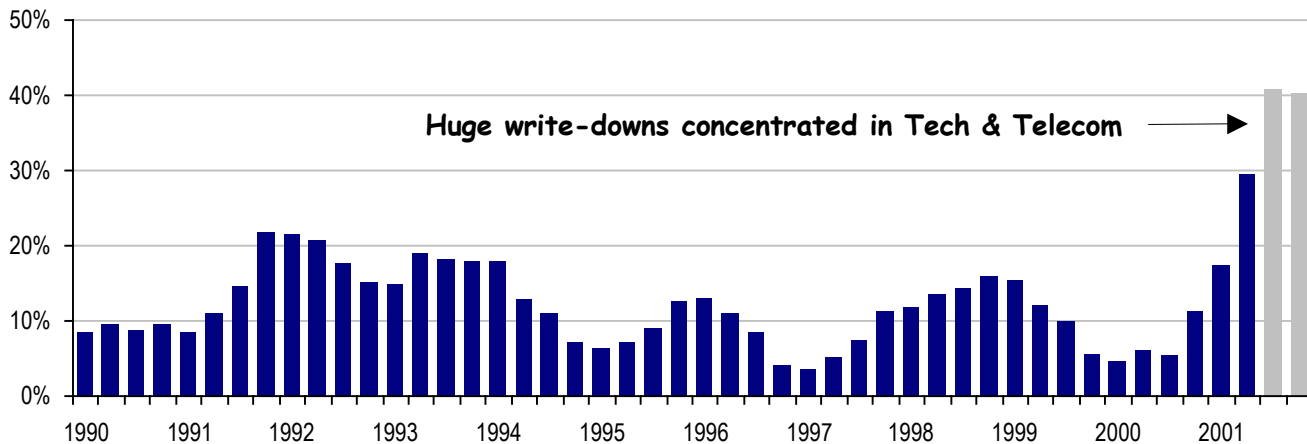
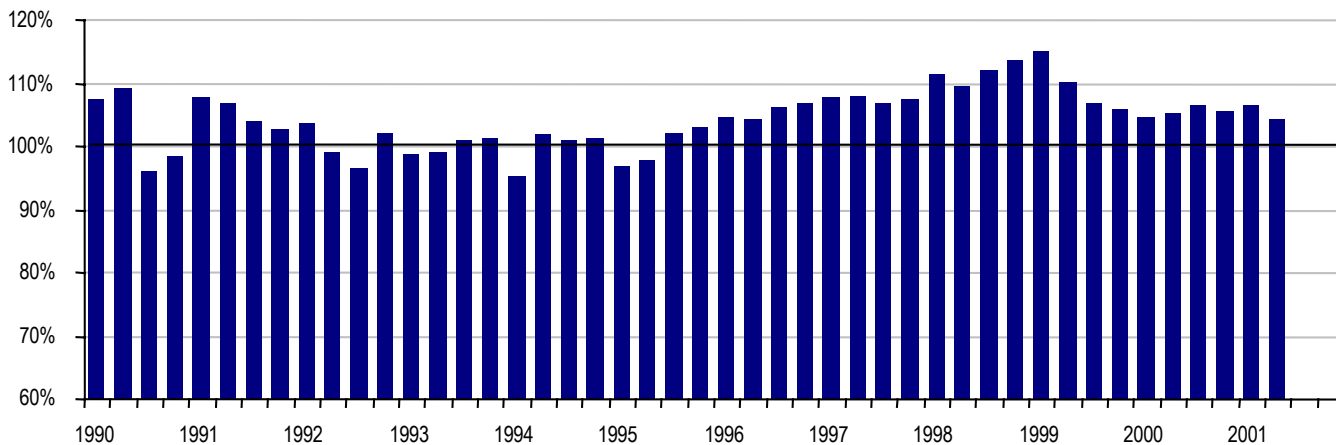


Table 2: S&P Dividends

	S&P500							S&P Industrials						
	Q1 A	Q2	Q3	Q4	Annual	Change	Payout*	Q1 A	Q2	Q3	Q4	Annual	Change	Payout*
1990A	\$2.77	\$3.21	\$3.00	\$3.12	\$12.10	9.5%	51.4%	\$2.80	\$3.34	\$3.10	\$3.14	\$12.38	10.4%	46.3%
1991A	2.79	3.24	3.13	3.04	12.20	0.8	60.0	2.89	3.38	3.25	3.08	12.60	1.8	58.0
1992A	2.91	3.24	3.20	3.03	12.38	1.5	55.0	3.00	3.44	3.37	2.97	12.78	1.4	53.0
1993A	3.01	3.28	3.20	3.09	12.58	1.6	47.2	2.98	3.37	3.19	2.97	12.51	-2.1	45.6
1994A	3.14	3.41	3.29	3.34	13.18	4.8	39.9	3.11	3.38	3.20	3.32	13.01	4.0	37.0
1995A	3.14	3.60	3.50	3.55	13.79	4.6	35.5	3.11	3.75	3.62	3.48	13.96	7.3	35.0
1996A	3.45	3.77	3.89	3.79	14.90	8.0	36.9	3.42	3.83	4.27	4.06	15.58	11.6	36.1
1997A	3.61	3.87	4.06	3.95	15.49	4.0	34.6	3.88	4.19	4.43	4.22	16.72	7.3	34.7
1998A	3.76	4.18	4.26	4.00	16.20	4.6	36.2	3.97	4.48	4.66	4.17	17.28	3.3	36.6
1999A	4.01	4.18	4.45	4.05	16.69	3.0	32.7	4.12	4.38	4.78	4.12	17.40	0.7	32.4
2000A	4.08	4.12	4.09	3.98	16.27	-2.5	28.8	4.14	4.19	4.22	4.03	16.58	-4.7	27.4
2001E	3.78	3.95	4.14	3.90	15.77	-3.0	35.0	3.75	4.05	4.26	3.90	15.96	-3.8	35.3
2002E	3.78	3.95	4.14	3.90	15.77	0.0	30.9	3.75	4.05	4.26	3.90	15.96	0.0	30.8

*Note: Payout ratio calculated using operating earnings

Chart 2: Earnings Quality Index (economic profits divided by after-tax profits)



Source: U.S. Bureau of Economic Analysis

Table 3: S&P 500 Earnings

	S&P 500			S&P Industrials		
	Reported EPS	Operating EPS	Operating % Change	Reported EPS	Operating EPS	Operating % Chg
1987	\$17.50	\$18.10	21.4%	\$20.29	\$21.24	26.4%
1988	23.76	24.86	25.1	26.03	27.70	30.4
1989	22.87	24.65	-0.8	26.25	28.35	2.3
1990	21.34	23.55	-4.5	24.29	26.73	-5.7
1991	15.91	20.34	-13.6	16.74	21.72	-18.7
1992	19.09	22.49	10.6	19.47	24.13	11.1
1993	21.89	26.64	18.5	21.96	27.46	13.8
1994	30.60	33.01	23.9	33.12	35.14	28.0
1995	33.96	38.81	17.6	36.01	39.93	13.6
1996	38.73	40.35	4.0	41.15	43.11	8.0
1997	39.72	44.74	10.9	42.13	48.12	11.6
1998	37.71	44.79	0.1	38.37	47.23	-1.8
1999	48.17	51.02	13.9	50.25	53.76	13.8
2000	50.00	56.42	10.6	53.85	60.61	12.7
2001 E	26.84	45.00	-20.2	23.70	45.20	-25.4
2002 E	43.00	51.00	13.3	43.20	51.70	14.4

Table 4: Aggregate and Median P/E Ratios* on Reported and Operating EPS

	S&P 500			S&P Industrials	
	Aggregate Rep. EPS	Aggregate Op. EPS	Median Op. EPS	Aggregate Rep. EPS	Aggregate Op. EPS
1987	14.1	12.4		14.1	13.5
1988	11.7	11.2		12.3	11.6
1989	15.5	14.3		15.4	14.2
1990	15.5	14.0	13.8	15.9	14.5
1991	26.2	20.5	19.7	29.4	22.7
1992	22.8	19.4	19.7	26.1	21.0
1993	21.3	17.5	18.5	24.6	19.7
1994	15.0	13.9	15.4	16.5	15.6
1995	18.1	15.9	17.5	20.0	18.1
1996	19.1	18.4	18.0	21.1	20.2
1997	24.4	21.7	20.6	26.6	23.3
1998	32.6	27.4	21.9	38.5	31.3
1999	30.5	28.8	19.7	36.7	34.3
2000	26.4	23.4	19.2	28.3	25.2
2001 E	42.4	25.3	22.5	56.0	29.4
2002 E	26.5	22.3	19.6	30.7	25.7

*Note: End-of-year price divided by trailing EPS, except 2001 and 2002, which use current price divided by estimated EPS.

Table 5: S&P 500 Compound Growth Rates

	Reported EPS	DPS
1960 – 70	4.6%	4.9%
1970 – 80	11.2	7.0
1980 – 90	3.7	7.0
1990 – 00	9.1	3.0
1980 – 90	3.7	7.0
1981 – 91	0.4	6.3
1982 – 92	4.2	6.1
1983 – 93	4.5	5.9
1984 – 94	6.3	5.8
1985 – 95	8.8	5.9
1986 – 96	10.3	6.1
1987 – 97	8.5	5.8
1988 – 98	4.7	5.2
1989 – 99	7.7	4.2
1960 – 00	7.1	5.4%

Table 6: Selected S&P Data

	S&P 500				S&P Industrials					
	Cash Flow	Official Book Value	ROE *	Price to Book **	ROA	Debt/Total Equity	Oper. Margin	Sales	Cash Flow	Official Book Value
1987	\$35.8	\$134.07		1.8	5.1%	45.1%	13.7%	\$441.14	\$40.46	\$134.19
1988	45.3	141.32	18.5%	2.0	5.3	68.3	15.3	481.66	50.13	139.50
1989	44.1	147.26	17.4	2.4	4.8	64.4	14.7	544.15	50.02	145.34
1990	44.8	153.01	16.0	2.2	4.0	66.0	13.9	600.72	51.04	152.71
1991	48.8	158.85	13.3	2.6	2.7	66.9	12.8	605.23	44.41	157.05
1992	43.9	149.74	14.2	2.9	3.0	70.8	13.0	617.88	48.50	142.46
1993	46.4	149.96	17.8	3.1	3.3	70.5	13.6	622.12	50.61	136.91
1994	55.0	158.29	22.0	2.9	5.0	65.6	14.9	653.75	61.07	150.70
1995	61.0	174.32	24.5	3.5	5.1	65.6	15.5	706.13	68.51	163.94
1996	67.0	181.84	23.1	4.1	5.5	64.1	16.1	727.39	77.56	168.04
1997	70.8	190.12	24.6	5.1	5.3	65.0	16.4	750.71	81.90	174.21
1998	71.1	203.85	23.6	6.0	5.2	64.0	16.1	755.48	71.63	186.36
1999	82.1	200.35	25.0	7.3	5.0	64.0	15.9	812.00	89.71	189.54
2000 E	87.3	213.84	28.2	6.2				852.34	99.72	207.54
2001 E	67.9	218.27	21.0	5.2				811.15	74.16	208.62

*Operating EPS divided by beginning-of-year book value.

**End-of-year price divided by book value, except 2001, which uses current price.

Chart 3: Change in 2001 Expected Net Income of the S&P 500 Over the Past Two Months (\$ millions)

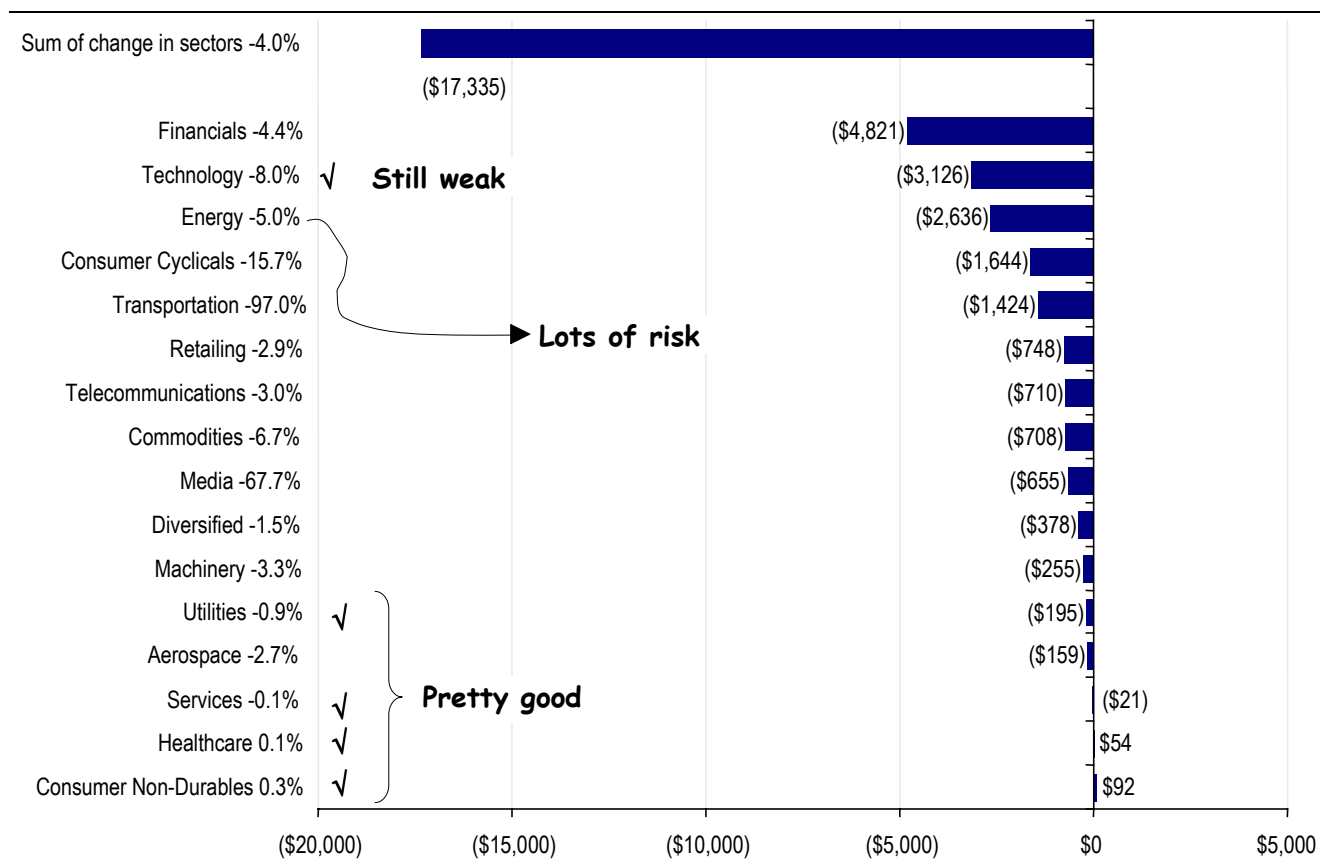


Table 7: Earnings— Where the Good and Bad Surprises Have Been

	Number Reported	Good / Bad				
		Q3 '01	Q2 '01	Q1 '01	Q4 '00	Q3 '00
Autos & Auto Parts	8	0/5	1/3	2/5	0/5	0/5
Beverages, Food & Tobacco	17	5/0	1/4	1/5	2/1	0/1
Household - Cyclicals	14	1/1	3/3	1/4	1/5	0/4
Household - Non-Durables	6	1/0	0/1	0/1	0/2	1/0
Media - Ex. Newspapers	7	0/6	0/3	1/5	0/2	1/2
Media - Newspapers	5	0/5	0/2	0/4	0/0	0/2
Retailing	23	2/11	0/12	3/9	2/11	0/9
Services	19	5/4	3/3	4/2	3/2	5/1
Total	99	14 / 32	8 / 31	12 / 35	8 / 28	7 / 24
Aerospace	7	1/3	1/2	1/2	2/0	0/1
Chemicals	14	1/8	0/6	1/4	0/8	0/7
Diversified	3	0/2	1/0	0/0	2/0	2/0
Electrical Equipment	8	0/4	0/5	0/3	1/1	1/0
Machinery	12	1/3	2/4	1/8	1/7	1/6
Metals	8	2/5	2/3	1/4	1/4	1/4
Paper & Forest Products	10	6/2	9/0	0/10	0/8	0/7
Total	62	11 / 27	15 / 20	4 / 31	7 / 28	5 / 25
Technology - Comm. Equipment	9	1/8	1/9	1/7	4/2	4/1
Technology - Computers	11	0/5	1/5	2/5	0/7	1/3
Technology - Semiconductors	10	3/3	0/8	0/8	0/7	3/0
Technology - Software	12	3/5	7/1	2/2	7/1	5/4
Telecommunications	12	2/4	1/4	0/5	2/3	2/1
Total	54	9 / 25	10 / 27	5 / 27	13 / 20	15 / 9
Energy - Producers	10	2/3	8/0	7/1	8/0	10/0
Energy -Service	8	3/1	4/1	1/3	4/1	2/0
Finance - Banks	17	0/4	0/5	0/1	0/3	0/1
Finance - Financial Services	9	0/6	0/4	0/6	0/2	3/1
Finance - Insurance	14	0/10	0/5	0/3	3/4	1/1
Health - Hospital Supply	8	1/0	0/1	0/0	0/1	0/2
Health - Drugs	11	1/2	1/0	0/2	1/1	2/1
Airlines	4	0/4	0/4	0/4	1/3	2/1
Railroads	4	0/2	1/1	1/1	0/2	0/2
Trucking	1	0/0	0/0	0/1	0/0	0/0
Total	301	41 / 116	47 / 99	30 / 115	45 / 93	47 / 67
% Good/Bad		14 / 39	15 / 32	10 / 37	15 / 30	15 / 22

Note: Survey of 308 large companies in the S&P 500. Actual EPS versus First Call consensus estimate one month into quarter. 10% above consensus is a good surprise; 10% below is a bad surprise.

Table 8: Operating Earnings of Major S&P 500 Industry Sectors (\$ billions)

	2001E	% of total	2000A	% of total		2001E	% of total	2000A	% of total
Aerospace	5.7	1.4	5.1	1.1	Machinery	7.5	1.8	11.2	2.4
Commodities	9.9	2.4	17.1	3.6	Media	0.3	0.1	2.8	0.6
Consumer Cyclical	8.8	2.1	19.7	4.1	Retailing	24.7	5.9	24.4	5.1
Consumer Non-	33.9	8.1	30.7	6.4	Services	16.3	3.9	14.9	3.1
Diversified	25.3	6.0	23.4	4.9	Technology	36.6	8.7	75.7	15.9
Energy	50.5	12.0	48.3	10.1	Telecommunications	23.3	5.6	29.5	6.2
Financial	104.1	24.8	106.7	22.4	Transportation	0.0	0.0	5.1	1.1
Healthcare	51.8	12.3	44.7	9.4	Utility	21.1	5.0	17.3	3.6
					Total	420.0		476.6	

Chart 4: Change in Operating Earnings of Major Industry Sectors, Q4 2000-Q4 2001 (\$ millions)

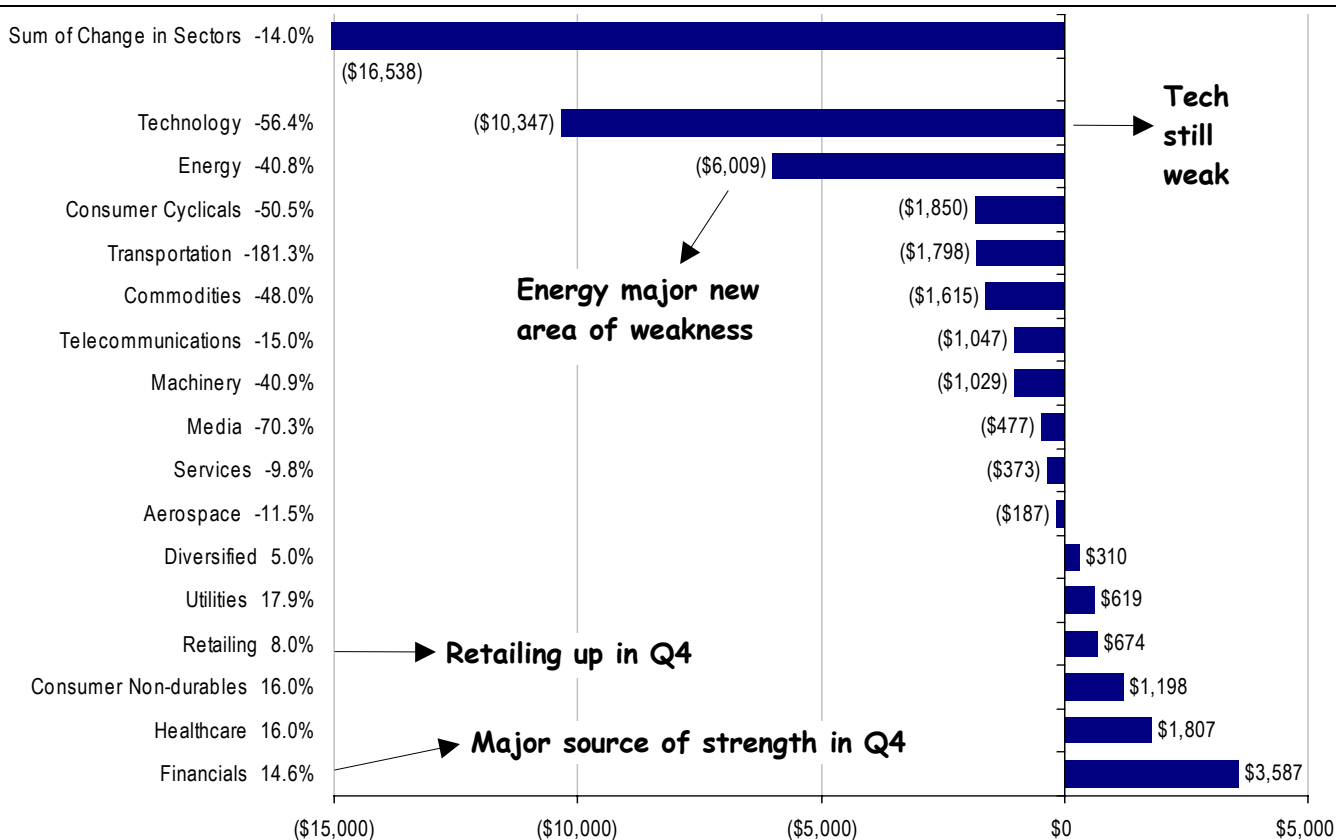


Chart 5: Change in Earnings of Major Industry Sectors, 2000-01 (\$ millions)

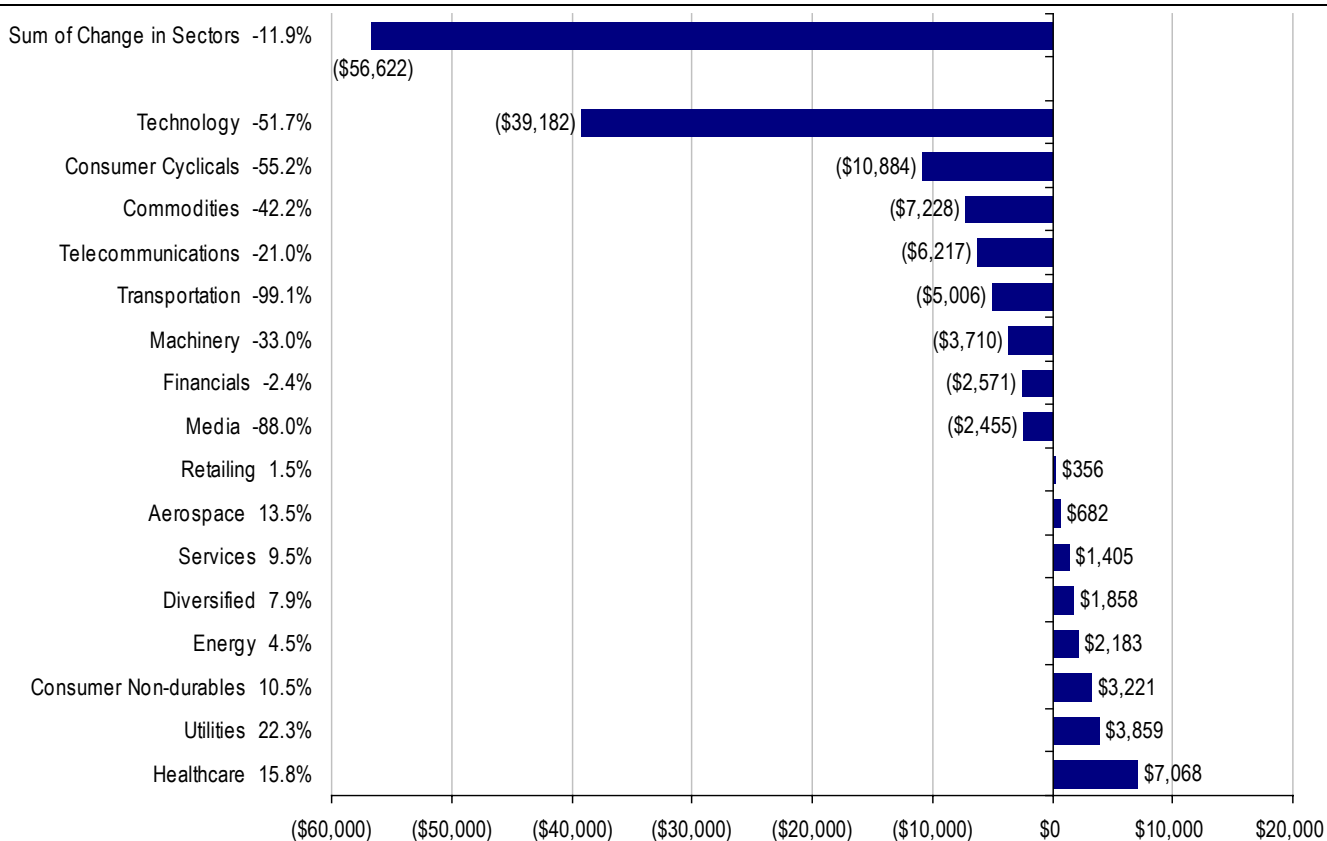


Table 9: Revenue Growth of S&P 500 Firms, Year-over-Year Changes

	-----2001-----			-----2000-----				-----1999-----				-----1998-----			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Aerospace	16.9%	9.4%	12.0%	1.3%	-8.1%	-4.0%	-18.1%	-5.2%	3.9%	6.4%	5.6%	22.7%	8.8%	9.6%	17.0
Commodities	-4.5	3.9	4.7	9.1	12.7	17.6	19.1	14.6	10.0	4.0	0.6	-5.3	-6.6	-0.7	1.8
Consumer cyclical	-3.2	-4.3	-5.4	-1.7	2.1	6.1	10.1	7.0	15.7	11.5	4.3	-4.1	-9.6	-4.0	0.4
Consumer nondur.	7.1	5.6	6.4	5.7	4.5	2.9	1.4	-0.3	-0.4	0.5	2.7	1.7	2.4	0.2	0.9
Diversified	-1.7	0.9	4.1	6.1	12.2	14.5	20.2	14.7	11.9	8.0	4.0	6.6	6.5	8.3	9.6
Energy	6.8	40.4	54.4	48.4	44.7	46.0	52.7	32.9	18.8	5.1	-10.5	-18.6	-12.2	-12.7	-10.0
Financial	-2.2	4.4	6.2	11.7	17.7	7.6	9.8	9.5	15.2	7.7	6.5	6.3	14.2	14.3	18.4
Health care	12.1	14.9	12.2	11.1	11.6	14.0	8.0	9.8	10.8	13.2	15.2	14.4	13.8	13.8	10.3
Machinery	-9.8	-6.2	-4.2	-3.4	4.7	9.4	8.1	4.0	3.7	-0.8	1.0	1.7	2.1	6.4	10.9
Media	3.7	15.2	33.4	39.1	26.0	24.3	12.7	30.3	25.1	5.8	2.0	1.0	0.9	1.1	6.5
Retailing	7.9	7.7	7.0	4.5	10.0	11.3	13.0	13.8	11.9	18.0	15.7	9.9	11.5	12.6	10.9
Services	10.1	8.1	8.8	6.9	8.3	10.0	11.7	11.2	15.1	10.1	9.2	5.2	11.9	4.5	3.3
Technology	-22.9	-9.0	1.9	13.2	20.4	16.8	16.8	10.0	13.9	22.6	19.7	13.4	8.8	4.6	7.3
Telecommunications	-5.6	-6.4	6.1	5.2	11.4	11.7	10.6	19.5	28.2	19.7	20.4	21.8	12.7	9.9	7.5
Transportation	-6.5	1.1	3.1	4.0	5.3	16.3	7.5	7.6	6.7	4.9	2.2	1.4	1.8	1.9	6.0
Utilities-electric & gas	40.7	70.6	95.6	70.4	47.3	35.1	20.0	11.0	6.4	3.5	4.8	-0.1	27.4	30.5	15.3
Total	1.9%	9.5%	13.8%	14.4%	16.7%	15.2%	15.3%	12.5%	12.6%	10.2%	6.8%	3.2%	4.2%	4.0%	5.0%
<i>Ex. Energy & Utilities</i>	-1.6	2.1	4.8												
Total per share	0.6%	4.2%	11.7%	10.5%	14.5%	13.7%	14.5%	10.2%	9.3%	8.3%	6.0%	1.5%	2.3%	2.5%	3.9%

← **Weakening; sales growth to be hurt by declining energy in 2002, but other areas may improve**

	Percentage Change					% -age of Q3 '00 sales	# of firms in sector	# of firms reporting	Acct'g for x% of sales in yr-ago
	2000	1999	1998	1997	1996				
Aerospace	-4.9%	2.7%	15.0%	27.2%	11.6%	1.7%	6	6	100.0%
Commodities	14.5	5.8	0.4	3.1	-0.5	4.5	39	38	99.8
Consumer cyclical	4.5	10.8	-4.6	4.9	6.2	8.5	33	33	100.0
Consumer nondurables	3.9	1.2	1.6	-1.0	4.3	5.1	27	24	96.3
Diversified	13.3	11.9	9.1	8.4	10.4	4.5	16	16	100.0
Energy	48.5	11.3	-15.6	-1.2	17.4	11.9	32	32	100.0
Financial	16.7	9.2	9.2	13.7	9.7	15.8	76	70	85.1
Health care	10.6	11.5	13.0	10.0	14.3	5.5	39	38	98.4
Machinery	5.0	2.3	5.9	12.3	9.0	2.6	23	21	94.6
Media	31.2	24.5	6.1	19.5	13.2	1.2	13	12	96.6
Retailing	9.3	12.7	10.0	11.5	8.5	12.2	35	30	84.0
Services	9.8	12.2	8.3	11.1	13.9	3.9	34	32	98.8
Technology	17.7	16.1	10.0	11.2	9.7	10.3	73	67	94.3
Telecommunications	9.4	17.9	13.3	13.4	7.1	5.0	14	14	100.0
Transportation	6.6	6.0	2.5	8.1	8.9	1.8	10	10	100.0
Utilities-electric & gas	39.9	7.5	14.3	24.4	7.8	5.6	30	29	100.0
Total	16.1%	10.4%	3.9%	7.8%	9.1%	100%	500	472	94.5%

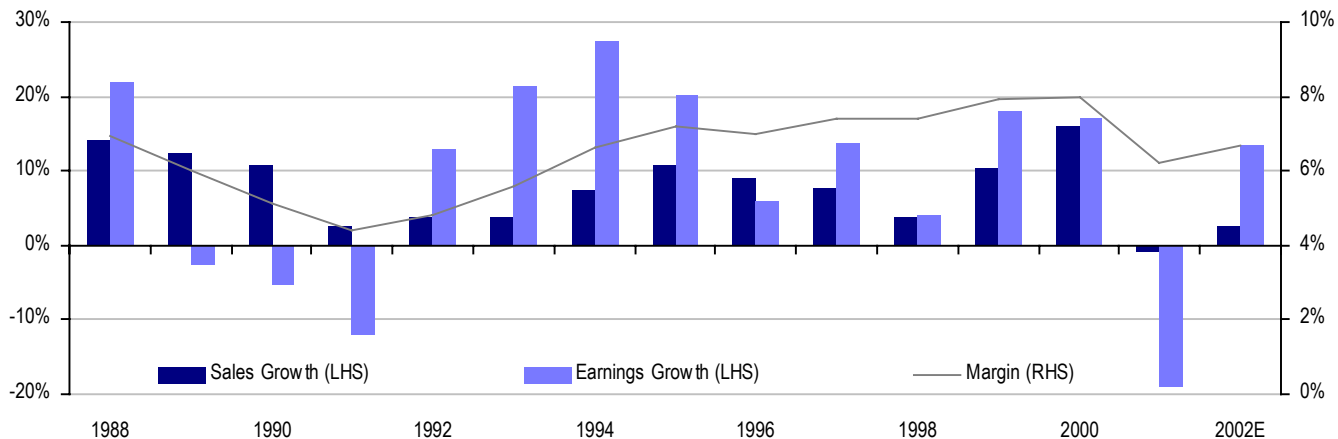
Table 10: S&P 500 Earnings Trends

	FY	FY	2000				FY	2001				FY	FY
	1998	1999A	Q1A	Q2A	Q3A	Q4A	2000A	Q1A	Q2A	Q3E	Q4E	2001E	2002E
Median percent change in EPS	10.5	15.0	16.7	15.8	14.6	12.0	15.0	2.3	0.0	-11.0	-5.9	1.2	13.4
# of companies with down EPS	152	108	94	113	123	162	120	221	241	287	273	243	82

Q4 will come down, but number is better than Q3; reflects easier comps in Q4

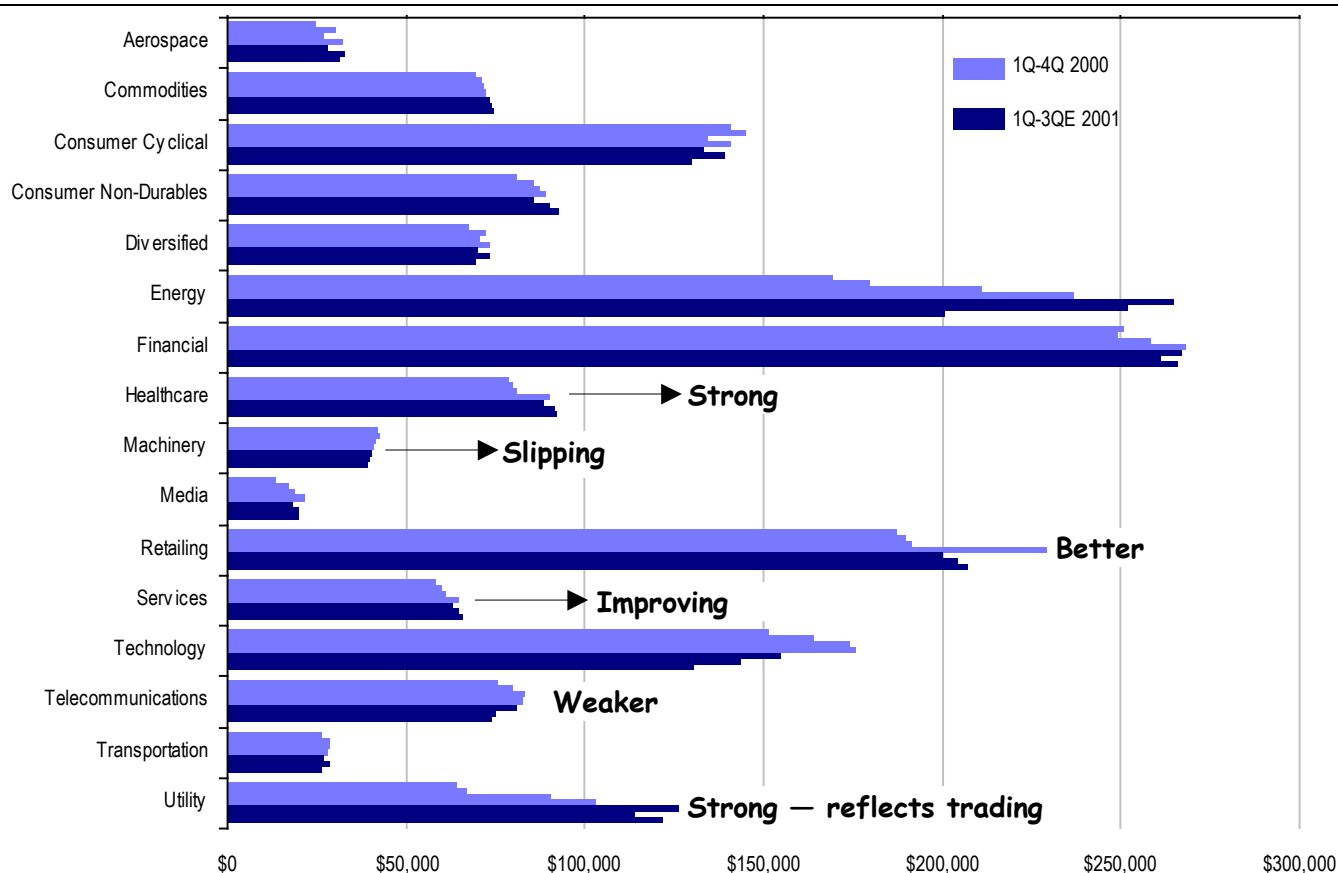
Chart 6: S&P 500 Annual Sales, Earnings Growth, and Net Margins

Change in sales growth drives EPS growth



Source: Compustat, First Call, and UBS Warburg LLC estimates

Chart 7: S&P 500 Quarterly Sales (\$ millions)



Source: Compustat and UBS Warburg LLC

Chart 8: Percentage of Revised 2001 Estimates that Were Raised

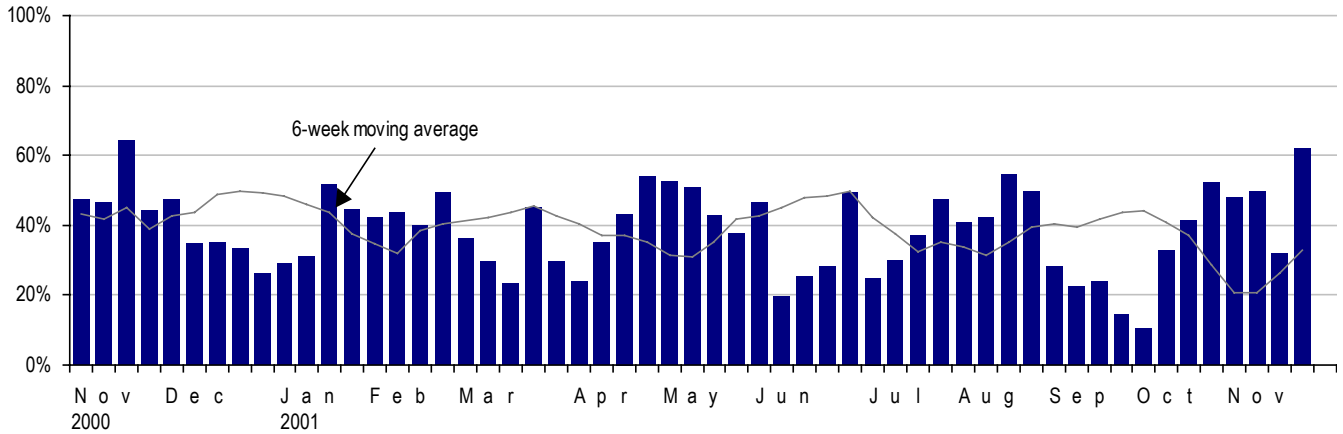
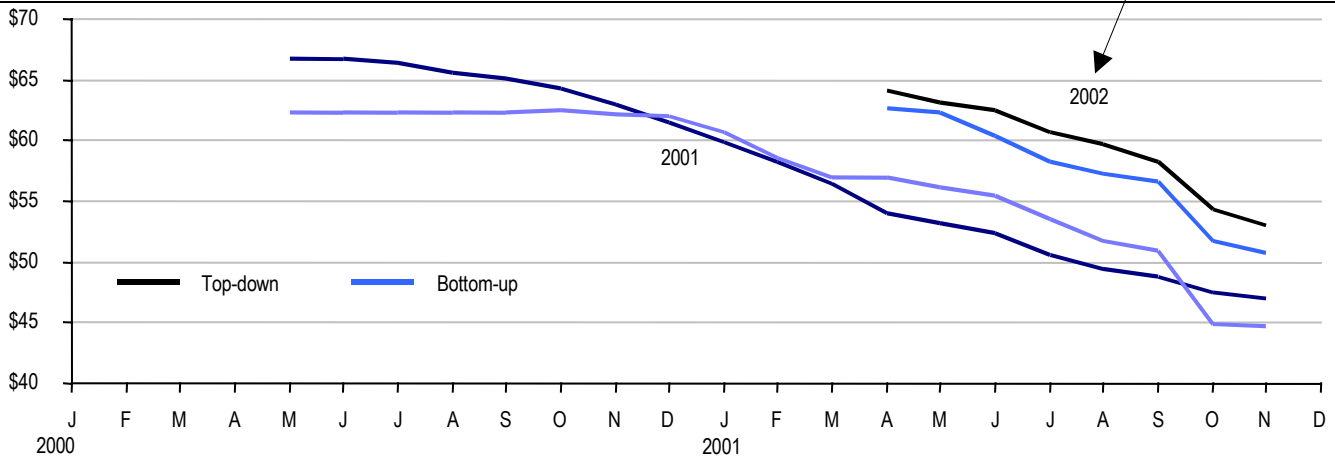


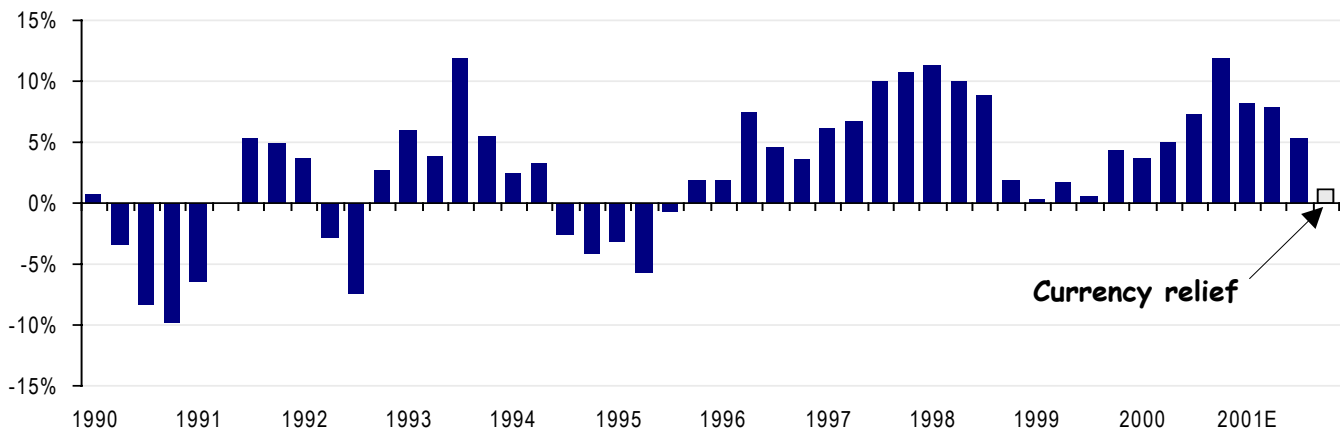
Chart 9: Mean Estimates for 2001 S&P 500 Operating EPS

Likely distorted by FAS 142



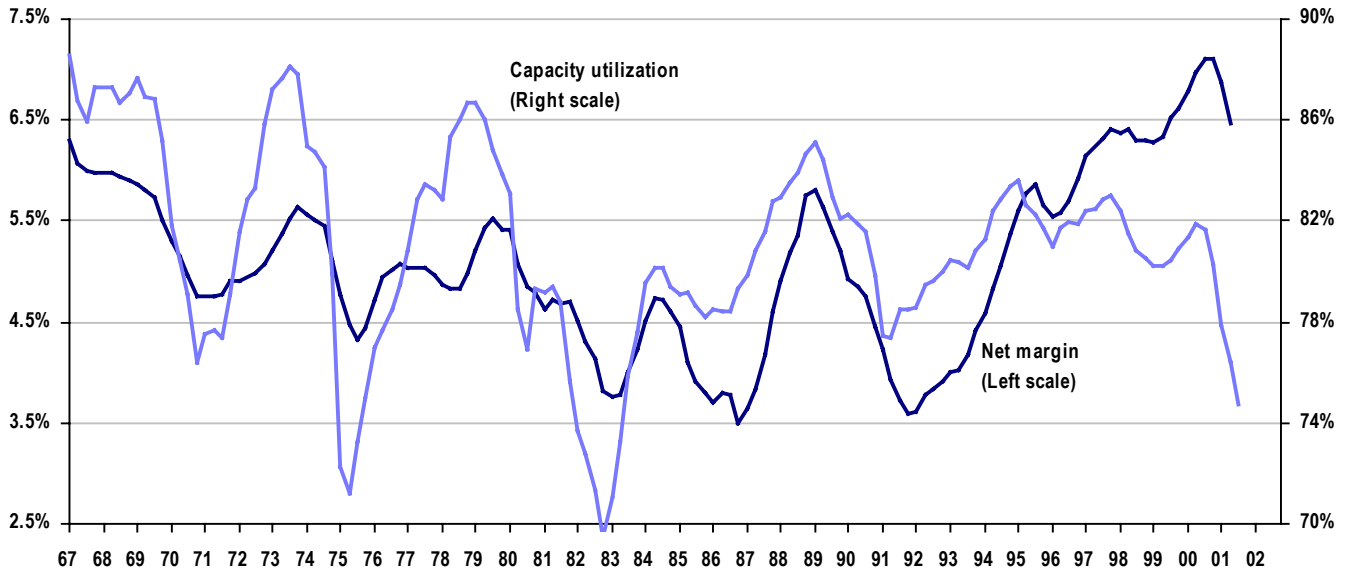
Note: Estimates are mid-month. October-end bottom-up 2001 estimate was \$46.15 and top-down estimate was \$44.27.

Chart 10: Currency Trends— UBS Warburg Sales-Weighted Dollar Index



Note: Q4 2001 estimate based on UBS Warburg forecasts for major foreign currencies weighted by sales of foreign affiliates.

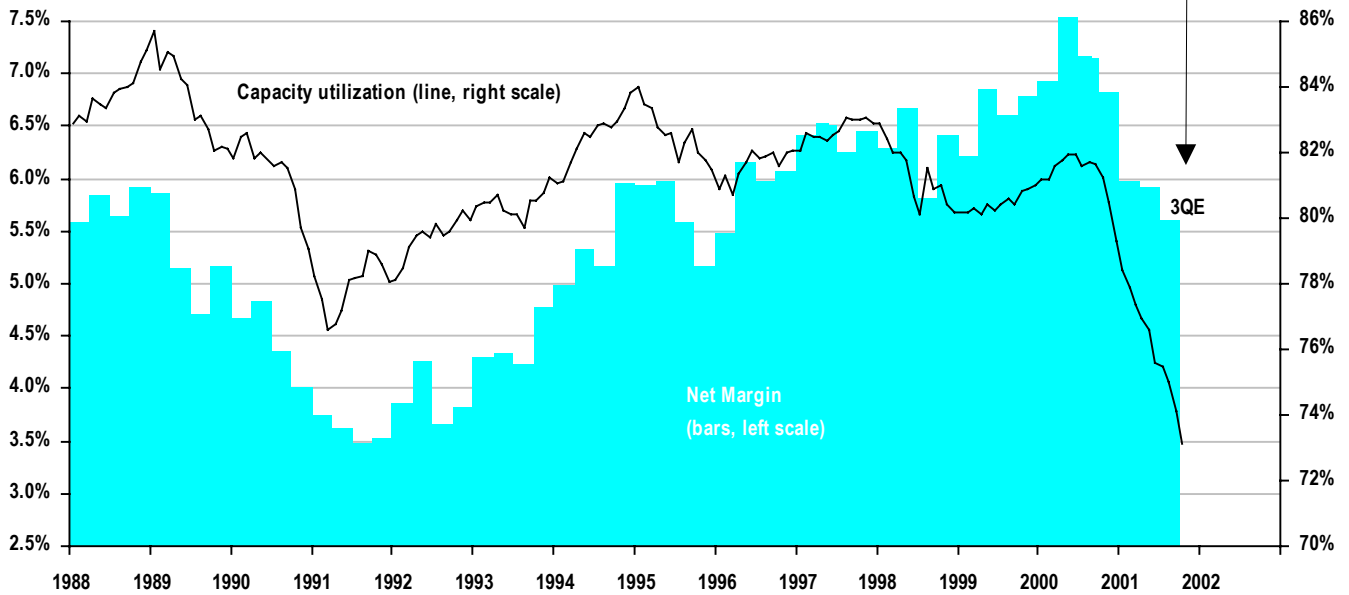
Chart 11: Capacity Utilization and S&P Industrials Net Margin, Quarterly Since 1967



Note: Margin calculated using rolling four quarters operating EPS for S&P Industrials.

Chart 12: Capacity Utilization and S&P Industrials Net Margin, Monthly Since 1988

Margins have held up well, given how weak utilization is



Sources (Charts 9 & 10): Federal Reserve Board of Governors, First Call, IBES, Standard & Poor's, StockVal, U.S. Bureau of Economic Analysis, and UBS Warburg LLC

Chart 13: Unemployment Insurance Claims (thousands)

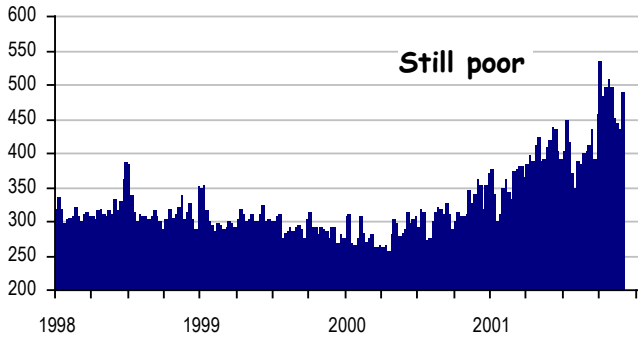


Chart 14: Index of Leading Economic Indicators

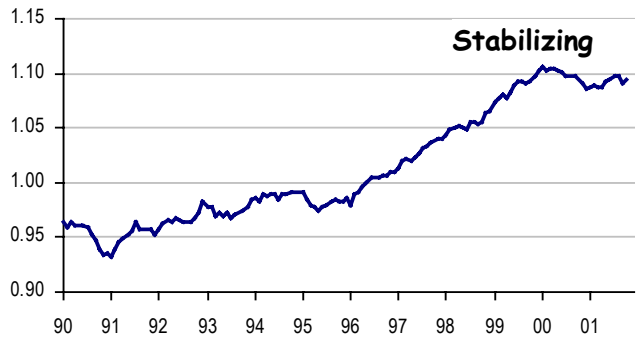


Chart 15: Crude Oil and the CRB Index (Jan. 1988 = 1.0)

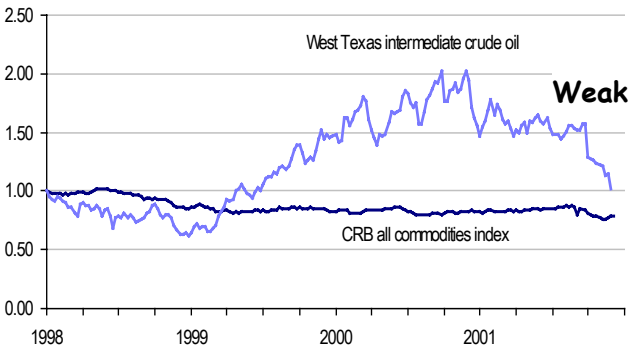


Chart 16: NAPM Index of Production (Percent above / below 50)

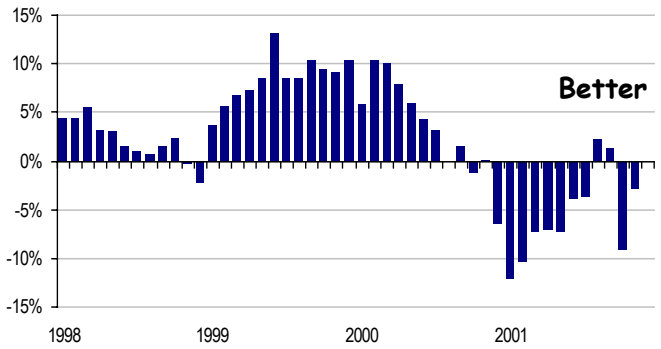


Chart 17: Yield Curve Spread (10yr swap less 1mo LIBOR, bp)

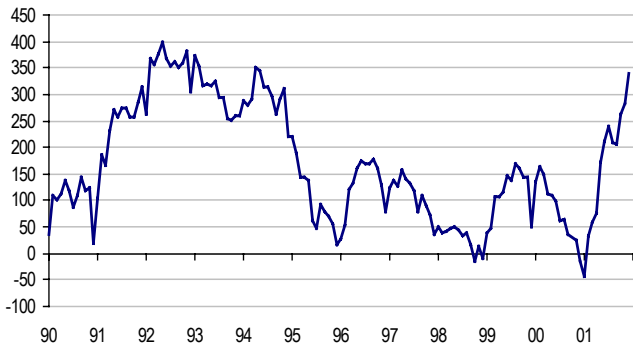


Chart 18: Real Disposable Income

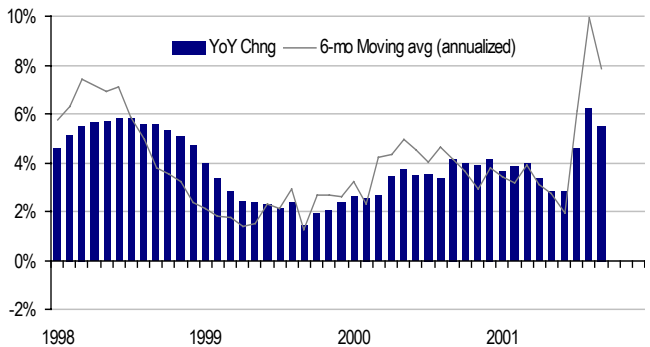


Chart 19: Industrial Production Index

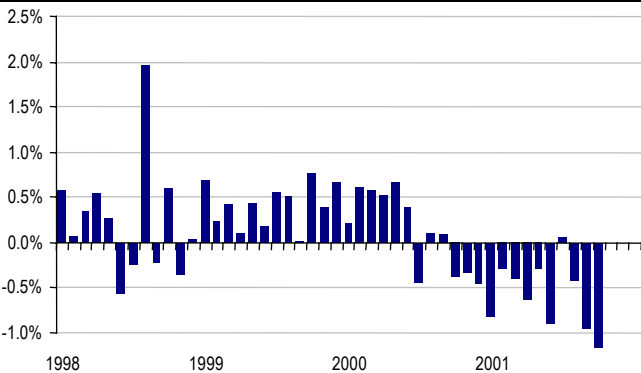
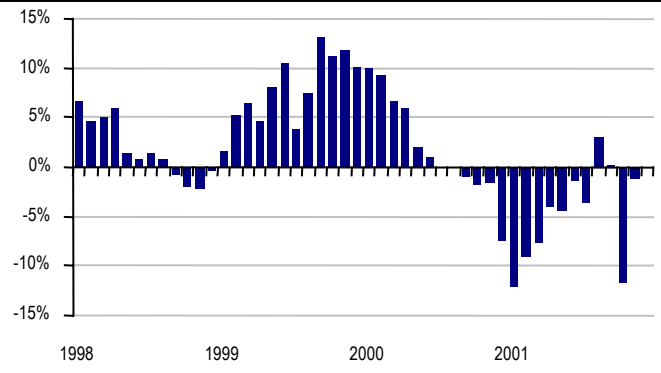


Chart 20: NAPM New Orders Index (Percent above / below 50)



Sources (Charts 11-18): DRI, Bloomberg, and UBS Warburg LLC

This report was produced by:
UBS Warburg LLC

Street address:

1285 Avenue of the Americas
New York
NY 10019
+1-212-713-2000

UBS Warburg LLC, 1285 Avenue of the Americas, New York, NY 10019 Phone: +1-212-713-2000

This report has been prepared by the group, subsidiary or affiliate of UBS AG ("UBS") identified herein. In certain countries UBS AG is referred to as UBS SA. UBS Warburg is a business group of UBS AG.

This report is for distribution only under such circumstances as may be permitted by applicable law. It has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. It is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The report is based on information obtained from sources believed to be reliable but is not guaranteed as being accurate, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. The report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and UBS is not under any obligation to update or keep current the information contained herein. UBS and/or its directors, officers and employees or clients may have or have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent. In addition, UBS may act or have acted as market-maker in the relevant securities or related financial instruments discussed in this report. Furthermore, UBS may have or have had a relationship with or may provide or has provided corporate finance, capital markets and/or other financial services to the relevant companies. Employees of UBS may serve or have served as officers or directors of the relevant companies. UBS may rely on information barriers, such as "Chinese Walls," to control the flow of information contained in one or more areas within UBS, into other areas, units, groups or affiliates of UBS.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. UBS accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this report. **Additional information will be made available upon request.**

United Kingdom and rest of Europe: Except as otherwise specified herein, this material is communicated by UBS Warburg Ltd., a subsidiary of UBS AG, to persons who are market counterparties or intermediate customers (as detailed in the FSA Rules) and is only available to such persons. The information contained herein does not apply to, and should not be relied upon by, private customers. **Switzerland:** This report is being distributed in Switzerland by UBS AG. **Italy:** Should persons receiving this research in Italy require additional information or wish to effect transactions in the relevant securities, they should contact Giubergia UBS Warburg SIM SpA, an associate of UBS SA, in Milan. **South Africa:** UBS Warburg Securities (South Africa) (Pty) Ltd. (incorporating J.D. Anderson & Co.) is a member of the JSE Securities Exchange SA. **United States:** This report is being distributed to US persons by either UBS Warburg LLC or by UBS PaineWebber Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a "non-US affiliate"), to major US institutional investors only. UBS Warburg LLC or UBS PaineWebber Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Warburg LLC or UBS PaineWebber Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Warburg LLC or UBS PaineWebber Inc., and not through a non-US affiliate. **Canada:** This report is being distributed by UBS Bunting Warburg Inc., a subsidiary of UBS AG and a member of the principal Canadian stock exchanges & CIPF. A statement of its financial condition and a list of its directors and senior officers will be provided upon request. **Singapore:** This report is being distributed in Singapore by UBS Warburg Pte. Ltd. **Japan:** This report is being distributed in Japan by UBS Warburg (Japan) Limited to institutional investors only. **Australia:** This report is being distributed in Australia by UBS Warburg Australia Limited (ABN 40 008 582 705) and UBS Warburg Australia Equities Limited (ABN 62 008 586 481) licensed securities dealers. **New Zealand:** This report is being distributed in New Zealand by UBS Warburg New Zealand Ltd and UBS Warburg New Zealand Equities Ltd.

(c)2001 UBS AG. All rights reserved. This report may not be reproduced or redistributed, in whole or in part, without the written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect.