

UBS 401(k) Plan

Notification of Qualified Default Investment Alternatives (QDIAs)

December 1, 2016

Each year, we are required to inform you of your right to direct the investment of your account in the UBS 401(k) Plan (the "Plan"), and the Qualified Default Investment Alternative ("QDIA") in which your account will be invested should you choose to not make an investment election.

Investing Your Savings

The Plan allows you to make payroll contributions on a before-tax, after-tax and or "Roth 401(k)" basis. In addition, the Plan provides for certain company-funded contributions for participants who meet the applicable eligibility requirements (a "401(k) matching contribution", "Retirement Contribution," and or "Supplemental Profit Sharing Contribution" (QDP)). You are also permitted to roll over contributions from certain other tax-qualified plans to the Plan.

You may choose to invest your payroll contributions, company contributions, rollover contributions, among all the investment options offered under the Plan. The Plan offers a broad array of investment options and you have the flexibility to create your own investment strategy based on your financial goals, time horizon, and risk tolerance.

For more information about the investment options offered under the Plan, fund performance, fund fact sheets and fund prospectuses, please visit the Plan website as follows:

- Via the internet at <u>http://digital.alight.com/ubs;</u> or
- Via the UBS Intranet by typing goto/usbenefits into your browser.

Default Investment Election to a QDIA if you do not make an Investment Election

If you do not make an investment election when you first make payroll contributions or a rollover to the Plan, or when you first become eligible for company contributions, the Plan provides that your account will be invested in a QDIA.¹ Specifically, your contributions will be invested in the Vanguard Target Retirement fund appropriate for your current age and years to retirement, assuming a retirement age of 65.

For example, if you are 25 years of age, do not have an investment election on file in 2015, and receive a Retirement Contribution to your Plan account, your Retirement Contribution will be automatically invested in the Vanguard Target Retirement 2055 fund. If you are already age 65 at the time a contribution is made to your Plan account and you do not have an investment election on file, your contribution will be automatically invested in the Vanguard Target Retirement election on file, your

Changing Your Investment Elections or Contributions

You do not have to leave your assets in the Plan's QDIA. You are permitted to change your investment elections with respect to new Plan contributions and redirect the allocation of existing amounts credited to your Plan account on a daily basis, subject to any trade restrictions imposed by the Plan or the individual funds.

To change your investment elections, or reallocate or transfer account balances visit Your Benefits Resources[™] website via the UBS Intranet by typing goto/usbenefits in your browser or via the internet at <u>http://digital.alight.com/ubs</u>. Once you have logged in, from the homepage, click on "Manage Your 401(k) Investment" tile (click on "Show More" if you do not automatically see the tile). Then click on the "Change Investments" tab. To change your future payroll contributions, click on the "Savings and Retirement" tab, then from the "401(k) Plan" drop down tab select "Contributions" and then select the green "Change" button. For assistance, please contact Benefits Express[™] at 1-888-251-2500.

¹ A beneficiary's account may be held in a QDIA if the deceased participant had not affirmatively elected one or more investment options.

Vanguard Target Retirement funds provide diversified exposure to stocks, bonds, and cash for those investors who have a specific retirement date in mind.

These portfolios aim to provide investors with a level of return and risk based solely on the fund's target date. Each fund's assets are allocated based on the assumption that the person holding its shares will retire in or within a few years of the year indicated by the target date. Fund assets are allocated more aggressively the farther away the retirement target date is and gradually become more conservative as the target date approaches. Below is a summary of each of the Vanguard Target Retirement funds, their respective investment strategies and expense ratios as of June 30, 2016:

Plan Fund Name	Vanguard Fund Name	Fund Strategy/ Expense Ratio	Fund Allocation ¹
Target Income Trust I	Vanguard Target Retirement Income Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors currently in retirement. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	 It typically allocates 70% of assets to bonds and money market instruments and 30% to stocks and the target fund allocation is: Total Bond Market II Index Fund: 37.1% Total Stock Market Index Plus Fund : 18.2% Short –Term Inflation-Protected Securities Index Fund: 16.6% Total Intl Bond Index Fund: 16.1% Total Intl Stock Index Fund: 12.0%
Target 2010 Trust I	Vanguard Target Retirement 2010 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2010. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	 It typically allocates 68% of assets to bonds and money market instruments and 32% to stocks and the target fund allocation is: Total Bond Market II Index Fund: 36.3% Total Stock Market Index Plus Fund: 19.6% Short –Term Inflation-Protected Securities Index Fund: 15.6% Total Intl Bond Index Fund: 15.7% Total Intl Stock Index Fund: 12.8%
Target 2015 Trust I	Vanguard Target Retirement 2015 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2015. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	 It typically allocates 53% of assets to bonds and money market instruments and 47% to stocks and the target fund allocation is: Total Bond Market II Index Fund: 30.6% Total Stock Market Index Plus Fund: 28.2% Short –Term Inflation-Protected Securities Index Fund: 9.4% Total Intl Bond Index Fund: 13.3% Total Intl Stock Index Fund: 18.5%

Plan Fund Name	Vanguard Fund Name	Fund Strategy / Expense Ratio	Fund Allocation ¹
Target 2020 Trust I	Vanguard Target Retirement 2020 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2020. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	 It typically allocates 58% of assets to stocks and 20% to bonds and money market instruments and the target fund allocation is: Total Stock Market Index Plus Fund: 34.7% Total Intl Stock index Fund: 23.0% Total Bond Market II Index Fund: 28.1% Total Intl Bond Index Fund: 12.3% Short –Term Inflation-Protected Securities Index Fund: 1.9%
Target 2025 Trust I	Vanguard Target Retirement 2025 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2025. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	 It typically allocates 66% of its assets to stocks and 34% to bonds and money market instruments and the target fund allocation is: Total Stock Market Index Plus Fund: 39.7% Total Intl Stock Index Fund: 26.2% Total Bond Market II Index Fund: 23.7% Total Intl Bond Index Fund: 10.4%
Target 2030 Trust I	Vanguard Target Retirement 2030 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2030. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	It typically allocates 73% of its assets to stocks and 27% to bonds and money market instruments and the target fund allocation is: • Total Stock Market Index Plus Fund: 44.1% • Total Intl Stock Index Fund: 29.2% • Total Bond Market II Index Fund: 18.6% • Total Intl Bond Index Fund: 8.1%
Target 2035 Trust I	Vanguard Target Retirement 2035 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2035. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	It typically allocates 81% of its assets to stocks and 19% to bonds and money market instruments and the target fund allocation is: • Total Stock Market Index Plus Fund: 48.6% • Total Intl Stock Index Fund: 32.2% • Total Bond Market II Index Fund: 13.3% • Total Intl Bond Index Fund: 5.9%
Target 2040 Trust I	Vanguard Target Retirement 2040 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2040. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	 It typically allocates approximately 88% of assets to stocks and 12% to bonds and money market instruments and the target asset allocation is: Total Stock Market Index Plus Fund: 53.1% Total Intl Stock Index Fund: 35.1% Total Bond Market II Index Fund: 8.2% Total Intl Bond Index Fund: 3.6%

Plan Fund Name	Vanguard Fund Name	Fund Strategy / Expense Ratio	Fund Allocation ¹
Target 2045 Trust I	Vanguard Target Retirement 2045 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2045. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	 It typically allocates approximately 90% of assets to stocks and 10% to bonds and money market instruments and the target asset allocation is: Total Stock Market Index Plus Fund: 54.0% Total Intl Stock Index Fund: 35.9% Total Bond Market II Index Fund: 7.1% Total Intl Bond Index Fund: 3.0%
Target 2050 Trust I	Vanguard Target Retirement 2050 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2050. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	 It typically allocates approximately 90% of assets to stocks and 10% to bonds and money market instruments and the target asset allocation is: Total Stock Market Index Plus Fund: 54.0% Total Intl Stock Index Fund: 35.9% Total Bond Market II Index Fund: 7.1% Total Intl Bond Index Fund: 3.0%
Target 2055 Trust I	Vanguard Target Retirement 2055 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2055. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	 It typically allocates approximately 90% of assets to stocks and 10% to bonds and money market instruments and the target asset allocation is: Total Stock Market Index Plus Fund: 54.0% Total Intl Stock Index Fund: 35.9% Total Bond Market II Index Fund: 7.1% Total Intl Bond Index Fund: 3.0%
Target 2060 Trust I	Vanguard Target Retirement 2060 Fund	The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of 2060. The investment seeks to provide growth of capital and current income. Expense Ratio: .07% ² of fund assets	 It typically allocates approximately 90% of assets to stocks and 10% to bonds and money market instruments and the target asset allocation is: Total Stock Market Index Fund: 54.1% Total Intl Stock Index Fund: 36.0% Total Bond Market II Index Fund: 6.9% Total Intl Bond Index Fund: 3.0%

¹ The fund's indirect money market holdings consist of high-quality, short-term money market instruments. The indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. Corporate bonds, inflation-protected public obligations issued by the U.S. Treasury; mortgage-backed and asset-backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard to minimize foreign currency exposure). The indirect stock holdings are a diversified mix of U.S. and foreign large-, mid-, and small-capitalization stocks.

² The expense ratio includes operating expenses which is the cost associated with operating the fund, including investment management fees and additional expenses such as custodian, legal, and audit fees, and other operational expenses incurred by the investment manager. There are no additional fees currently being charged to invest in this fund or to transfer or redeem money from this fund.

The Importance of Diversifying Your Retirement Savings

The Plan allows you to elect to move any portion of your account that is invested in a given investment option under the Plan – including any portion invested in UBS company stock – from that option into other investment alternatives under the Plan, subject to any trade restrictions imposed by the Plan or the individual funds.

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified retirement portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or another particular security, to perform poorly. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk.

In deciding how to invest your retirement savings, you should take into account all of your assets, including any retirement savings outside of the Plan. No single approach is right for everyone because, among other factors, individuals have different financial goals, different time horizons for meeting their goals, and different tolerances for risk. Therefore, you should carefully consider the rights described in this notice and how these rights affect the amount of money that you invest in any one option (including UBS company stock) through the Plan. It is also important to periodically review your investment portfolio, your investment objectives, and the investment options under the Plan to help ensure that your retirement savings will meet your retirement goals.

The Plan is intended to meet the requirements of Section 404(c) of ERISA and the regulations thereunder. This means that the Plan fiduciaries will not be liable for any losses which result from your investment choices, or if you do not provide investment choices, from your Plan account being invested by default in the QDIA.

If you are currently not enrolled in the Plan

You can enroll in the Plan by visiting the Plan website as follows:

- From Your Office: Access the Your Benefits Resources[™] website via the UBS Intranet by typing goto/usbenefits into your browser.
- From Your Home: Access the Your Benefits Resources™ website via the internet at <u>http://digital.alight.com/ubs</u> using the password you created.

Once you have logged on, click on the **Start saving now** button.

If you need assistance enrolling in the Plan, please contact, **Benefits Express™**, at 1-888-251-2500. Representatives are available Monday through Friday from 9:00 a.m. – 7:00 p.m. ET, by pressing *0.

For More Information

More details about the Plan, including information about your rights and obligations under the Plan, may be found in the Summary Plan Description (SPD) which can be found on the Plan's website under the Plan Information tab.

If you have any questions about your investments in the Plan, including how to make an investment election, please visit the Plan website as follows:

- From Your Office: Access the Your Benefits Resources[™] website via the UBS Intranet by typing goto/usbenefits into your browser.
- From Your Home: Access the **Your Benefits Resources™** website via the internet at <u>http://digital.alight.com/ubs</u> using the password you created.

Or contact **Benefits Express™**, at 1-888-251-2500. Representatives are available 9:00 a.m. – 7:00 p.m., ET, Monday through Friday.

