

Year end results as expected

■ Full year results in line with a positive outlook

Sales came in at CHF 4372m (UBS 4,331m, consensus CHF 4,323m), Ebita of CHF 711m (UBS CHF 707.3m, consensus CHF 700m), and EPS of CHF 67.4 (UBS CHF 67.3, consensus CHF 66.1). For FY 07 organic growth was slightly better than expectations at 13% y/y (UBS c12%), but helped by strong capex which was ahead of guidance. The company is paying out a CHF 10 special dividend which should be well-received by investors.

■ Restructuring charge is being taken

SGS took a CHF 21m restructuring charge in Q4 07, 90% of which is related to permanent work force reductions largely as a result of back-office optimisation plans and geographic transition of revenue streams. These cost reductions should have a positive impact on 2008 earnings.

■ Numbers are well supported

It is unlikely that SGS reaches its CHF 80 EPS target in FY 08 in our view (we currently forecast CHF 75 EPS), but we believe that momentum in the underlying business continues to be strong (as shown by strong organic growth H2 vs H1) and margin expansion continues to be robust.

■ CHF 1600 PT with a Buy rating

We rate SGS a buy with a CHF 1600 PT which we derive through a DCF valuation. SGS is our preferred stock in the Inspection & testing space given its diversification and strong balance sheet.

Highlights (CHFm)	12/05	12/06	12/07E	12/08E	12/09E
Revenues	3,308	3,820	4,331	4,730	5,092
EBIT (UBS)	502	605	707	781	844
Net Income (UBS)	371	424	512	565	615
EPS (UBS, CHF)	49.46	56.25	67.60	74.67	81.17
Net DPS (UBS, CHF)	50.00	20.00	22.00	24.00	26.00

Profitability & Valuation	5-yr hist av.	12/06	12/07E	12/08E	12/09E
EBIT margin %	11.2	15.8	16.3	16.5	16.6
ROIC (EBIT) %	58.2	60.8	61.1	67.2	70.6
EV/EBITDA (core) x	10.1	12.1	10.5	9.2	8.2
PE (UBS) x	19.4	21.5	18.0	16.3	15.0
Net dividend yield %	2.4	1.7	1.8	2.0	2.1

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptional and other special items. Valuations: based on an average share price that year, (E): based on a share price of CHF1,217.00 on 15 Jan 2008 21:35 GMT

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Global Equity Research

Switzerland

Industrial Services

12-month rating **Buy**
Unchanged

12m price target CHF1,600.00/US\$14.66
Unchanged

Price CHF1,217.00/US\$11.15 (ADR)

RIC: SGSN.VX BBG: SGSN VX

16 January 2008

Trading data (local/US\$)

52-wk range	CHF1,607.00-1,216.00/US\$13.25-10.75
Market cap.	CHF9.52bn/US\$8.72bn
Shares o/s	7.82m (REG)/782m (ADR)
ADR ratio	100 ADR:1 REG
Free float	64%
Avg. daily volume ('000)	32/-
Avg. daily value (CHFm)	43.6/-

Balance sheet data 12/07E

Shareholders' equity	CHF1.92bn
P/BV (UBS)	5.0x
Net Cash (debt)	CHF0.60bn

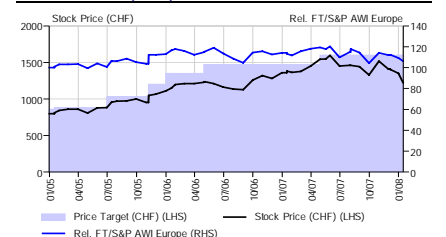
Forecast returns

Forecast price appreciation	+31.5%
Forecast dividend yield	1.8%
Forecast stock return	+33.3%
Market return assumption	7.6%
Forecast excess return	+25.7%

EPS (UBS, CHF)

	12/07E	12/06
	UBS	Cons. Actual
H1E	30.88	- 25.73
H2E	36.72	- 30.51
12/07E	67.60	65.74
12/08E	74.67	75.05

Performance (CHF)



Source: UBS

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This report has been prepared by UBS Limited

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 8.

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Overview of results

Sales came in at CHF 4,372m (UBS 4,331m, consensus CHF 4,335m), pre-exceptional Ebita (there was an exceptional charge of CHF21m related to internal re-organisation) of CHF 711m (UBS CHF 707.3m, consensus CHF 704.3m), and EPS of CHF67.4 (UBS CHF 67.3, consensus CHF 66.1). Pleasingly organic growth has accelerated from 11.5% for the first half to 12% for the full year (implies c13% growth for the second half). Operating profit out-performance we attribute to top-line growth and not margin surprise, with the margin coming in as expected at 16.3% (c50bps higher than 2006).

Furthermore the company has increased the ordinary dividend to CHF 25 (UBS CHF 22) and is paying a special dividend of CHF 10 to reflect the strength of the balance sheet. The company does say that on the acquisition front better conditions are expected during 2008 compared to 2007 when the company was not prepared to pay the high asking prices.

Some of the key highlights were as follows:

- There was improved operating performance in the Agricultural, Oil Gas & chemicals, consumer testing and governments' divisions.
- The Agricultural division saw sales come in c5% higher than expected. However, we attribute the out performance to acquisitions made during the year and not underlying performance (Organic growth of 3.6% vs UBS 5.0%). Nevertheless the company has made good progress on the margin front by re-positioning the portfolio and increasing productivity. This resulted in margins of 13.4% versus UBS 13.0%.
- Minerals Services showed very strong performance. Organic growth of 17% versus UBS 13%. Organic growth accelerated strongly in the second half of the year given that the company did only 13.5% in 1H07. The strong growth resulted in margins coming in higher than our expectations at 17.5% vs. UBS 17.3%. The company continues to invest heavily in this division.
- Oil, Gas and Chemicals saw 12.4% organic growth (UBS 13%) with the margin increasing 60 bps to 15% (UBS 14.3%). This saw the company beat UBS expectations by c6% at the operating level.
- Life Sciences continues to disappoint with sales growth 3% lower than our expectations. Furthermore, margins at 12% were materially lower than our 15% expectations. The company has had a difficult year in the Benelux region, but overall expects performance to rebound in 2008. Furthermore, the company continues to undertake initiatives to improve laboratory capacity.
- Although we had expected stronger full year organic growth from the Consumer Testing business we have seen organic growth accelerate from c9% in 1H07 to over 10% for the full year (UBS 14%). However, margins of 23.2% were lower than our 24% expectation resulting in operating profits being c7% lower than our estimates.
- Systems & Services Certification saw H2 07 organic growth slow to about 7% from 11% in H1. The division was impacted by a challenging environment due to pricing pressures for the ISO 9000 standard in several

Numbers came in in-line with expectations

key markets. The EBITA margin was down 10bp y/y for FY 07, although FY 07 margins were mainly impact by a weak H1, as the H2 margin was reasonably robust.

- Industrial Services saw a sharp deceleration in H2. Growth slowed from 19% in H1 07 to about 13% y/y in H2, although the second half was up against tougher comps. Although growth did weaken, margins were very strong in Industrial Services, which meant that operating profits were about 20% ahead of our forecasts.
- Environmental Services weakened in H2 07 with 14% y/y growth in H1 07 falling to 6% y/y in H2. Market conditions were challenging in the US, France and Germany. More encouraging performances were delivered by Spain, Benelux and Taiwan.
- Automotive Services accelerated to 13% organic growth in H2 07 from 7% in H1 07. The company has continued to position itself more towards a regulatory/statutory portfolio and away from commercial inspection activities. SGS was successful in winning volumes gains in the US.
- Government & Institutions Services continued to enjoy a strong year with revenue growth acceleration to 26% y/y organic from 14% organic growth in H1 07. The company benefited from the ramp up of services solutions to customs authorities in Africa. Additional scanner solutions mandates were secured in Haiti, Uruguay, Bahrain and Kosovo, which will become operational in 2008. The H2 margin progression was slightly weaker than we expected.

Table 1: Sales forecast versus actual 2007e vs 2007a (€m)

	2006A	1H07	% change	2007E	2007A	% change
Agricultural Services	316.6	167.7	7.0%	338.8	356.5	5.2%
Minerals Services	467.2	259.6	15.2%	537.3	559.8	4.1%
Oil, Gas & Chemical Services	783.0	434.1	16.0%	900.4	891.3	-1.0%
Life Sciences Services	192.5	98.4	4.7%	207.0	200.4	-3.4 %
Consumer Testing Services	592.8	311.4	9.9%	677.7	654.7	-3.4%
Systems & Services Certification	319.2	170.1	12.4%	355.9	353.5	-0.7%
Industrial Services	510.0	298.4	24.3%	596.6	624.7	-4.7%
Environmental Services	249.2	133.4	6.7%	286.6	281.1	-1.9%
Automotive Services	220.1	121.7	9.2%	235.5	249.2	5.8%
Trade Assurance Services	169.5	94.0	12.9%	194.9	200.4	2.8%
Total Sales	3820.0	2088.9	13.2%	4330.6	4371.6	1.0%

Source: UBS estimates and company

In terms of margin performance we have seen the company increase margins from 15.8% in 2006 to 16.3 (UBSe 16.3%). Assuming the current trading environment remains stable we think that the company is on track to achieve its

17% margin (as long as no mid to large acquisitions are undertaken which dilute margins).

Table 2: Operating forecasts versus actual 2007e vs. 2007A (£m)

	2006A	1H07	% change	2007E	2007A	% change
Agricultural Services	39.4	19.0	1.6%	44.0	47.6	8.2%
Minerals Services	80.5	43.2	14.9%	92.9	98.2	5.7%
Oil, Gas & Chemical Services	112.6	65.2	25.6%	128.8	133.4	5.6%
Life Sciences Services	24.6	11.0	-3.5%	31.1	24.1	-22.5%
Consumer Testing Services	136.8	68.7	6.3%	162.6	151.9	-6.6%
Systems & Services Certification	59.0	28.5	2.9%	62.3	65.0	4.3%
Industrial Services	74.7	46.8	48.6%	83.5	100.6	20.4%
Environmental Services	24.1	11.8	4.4%	35.0	27.6	-21.1%
Automotive Services	29.8	16.4	7.2%	33.0	33.8	2.4%
Trade Assurance Services	23.2	13.2	15.8%	34.1	28.8	-15.5%
Total Ebita	604.8	323.8	15.1%	707		0.5%
Group margin	15.8%	15.5%		16.3%		

Source: UBS estimates and company

Table 3: Summary profit and loss Forecast vs. Actual (£m)

	2006A	1H 06A	1H07e	Growth %	2007e	2007A	Change %
Revenues	3820.0	1845.1	2088.9	13.2%	4330.6	4,372	0.9%
Ebitda	776.6	361.0	417.8	15.7%	885.6	908	2.5%
Ebita	604.8	281.4	323.8	15.1%	707.3	711	0.5%
Margin %	15.8%	15.3%	15.5%		16.3%		
Exceptional	19.0	21.0	0.0			21	
Interest	-1.0	-1.0	0.0	-100.0%	6.6	2	-69%
PBT	622.8	301.0	323.8	7.6%	713.9	692	-3.1%
Taxation	-155.1	-73.0	-81.0	10.9%	-172.8	-172	0.5%
PAT	467.7	228.0	242.9	6.5%	541.1	520	-3.9%
EPS	56.7	26.3	30.8	16.9%	67.3	67.4	0.1%

Source: UBS and company

Given an inline set of numbers we are comfortable with our 2008e forecasts.

Valuation

We have a 1600CHF PT which is derived from a DCF. We maintain our Buy rating on the shares. In terms of short-term catalysts we expect company announcements on mid sized acquisitions to drive the share price.

1600 CHF price target maintained

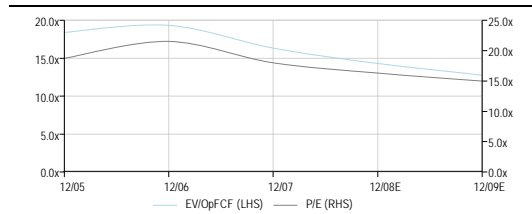
Income statement (CHFm)	12/02	12/03	12/04	12/05	12/06	12/07E	% ch	12/08E	% ch	12/09E	% ch
Revenues	2,392	2,454	2,885	3,308	3,820	4,331	13.4	4,730	9.2	5,092	7.7
Operating expenses (ex deprn)	(2,072)	(2,048)	(2,363)	(2,666)	(3,043)	(3,445)	13.2	(3,753)	8.9	(4,038)	7.6
EBITDA (UBS)	320	406	522	642	777	886	14.0	977	10.3	1,055	8.0
Depreciation	(104)	(106)	(131)	(140)	(172)	(178)	3.8	(196)	9.9	(211)	7.7
Operating income (EBIT, UBS)	216	300	391	502	605	707	16.9	781	10.4	844	8.0
Other income & associates	(9)	(10)	(16)	0	0	0	-	0	-	0	-
Net interest	13	10	6	5	(1)	7	-	8	15.2	14	79.3
Abnormal items (pre-tax)	(80)	3	3	0	19	0	-	0	-	0	-
Profit before tax	140	303	384	507	623	714	14.6	789	10.5	857	8.7
Tax	(27)	(68)	(93)	(119)	(155)	(173)	11.4	(191)	10.5	(207)	8.7
Profit after tax	113	235	291	388	468	541	15.7	598	10.5	650	8.7
Abnormal items (post-tax)	0	0	0	0	0	0	-	0	-	0	-
Minorities / pref dividends	(4)	(8)	(15)	(17)	(25)	(29)	18.4	(32)	10.5	(35)	8.7
Net income (local GAAP)	109	227	276	371	443	512	15.5	565	10.5	615	8.7
Net Income (UBS)	197	234	289	371	424	512	20.7	565	10.5	615	8.7
Tax rate (%)	19	22	24	23	25	24	-2.8	24	0.0	24	0.0
Pre-abnormal tax rate (%)	12	22	23	23	26	24	-5.8	24	0.0	24	0.0
Per share (CHF)	12/02	12/03	12/04	12/05	12/06	12/07E	% ch	12/08E	% ch	12/09E	% ch
EPS (local GAAP)	14.04	29.63	36.85	49.46	58.77	67.60	15.0	74.67	10.5	81.17	8.7
EPS (UBS)	25.40	30.54	38.59	49.46	56.25	67.60	20.2	74.67	10.5	81.17	8.7
Net DPS	7.25	9.00	12.00	50.00	20.00	22.00	10.0	24.00	9.1	26.00	8.3
Cash EPS	38.77	44.38	56.08	68.12	79.03	91.14	15.3	100.55	10.3	109.04	8.5
BVPS	114.78	132.86	138.37	170.56	194.80	245.40	26.0	289.08	17.8	341.66	18.2
Balance sheet (CHFm)	12/02	12/03	12/04	12/05	12/06	12/07E	% ch	12/08E	% ch	12/09E	% ch
Net tangible fixed assets	374	415	493	586	656	705	7.4	749	6.2	793	6.0
Net intangible fixed assets	107	147	304	430	644	642	-0.3	637	-0.7	631	-0.9
Net working capital (incl. other assets)	216	196	169	256	203	316	55.9	345	9.2	372	7.7
Other liabilities	(272)	(281)	(383)	(451)	(332)	(516)	55.7	(554)	7.3	(583)	5.1
Operating invested capital	425	477	582	820	1,171	1,146	-2.1	1,177	2.7	1,214	3.1
Investments	89	87	88	120	169	225	33.1	189	-16.0	189	0.0
Total capital employed	513	564	671	940	1,340	1,371	2.3	1,366	-0.4	1,403	2.7
Shareholders' equity	898	1,039	1,082	1,334	1,524	1,920	26.0	2,261	17.8	2,672	18.2
Minority interests	18	18	26	36	49	49	0.0	49	0.0	49	0.0
Total equity	916	1,057	1,108	1,370	1,572	1,968	25.2	2,310	17.4	2,721	17.8
Net debt / (cash)	(403)	(493)	(438)	(430)	(233)	(597)	156.8	(944)	58.1	(1,319)	39.6
Debt deemed provisions	0	0	0	0	0	0	-	0	-	0	-
Total capital employed	513	564	671	940	1,340	1,371	2.3	1,366	-0.4	1,403	2.7
Cash flow (CHFm)	12/02	12/03	12/04	12/05	12/06	12/07E	% ch	12/08E	% ch	12/09E	% ch
Operating income (EBIT, UBS)	216	300	391	502	605	707	16.9	781	10.4	844	8.0
Depreciation	104	106	131	140	172	178	3.8	196	9.9	211	7.7
Net change in working capital	121	(31)	11	(60)	(31)	(113)	261.5	(29)	-74.3	(26)	-9.2
Other (operating)	(6)	33	4	(23)	(103)	214	-	70	-67.3	64	-9.3
Operating cash flow	435	408	537	559	643	986	53.5	1,018	3.2	1,092	7.3
Net interest received / (paid)	13	10	6	5	(1)	7	-	8	15.2	14	79.3
Dividends paid	(47)	(56)	(69)	(90)	(236)	(172)	-27.1	(188)	9.1	(203)	8.3
Tax paid	(25)	(39)	(72)	(119)	(155)	(173)	11.4	(191)	10.5	(207)	8.7
Capital expenditure	(96)	(146)	(187)	(190)	(224)	(225)	0.4	(235)	4.4	(250)	6.4
Net (acquisitions) / disposals	(9)	(20)	(54)	(23)	(194)	(95)	-51.0	(165)	73.7	0	-
Other	(156)	(20)	(34)	(13)	(151)	(29)	-80.6	(32)	10.5	(35)	8.7
Share issues	0	0	0	0	0	0	-	0	-	0	-
Cash flow (inc)/dec in net debt	114	137	127	129	(318)	299	-	214	-28.2	409	90.9
FX / non cash items	(157)	(46)	(182)	(137)	121	66	-45.4	133	101.8	(35)	-
Balance sheet (inc)/dec in net debt	(43)	90	(55)	(8)	(198)	365	-	347	-4.8	374	7.8
Core EBITDA	320	406	522	642	777	886	14.0	977	10.3	1,055	8.0
Maintenance capital expenditure	(98)	(95)	(108)	(129)	(137)	(144)	5.4	(160)	10.8	(174)	9.2
Maintenance net working capital	(96)	(98)	(115)	(132)	(153)	(173)	13.4	(189)	9.2	(204)	7.7
Operating free cash flow, pre-tax	126	213	299	381	487	568	16.7	628	10.5	677	7.7

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Note: For some companies, the data represents an extract of the full company accounts.

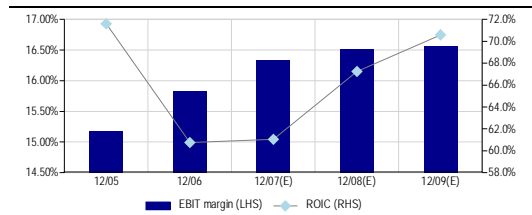
Company profile

SGS is the largest inspection, testing and certification organisation in the world. The core services offered by SGS (split between 10 divisions) can be divided into three categories: (1) inspection services - SGS inspects and verifies the quantity, weight and quality of traded goods; (2) testing services - SGS tests product quality and performance against various health, safety and regulatory standards; and (3) certification services - SGS certifies that systems or services meet the requirements of standards set by governments, standardisation bodies or by SGS customers.

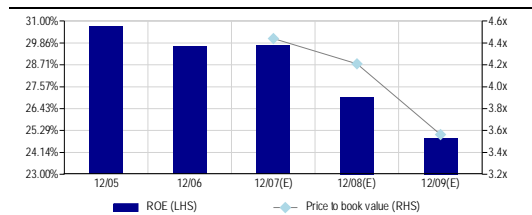
Value (EV/OpFCF & P/E)



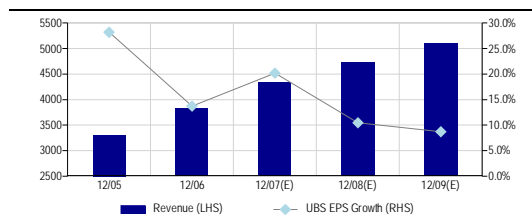
Profitability



ROE v Price to book value



Growth (UBS EPS)



Valuation (x)	5Yr Avg	12/05	12/06	12/07E	12/08E	12/09E
P/E (local GAAP)	10.5	19.0	20.7	18.1	16.4	15.1
P/E (UBS)	19.4	18.7	21.5	18.0	16.3	15.0
P/CEPS	12.4	13.6	15.3	13.4	12.1	11.2
Net dividend yield (%)	2.4	5.4	1.7	1.8	2.0	2.1
P/BV	4.2	5.4	6.2	5.0	4.2	3.6
EV/revenue (core)	1.6	2.1	2.5	2.1	1.9	1.7
EV/EBITDA (core)	10.1	10.9	12.1	10.5	9.2	8.2
EV/EBIT (core)	13.9	14.0	15.6	13.1	11.5	10.2
EV/OpFCF (core)	20.2	18.4	19.4	16.4	14.3	12.8
EV/op. invested capital	8.1	NM	9.5	8.0	7.7	7.2

Enterprise value (CHFm)	12/05	12/06	12/07E	12/08E	12/09E
Average market cap	7,243	9,469	9,519	9,519	9,519
+ minority interests	36	49	49	49	49
+ average net debt (cash)	(520)	(229)	(593)	(941)	(1,315)
+ pension obligations and other	261	142	326	364	393
- non-core asset value	(4)	(3)	(3)	(3)	(3)
Core enterprise value	7,016	9,428	9,298	8,989	8,643

Growth (%)	5Yr Avg	12/05	12/06	12/07E	12/08E	12/09E
Revenue	9.1	14.7	15.5	13.4	9.2	7.7
EBITDA (UBS)	25.9	23.0	21.0	14.0	10.3	8.0
EBIT (UBS)	36.5	28.4	20.5	16.9	10.4	8.0
EPS (UBS)	37.0	28.2	13.7	20.2	10.5	8.7
Cash EPS	24.7	21.5	16.0	15.3	10.3	8.5
Net DPS	69.9	NM	-60.0	10.0	9.1	8.3
BVPS	7.3	23.3	14.2	26.0	17.8	18.2

Margins (%)	5Yr Avg	12/05	12/06	12/07E	12/08E	12/09E
EBITDA / revenue	15.7	19.4	20.3	20.4	20.7	20.7
EBIT / revenue	11.2	15.2	15.8	16.3	16.5	16.6
Net profit (UBS) / revenue	8.7	11.2	11.1	11.8	12.0	12.1

Return on capital (%)	5Yr Avg	12/05	12/06	12/07E	12/08E	12/09E
EBIT ROIC (UBS)	58.2	71.6	60.8	61.1	67.2	70.6
ROIC post tax	-	54.8	45.2	46.3	51.0	53.5
Net ROE	22.7	30.7	29.7	29.7	27.0	24.9

Coverage ratios (x)	5Yr Avg	12/05	12/06	12/07E	12/08E	12/09E
EBIT / net interest	-	-	NM	-	-	-
Dividend cover (UBS EPS)	2.7	1.0	2.8	3.1	3.1	3.1
Div. payout ratio (% UBS EPS)	46.6	101.1	35.6	32.5	32.1	32.0
Net debt / EBITDA	NM	NM	NM	NM	NM	NM

Efficiency ratios (x)	5Yr Avg	12/05	12/06	12/07E	12/08E	12/09E
Revenue / op. invested capital	5.0	4.7	3.8	3.7	4.1	4.3
Revenue / fixed assets	4.4	3.7	3.3	3.3	3.5	3.6
Revenue / net working capital	11.0	15.6	16.7	16.7	14.3	14.2

Investment ratios (x)	5Yr Avg	12/05	12/06	12/07E	12/08E	12/09E
OpFCF / EBIT	0.7	0.8	0.8	0.8	0.8	0.8
Capex / revenue (%)	5.4	5.7	5.9	5.2	5.0	4.9
Capex / depreciation	1.2	1.4	1.3	1.3	1.2	1.2

Capital structure (%)	5Yr Avg	12/05	12/06	12/07E	12/08E	12/09E
Net debt / total equity	(41.2)	(32.2)	(15.3)	(31.1)	(41.8)	(49.3)
Net debt / (net debt + equity)	(70.1)	(47.6)	(18.0)	(45.2)	(71.7)	(97.4)
Net debt (core) / EV	(10.6)	(7.4)	(2.4)	(6.4)	(10.5)	(15.2)

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of CHF1,217.00 on 15 Jan 2008 21:35 GMT Market cap(E) may include forecast share issues/buybacks.

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■ **Statement of Risk**

Risks for SGS include a weakening US dollar, loss of reputation, and a lack of or unfavourable regulation.

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UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	55%	39%
Neutral	Hold/Neutral	36%	36%
Sell	Sell	8%	20%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	25%
Sell	Sell	less than 1%	50%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 31 December 2007.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

EXCEPTIONS AND SPECIAL CASES

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Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Sell: Negative on factors such as structure, management, performance record, discount.

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Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
SGS ^{4, 5, 13, 15, 18}	SGSN.VX	Buy	N/A	CHF1,217.00	15 Jan 2008

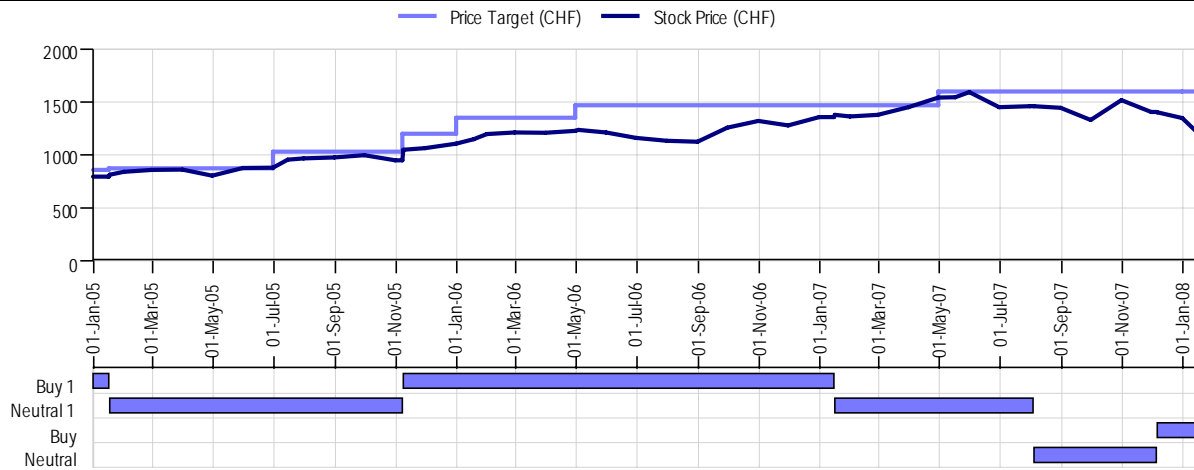
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

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Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

SGS (CHF)



Source: UBS; as of 15 Jan 2008

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

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