

Media release

UBS reports a fourth quarter loss of CHF 8.1 billion; excluding certain substantial items, adjusted net operating results (pre-tax) were negative CHF 2.8 billion Year-end tier 1 capital ratio of 11.5%

Fourth quarter 2008 results

- Excluding certain substantial items, adjusted net operating results (pre-tax) were negative CHF 2,806 million.
- Fourth quarter net loss attributable to UBS shareholders of CHF 8,100 million, including a CHF 1,727 million net income tax benefit.
- Fourth quarter net new money outflows of CHF 58.2 billion from Global Wealth Management & Business Banking and CHF 27.6 billion from Global Asset Management; the net new money trend improved progressively over the fourth quarter and net new money was positive in January for both businesses.

Full-year 2008 results

- Group net loss attributable to UBS shareholders of CHF 19,697 million for full-year 2008, due primarily to losses on risk positions in the Investment Bank.
- Lower invested assets drove reductions in revenue and profit from Global Wealth Management & Business Banking and Global Asset Management in 2008.
- Significantly lower performance-based compensation drove cost reductions across all business divisions in 2008.

Risk positions

- Substantial reduction in risk positions during the fourth quarter in addition to the transaction with the Swiss National Bank; first transfer of securities to the fund owned and controlled by the SNB completed in December 2008.
- Remaining risk concentrations exposures in leveraged finance and monolines contributed to losses of CHF 3.7 billion (USD 3.2 billion) in the fourth quarter.
- The reclassification of certain financial assets during the fourth quarter led to lower trading losses but higher impairment charges.

Capital and balance sheet

- Strong capital ratio for year-end 2008, with a tier 1 ratio of 11.5% and a total capital adequacy ratio of 15.5%.

- **Total risk-weighted assets under Basel II declined 9% during the fourth quarter to CHF 302 billion.**

Cost reduction

- **Fourth quarter personnel expenses down 41% from the previous quarter; full-year 2008 personnel expense down 36% from 2007.**
- **Personnel reductions totaled 1,782 during fourth quarter.**

Outlook

- **UBS has had an encouraging start to the year, and net new money was positive in January in both our wealth management and asset management businesses. However, financial market conditions remain fragile as company and household cash flows continue to deteriorate. On the other hand, governments are taking very substantial measures to ease fiscal and monetary conditions. Our near-term outlook remains cautious, and UBS will continue its program to strengthen its financial position through reductions in risk positions, risk weighted assets, total assets and operating costs. This will allow us to focus management and other resources on securing and building the firm's core client businesses.**

Strategy

- **UBS created two new business divisions: Wealth Management & Swiss Bank under the leadership of Franco Morra and Juerg Zeltner, and Wealth Management Americas, led by Marten Hoekstra. Each of the three executives are members of the Group Executive Board.**
- **The new structure re-focuses UBS on its Swiss core businesses, on the large scale and strengths of its international wealth management franchise in Switzerland, and on the growth potential of its on-shore business globally.**
- **The Investment Bank has made substantive progress in de-risking and de-leveraging its balance sheet, and its overall structure has been greatly simplified. Achievable targets have been set for 2009 for further reducing headcount and its use of balance sheet and overall risk.**
- **UBS confirmed the Board of Directors' and the Group Executive Board's commitment to each of UBS's business divisions and strategy. Despite difficult market conditions, UBS has made substantial progress in adjusting its operations and has prepared itself for the new market environment.**

Refer to separate UBS media release published on Tuesday 10 February 2009 for more information on UBS's strategic announcements.

Zurich/Basel, 10 February 2009 - UBS reports a full-year loss of CHF 19,697 million and fourth quarter loss of CHF 8,100 million.

Full-year 2008 results

Net loss attributable to UBS shareholders was CHF 19,697 million for full-year 2008. This result compares with a loss of CHF 5,247 million in the prior year. Net losses from continuing operations totaled CHF 19,327 million, compared with losses of CHF 5,111 million in the prior year.

Losses were mainly due to negative revenues in the fixed income, currencies and commodities (FICC) area of the Investment Bank. The Investment Bank reduced its risk exposures significantly in 2008. Lower invested assets drove reductions in revenue and profit from Global Wealth Management & Business Banking and Global Asset Management in 2008.

Total operating expenses were down 22% as personnel expenses decreased 36% to CHF 16,262 million from CHF 25,515 million. This was primarily due to lower performance-related compensation, mainly in the Investment Bank.

Fourth quarter 2008 results

Net loss attributable to UBS shareholders was CHF 8,100 million, down from a net profit of CHF 296 million. Net loss from continuing operations was CHF 7,997 million compared with a profit of CHF 433 million.

The Investment Bank recorded a pre-tax loss of CHF 7,483 million, compared with a pre-tax loss of CHF 2,748 million in the prior quarter. This result was primarily due to trading losses, losses on exposures to monolines and impairment charges taken against leveraged finance commitments. An own credit charge of CHF 1,616 million was recorded by the Investment Bank in fourth quarter 2008, mainly due to redemptions and repurchases of UBS debt during this period.

Global Wealth Management & Business Banking recorded a decline in pre-tax profit to CHF 1,133 million from CHF 1,861 million. This was mainly due to credit losses on lombard loans, lower asset-based fees and a total charge of CHF 605 million related to auction rate securities (ARS). The ARS-related charge includes general and administrative expenses of CHF 545 million and trading losses of CHF 60 million and was recognized by Wealth Management US in addition to the provisions taken during second quarter 2008.

Pre-tax profit for Global Asset Management decreased to CHF 236 million from CHF 415 million. The decline was mainly due to lower asset-based fees and reflects a third quarter gain of CHF 168 million due to the sale of UBS's minority stake in Adams Street Partners.

The transaction with the Swiss National Bank (SNB) and the fair valuation of the mandatory convertible notes (MCNs) placed with the Swiss Confederation resulted in an overall net charge of CHF 4.2 billion to UBS's income statement, the majority of which was attributed to the Corporate Center. Restructuring charges of CHF 737 million also affected fourth quarter results and divestments contributed a net gain of CHF 227 million. This reflects a gain on the sale of UBS's stake in Bank of China, which was partly offset by losses related the exiting of certain commodities businesses by the Investment Bank.

Excluding the net overall charge related to the SNB transaction and the issuance of MCNs, the own credit charge, the ARS-related charges, the restructuring charges and divestments mentioned above, UBS's adjusted operating results (pre-tax) were negative CHF 2,806 million.

At the Group level, a credit loss expense of CHF 2,310 million was recognized in fourth quarter 2008, of which CHF 1,329 million was due to impairment charges on reclassified financial instruments, mainly on leveraged finance positions,

Operating expenses were down significantly compared with the prior quarter as personnel expenses decreased 41% to CHF 2,378 million in fourth quarter 2008. This was primarily due to lower

performance-related compensation. Some of the accruals made in the first nine months of 2008 were reversed, particularly within the Investment Bank.

UBS recognized an income tax benefit of CHF 1,727 million in fourth quarter 2008.

Global Wealth Management & Business Banking recorded net new money outflows of CHF 58.2 billion in the fourth quarter, comprising CHF 58.3 billion in net outflows from Wealth Management International & Switzerland, CHF 4.1 billion in net inflows from Wealth Management US, and CHF 4.0 billion in net outflows from Business Banking Switzerland. Global Asset Management saw net new money outflows of CHF 27.6 billion in the fourth quarter. Outflows of institutional net new money were CHF 16.7 billion, while outflows in wholesale intermediary were CHF 10.9 billion.

Substantial items affecting fourth quarter operating results

Excluding the net overall charge related to the SNB transaction and the issuance of MCNs, the own credit charge, the ARS-related charges, the restructuring charges and divestments mentioned above, UBS's adjusted net operating results (pre-tax) were negative CHF 2,806 million.

The transaction with the Swiss National Bank and the issuance of mandatory convertible notes to the Swiss Confederation resulted in a net overall charge of CHF 4.2 billion to UBS's income statement. This reflects the costs of the equity purchase option, partially offset by the year-end value of that option, the loss arising from valuation differences on assets sold to the SNB StabFund, losses on hedges that were subject to trading restrictions as a result of the SNB transaction, and the impact of the contingent issuance of UBS shares in connection with the transaction. The fair valuation impact of the issuance of the MCNs is also included in this total.

An own credit charge of CHF 1,616 million was recorded by the Investment Bank in fourth quarter 2008, mainly due to redemptions and repurchases of UBS debt during this period.

Expenses for auction rate securities totaled CHF 605 million in the fourth quarter. This includes general and administrative expenses of CHF 545 million and trading losses of CHF 60 million. Wealth Management US has recognized these expenses in addition to the provisions taken during the second quarter.

Restructuring charges of CHF 737 million were recorded by the Investment Bank during the fourth quarter.

Divestments contributed a net gain of CHF 227 million to the Investment Bank. This reflects the gain on sale of UBS's stake in Bank of China, which was partly offset by losses related the exiting of certain commodities businesses by the Investment Bank.

Risk positions significantly reduced

On 16 December 2008, the SNB StabFund acquired a first tranche of 2,042 securities positions from UBS for USD 16.4 billion. UBS and the SNB have agreed that UBS's student loan auction rate securities (ARS) positions and securities currently insured by monolines will not be sold to the fund. As a result, the overall amount of positions already transferred or still expected to be transferred to the SNB StabFund has been reduced to USD 39.1 billion.

As a result of the transaction with the SNB and UBS's ongoing risk reduction efforts, risk exposures have been significantly reduced over the quarter. Leverage finance and monoline remain risk concentrations. Exposures in leveraged finance and monolines contributed to losses of CHF 3.7 billion (USD 3.2 billion) in the fourth quarter.

Effective 1 October 2008, UBS reclassified eligible assets which it intends to hold for the foreseeable future with a fair value of USD 15.8 billion on that date from "held for trading" to the "loans and receivables" category. In addition, student loan ARS with a fair value of USD 7.9 billion have been reclassified per 31 December 2008. In fourth quarter 2008, an impairment charge of USD 1.2 billion was recognized as credit loss expense on reclassified financial instruments. If reclassification had not

occurred, the impairment charge would not have been recognized but a trading loss of USD 4.2 billion would have been recorded in UBS's fourth quarter income statement. Net interest income after reclassification amounted to USD 0.3 billion. In the fourth quarter, the operating profit before taxes would have been USD 3.2 billion lower if the reclassification would not have occurred.

Capital base and balance sheet

UBS's capital ratio remains strong with a year-end tier 1 ratio of 11.5% and total capital adequacy ratio of 15.5%.

UBS continued its deliberate balance sheet reductions during fourth quarter 2008 and reduced significantly its trading portfolio and collateral trading assets by a further CHF 269 billion (mainly in the Investment Bank). These large reductions were, however, masked by a significant rise in replacement values (increasing to a similar extent on both sides of the balance sheet), as market movements drove up positive replacement values by 51%, or CHF 290 billion in the fourth quarter alone, to reach CHF 854 billion at year-end 2008.

Total risk-weighted assets (RWA) under Basel II decreased 9% from the previous quarter, to CHF 302 billion. This reflects UBS's ongoing risk reduction efforts and the SNB transaction.

Cost reduction

Personnel expenses decreased 41% to CHF 2,378 million from CHF 3,997 million. This was primarily due to lower performance-related compensation. Some of the accruals made in the first nine months of 2008 were reversed, particularly in the Investment Bank.

Personnel numbers reduced to 77,783 on 31 December 2008, down by 1,782 from 30 September 2008, with most staff reductions in the Investment Bank.

Outlook

UBS has had an encouraging start to the year, and net new money was positive in January in both our wealth management and asset management businesses. However, financial market conditions remain fragile as company and household cash flows continue to deteriorate. On the other hand, governments are taking very substantial measures to ease fiscal and monetary conditions. Our near-term outlook remains cautious, and UBS will continue its program to strengthen its financial position through reductions in risk positions, risk weighted assets, total assets and operating costs. This will allow us to focus management and other resources on securing and building the firm's core client businesses.

UBS financial highlights

<i>CHF million, except where indicated</i>	As of or for the quarter ended			% change from		Year ended	
	31.12.08	30.9.08	31.12.07	3Q08	4Q07	31.12.08	31.12.07
Performance indicators from continuing operations							
Diluted earnings per share (CHF) ¹	(2.56)	0.09	(6.04)		58	(7.17)	(2.61)
Return on equity attributable to UBS shareholders (%) ²						(54.4)	(11.7)
Cost / income ratio (%) ³	N/A ⁴	102.1	N/A ⁴			608.6	111.0
Net new money (CHF billion) ⁵	(85.8)	(83.6)	15.5			(226.0)	140.6
Group results							
Operating income	(4,079)	5,556	(4,132)		1	1,545	31,721
Operating expenses	5,645	6,036	8,918	(6)	(37)	27,638	35,463
Operating profit before tax (from continuing and discontinued operations)	(9,705)	(480)	(13,016)		25	(25,894)	(3,597)
Net profit attributable to UBS shareholders	(8,100)	296	(12,967)		38	(19,697)	(5,247)
Personnel (full-time equivalents) ⁶	77,783	79,565	83,560	(2)	(7)		
Invested assets (CHF billion)	2,174	2,640	3,189	(18)	(32)		
		As of		% change from			
<i>CHF million, except where indicated</i>	31.12.08	30.9.08	31.12.07	30.9.08	31.12.07		

UBS balance sheet and capital management
Balance sheet key figures

Total assets	2,015,549	1,996,719	2,274,891	1	(11)
Equity attributable to UBS shareholders	34,431	46,412	36,875	(26)	(7)
Market capitalization ⁷	43,519	54,135	108,654	(20)	(60)
BIS capital ratios ⁸					
Tier 1 (%)	11.5	10.8 ⁹	9.1 ¹⁰		
Total BIS (%)	15.5	14.9 ⁹	12.2 ¹⁰		
Risk-weighted assets	302,273	332,451	374,421 ¹⁰	(9)	(19)
Long-term ratings					
Fitch, London	A+	AA-	AA		
Moody's, New York	Aa2	Aa2	Aaa		
Standard & Poor's, New York	A+	AA-	AA		

¹ Refer to note 8 of the fourth quarter 2008 financial report for more information on the earnings per share calculation. ² Net profit attributable to UBS shareholders from continuing operations year-to-date (annualized as applicable) / average equity attributable to UBS shareholders less distributions (estimated as applicable). ³ Operating expenses / operating income before credit loss expense or recovery. ⁴ The cost / income ratio is not meaningful due to negative income. ⁵ Excludes interest and dividend income. ⁶ Excludes personnel from private equity (part of Corporate Center). ⁷ Refer to the "UBS registered shares" section of the fourth quarter 2008 financial report for further information. ⁸ Refer to the "Capital management" section of the fourth quarter 2008 financial report for further information. ⁹ Reflects the capital ratios according to Basel II data only. Taking into account the effects from the transitional provisions of the capital floor, which require that during the year 2008 Basel II capital requirements have to amount to at least 90% of Basel I capital requirements, the tier 1 capital ratio would amount to 10.2% and the total capital ratio to 14.0%, respectively. ¹⁰ The calculation prior to 2008 is based on the Basel I approach.

UBS financial highlights (USD)

USD-convenience translation (spot rate of CHF/USD as of 31.12.08):	1.07
	As of or for the quarter ended
<i>USD million, except where indicated</i>	31.12.08
Performance indicators from continuing operations	
Diluted earnings per share (USD) ¹	(2.39)
Return on equity attributable to UBS shareholders (%) ²	(54.4)
Cost / income ratio (%) ³	N/A ⁴
Net new money (USD billion) ⁵	(80.2)
Group results	
Operating income	(3,812)
Operating expenses	5,276
Operating profit before tax (from continuing and discontinued operations)	(9,070)
Net profit attributable to UBS shareholders	(7,570)
Personnel (full-time equivalents) ⁶	77,783
Invested assets (USD billion)	2,032
UBS balance sheet and capital management	
Balance sheet key figures	
Total assets	1,883,691
Equity attributable to UBS shareholders	32,179
Market capitalization ⁷	40,672
BIS capital ratios ⁸	
Tier 1 (%)	11.5
Total BIS (%)	15.5
Risk-weighted assets	283,178

¹ Refer to note 8 of the fourth quarter 2008 financial report for more information on the earnings per share calculation. ² Net profit attributable to UBS shareholders from continuing operations year-to-date (annualized as applicable) / average equity attributable to UBS shareholders less distributions (estimated as applicable). ³ Operating expenses / operating income before credit loss expense or recovery. ⁴ The cost / income ratio is not meaningful due to negative income. ⁵ Excludes interest and dividend income. ⁶ Excludes personnel from private equity (part of Corporate Center). ⁷ Refer to the "UBS registered shares" section of the fourth quarter 2008 financial report for further information. ⁸ Refer to the "Capital management" section of the fourth quarter 2008 financial report for further information.

Business division results: Global Wealth Management & Business Banking*4Q08 vs 3Q08*

Pre-tax profit for Global Wealth Management & Business Banking was CHF 1,133 million in fourth quarter 2008 – a decrease of 39% from the prior quarter.

Wealth Management International & Switzerland's pre-tax profit declined 36% to CHF 712 million from CHF 1,110 million. This decrease was mainly due to credit losses on lombard loans (loans granted against pledged items, mostly in the form of securities), as well as reductions in income earned on the significantly lower asset base. Partly offsetting these losses was a reduction in personnel expenses, which resulted from significantly lower variable compensation accruals. *Wealth Management US* recorded a pre-tax loss of CHF 341 million compared with a pre-tax profit of CHF 203 million in the third quarter. Excluding the ARS-related charges, pre-tax profit would have increased 30% to CHF 264 million. This result reflects lower personnel costs, including lower performance-related compensation accruals, while revenues were resilient during the quarter. *Business Banking Switzerland's* pre-tax profit increased 39% to CHF 762 million, mainly due to the revaluation of UBS's participation in the SIX Swiss Exchange. In addition, operating expenses decreased due to higher charges out to other businesses and lower personnel expenses reflecting reduced variable compensation.

FY08 vs FY07

Wealth Management International & Switzerland's full year pre-tax profit was CHF 4,518 million in 2008, a decrease of 28% from CHF 6,310 million in 2007. This decline was driven by a 16% drop in income due to lower asset-based fees and transactional income, while credit loss expenses were CHF 389 million, compared with CHF 1 million in 2007. During the same period, operating expenses were reduced by 10% due largely to lower personnel costs. For full-year 2008, *Wealth Management US* recorded a pre-tax loss of CHF 698 million compared with a pre-tax profit of CHF 674 million in 2007. Driving the decline were the combined ARS-related expenses and trading losses of total CHF 1,524 million taken during 2008. Excluding these expenses and trading losses, the pre-tax result would have increased 23%. *Business Banking Switzerland's* full year pre-tax profit increased 8% to CHF 2,449 million in 2008.

Business division results: Global Asset Management*4Q08 vs 3Q08*

Pre-tax profit decreased 43%, or CHF 179 million, to CHF 236 million. Excluding the gain from the sale of a minority stake in Adams Street Partners in third quarter, pre-tax profit would have decreased CHF 11 million.

The decrease in underlying pre-tax profit was mainly due to a decline in management fees, as the average invested assets base declined due to the impact of negative financial market developments, currency fluctuations and net new money outflows, coupled with higher operational losses. These were partly offset by a reduction in personnel costs, which were mainly driven by lower incentive based compensation accruals and the impact of the firm's ongoing expenditure review.

FY08 vs FY07

Pre-tax profit for full year 2008 was CHF 1,333 million, an 8% decrease from CHF 1,454 million in 2007. Excluding costs related to the closure of Dillon Read Capital Management in 2007 and the gain from the sale of a minority stake in Adams Street Partners in third quarter 2008, full-year pre-tax profit would have decreased CHF 501 million.

Business division results: Investment Bank

4Q08 vs 3Q08

The pre-tax result was negative CHF 7,483 million compared with negative CHF 2,748 million.

This decrease was primarily due to trading losses and losses on exposures to monolines within the fixed income, currency and commodities (FICC) area. Fourth quarter 2008 saw: a decline in equities revenues, mainly due to negative revenues in the derivatives area; a decrease in total operating expenses, which at CHF 1,580 million were markedly down due to significant reductions in personnel costs; and an increase in non-personnel costs due to restructuring costs. A credit loss expense of CHF 1,939 million was recognized in fourth quarter 2008, mainly due to impairment charges taken against leveraged finance commitments. In addition, the Investment Bank recorded an own credit charge of CHF 1,616 million in the fourth quarter, mainly due to redemptions and repurchases of UBS debt during this period.

Investment banking revenues declined 33% during the fourth quarter, falling to CHF 528 million from CHF 786 million at the prior quarter end. The *equities* business saw revenues decline to CHF 231 million from CHF 1,225 million, mainly due to negative revenues in derivatives. *Fixed income, currencies and commodities* revenues were negative CHF 3,107 million compared with negative CHF 4,514 million. This result was primarily due to trading losses and losses on exposures to monolines.

FY08 vs FY07

The Investment Bank recorded a pre-tax loss of CHF 33,694 million for full-year 2008 compared with a pre-tax loss of CHF 16,669 million in the prior year. Total operating income was negative CHF 23,769 million, driven by negative revenues in the fixed income, currencies and commodities area. Total operating expenses declined to CHF 9,925 million from CHF 15,865 million. Personnel expenses decreased to CHF 4,882 million from CHF 11,286 million, driven by significantly lower performance-related compensation and lower salary costs.

Corporate Center results

4Q08 vs 3Q08

The Corporate Center recorded a pre-tax loss from continuing operations of CHF 3,610 million in fourth quarter 2008. This result compares with a pre-tax loss of CHF 7 million in third quarter, with the difference largely due to the transaction with the Swiss National Bank and the fair valuation impact of the mandatory convertible notes placed with the Swiss Confederation.

FY08 vs FY07

Pre-tax profit from continuing operations was CHF 0 million for full-year 2008, a decline from CHF 2,222 million in 2007. During this period, total operating income decreased 71% to CHF 1,029 million, largely a result of the accounting gain of CHF 3,860 million related to the MCNs issued on 5 March 2008, offset by the net impact of the SNB transaction and the fair valuation of the MCNs issued on 9 December 2008. In addition, total operating income for 2007 included a gain on UBS's sale of its stake in Julius Baer in second quarter 2007.

Business division and Corporate Center results

CHF million	Total operating income			Total operating expenses			Performance before tax from continuing operations		
	31.12.08	30.9.08	% change	31.12.08	30.9.08	% change	31.12.08	30.9.08	% change
For the quarter ended	31,12.08	30.9.08	% change	31,12.08	30.9.08	% change	31,12.08	30.9.08	% change
Wealth Management International & Switzerland	1,907	2,609	(27)	1,195	1,499	(20)	712	1,110	(36)
Wealth Management US	1,460	1,469	(1)	1,802	1,267	42	(341)	203	
Business Banking Switzerland	1,336	1,186	13	574	638	(10)	762	548	39
Global Wealth Management & Business Banking	4,703	5,265	(11)	3,571	3,404	5	1133	1861	(39)
Global Asset Management	478	827	(42)	242	413	(41)	236	415	(43)
Investment Bank	(5,903)	(750)	(687)	1,580	1,998	(21)	(7,483)	(2,748)	(172)
Corporate Center	(3,358)	215		252	222	14	(3,610)	(7)	
UBS	(4,079)	5,556		5,645	6,036	(6)	(9,724)	(480)	

Media release available at www.ubs.com/media

Further information on UBS's quarterly results is available at www.ubs.com/investors

- Fourth quarter financial report (PDF and interactive version)
- Fourth results slide presentation
- Letter to shareholders (English, German, French and Italian)

Webcast: The results presentation, with Marcel Rohner, Group Chief Executive Officer, John Cryan, Group Chief Financial Officer and Jerker Johansson, Chairman and Chief Executive Officer of the Investment Bank will be webcast live on www.ubs.com at the following time on 10 February 2009:

- 0900 CET
- 0800 GMT
- 0300 US EST

Webcast playback will be available from 1400 CET on 10 February 2009.

Cautionary Statement Regarding Forward-Looking Statements

This release contains statements that constitute "forward-looking statements", including but not limited to statements relating to the anticipated effect of transactions described herein, risks arising from the current market crisis and other risks specific to UBS's business, strategic initiatives, future business development and economic performance. While these forward-looking statements represent UBS's judgments and expectations concerning the development of its business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (1) the extent and nature of future developments in the market segments that have been or may be affected by the current market crisis and their effect on UBS's assets and exposures, including UBS's remaining net and gross exposures related to the United States mortgage market; (2) developments affecting the availability of capital and funding to UBS and other financial institutions, including any changes in UBS's credit spreads and ratings; (3) other market and macroeconomic developments, including movements in local and international securities markets, credit spreads, currency exchange rates and interest rates; (4) changes in internal risk control and limitations in the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (5) the possible consequences of ongoing governmental investigations of certain of UBS's past business activities, including the

possibility that tax or regulatory authorities in various jurisdictions will focus on the cross-border wealth management services provided by UBS and other financial institutions; (6) the degree to which UBS is successful in implementing its remediation plans and strategic and organizational changes, and whether those plans and changes will have the effects anticipated; (7) changes in the financial position or creditworthiness of UBS's customers, obligors and counterparties, and developments in the markets in which they operate, including possible failures resulting from the current market crisis and adverse economic environment; (8) management changes and changes to the internal or overall structure of UBS's business divisions; (9) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures; (10) legislative, governmental and regulatory developments, including the effect of new and more stringent capital requirements and of direct or indirect regulatory constraints on UBS's activities; (11) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other assets or other matters; (12) changes in and the effect of competitive pressures; (13) technological developments; and (14) the impact of all such future developments on positions held by UBS, on its short-term and longer-term earnings, on the cost and availability of funding and on UBS's capital ratios. In addition, these results could depend on other factors that we have previously indicated could adversely affect our business and financial performance which are contained in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS's Annual Report on Form 20-F for the year ended 31 December 2007. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Income statement (unaudited)

CHF million, except per share data	Quarter ended			% change from		Year ended	
	31.12.08	30.9.08	31.12.07	3Q08	4Q07	31.12.08	31.12.07
Continuing operations							
Interest income	11,745	16,393	25,820	(28)	(55)	65,890	109,112
Interest expense	(9,879)	(14,971)	(24,283)	(34)	(59)	(59,687)	(103,775)
Net interest income	1,866	1,422	1,537	31	21	6,203	5,337
Credit loss (expense) / recovery	(2,310)	(357)	(238)	547	871	(2,996)	(238)
Net interest income after credit loss expense	(444)	1,065	1,299			3,207	5,099
Net fee and commission income	4,784	5,709	7,727	(16)	(38)	22,929	30,634
Net trading income	(8,779)	(1,509)	(13,915)	(482)	37	(25,474)	(8,353)
Other income	359	292	757	23	(53)	884	4,341
Total operating income	(4,079)	5,556	(4,132)		1	1,545	31,721
Personnel expenses	2,378	3,997	6,284	(41)	(62)	16,262	25,515
General and administrative expenses	2,806	1,702	2,258	65	24	9,581	8,429
Depreciation of property and equipment	395	288	310	37	27	1,241	1,243
Impairment of goodwill	0	0	0			341	0
Amortization of intangible assets	66	50	66	32	0	213	276
Total operating expenses	5,645	6,036	8,918	(6)	(37)	27,638	35,463
Operating profit from continuing operations before tax	(9,724)	(480)	(13,050)		25	(26,092)	(3,742)
Tax expense	(1,727)	(913)	(162)	(89)	(966)	(6,766)	1,369
Net profit from continuing operations	(7,997)	433	(12,888)		38	(19,327)	(5,111)
Discontinued operations							
Profit from discontinued operations before tax	19	0	34		(44)	198	145
Tax expense	0	0	2		(100)	1	(258)
Net profit from discontinued operations	19	0	32		(41)	198	403
Net profit	(7,978)	433	(12,856)		38	(19,129)	(4,708)
Net profit attributable to minority interests	123	137	111	(10)	11	568	539
from continuing operations	123	136	111	(10)	11	520	539
from discontinued operations	0	1	0	(100)		48	0
Net profit attributable to UBS shareholders	(8,100)	296	(12,967)		38	(19,697)	(5,247)
from continuing operations	(8,119)	297	(12,999)		38	(19,847)	(5,650)
from discontinued operations	19	(1)	32		(41)	150	403
Earnings per share							
Basic earnings per share (CHF)	(2.55)	0.10	(6.03)		58	(7.11)	(2.42)
from continuing operations	(2.56)	0.10	(6.04)		58	(7.17)	(2.61)
from discontinued operations	0.01	0.00	0.01		0	0.05	0.19
Diluted earnings per share (CHF)	(2.55)	0.09	(6.03)		58	(7.12)	(2.43)
from continuing operations	(2.56)	0.09	(6.04)		58	(7.17)	(2.61)
from discontinued operations	0.01	0.00	0.01		0	0.05	0.19