

Fourth Quarter 2008

10 February 2009

Dear shareholders,

UBS recorded a net loss attributable to shareholders of CHF 8.1 billion in fourth quarter 2008, bringing the full-year result to a loss of CHF 19.7 billion.

During the quarter, we took a number of steps to implement our established strategy to stabilize the finances of UBS and to focus on our core client businesses. These, and the turbulent financial and economic environment, resulted in a number of significant items that affected the pre-tax result by a total of CHF 6.9 billion. The specific items, and their effects on the fourth quarter result, were:

UBS reached an agreement with the Swiss National Bank (SNB) in October. This allows UBS to transfer a large quantity of illiquid and other positions to a fund owned and controlled by the SNB. In a related transaction, UBS placed mandatory convertible notes with the Swiss Confederation in order to raise new capital. These two transactions impacted fourth quarter 2008 results by a net charge of CHF 4.2 billion.

We recorded an own credit expense of CHF 1.6 billion, mainly due to redemptions of UBS debt during the quarter. Expenses of CHF 0.6 billion, related to the settlement agreement requiring the repurchase of auction rate securities from clients, affected the fourth quarter results. There was also a net gain on divestments of CHF 0.2 billion. Finally, the result was affected by a total CHF 0.7 billion of expenses associated with the restructuring of the Investment Bank.

Excluding these items, the adjusted pre-tax operating result was a loss of CHF 2.8 billion.

This result was achieved in the context of a further severe deterioration in the financial markets during the quarter. World stock markets, measured by the Dow Jones World Index, fell 23% between the beginning of October and the end of December. We now know that the US economy contracted at an annualized rate of 4.1% in nominal terms in the fourth quarter, the fastest rate of contraction since 1958, and that economic activity in most of the rest of the developed world weakened sharply as well. These trends reflect a tendency on the part of households and compa-

nies to cut spending, and sell financial assets, in an attempt to reduce their debts.

Fourth quarter 2008 saw net new money outflows of CHF 85.8 billion, compared with outflows of CHF 83.6 billion in the prior quarter. Overall net new money outflows were particularly heavy in October, but slowed down progressively in November and December. The improvement has continued into January, which saw net new money inflows in both our wealth management and asset management businesses.

Throughout the fourth quarter, our over-riding aim has been to stabilize UBS's valuable client businesses. A fundamental element of this is to make certain that UBS's financial position is stable and continues to improve. During the quarter, UBS's tier 1 ratio rose to 11.5%, up from 11.0% at the end of September. Risk-weighted assets declined to CHF 302 billion in fourth quarter, from CHF 332 billion in the third quarter, as our program to reduce risk continued.

We know that you, our shareholders, saw a decline in the value of your investment in UBS over the quarter. Management and employees are also affected by the financial crisis and UBS's performance. In view of the results of the firm and the general environment, UBS management set compensation at appropriate levels, and reduced discretionary variable compensation payments by 85% for 2008 as a whole compared with 2007. Total personnel expenses, which include fixed compensation (salaries) as well as variable compensation, fell 36%.

With the fourth quarter results, we are also announcing organizational changes and senior management appointments in Global Wealth Management & Business Banking and reaffirming our commitment to the Investment Bank as a core business.

Global Wealth Management & Business Banking will be divided into two new business divisions: Wealth Management & Swiss Bank, comprising all non-Americas wealth management businesses as well as the Swiss private and corporate client business; and the business division Wealth Management Americas. Wealth Management & Swiss Bank will be led by two new Group Executive Board members, Franco Morra, chief executive officer Switzerland, and Juerg

Zeltner, chief executive officer Global Wealth Management. Wealth Management Americas will continue to be led by Marten Hoekstra. These measures will better align our leadership and organizational structure with the changing and diverse needs of our clients.

The Investment Bank will remain a core business of UBS. It will continue to focus on reducing risk and on turning around its profitability. This will involve it concentrating only on corporate and institutional client-related business in Equities and in Fixed Income in its key markets worldwide. It will also continue to grow its leading corporate finance and advisory businesses.

Outlook – UBS has had an encouraging start to the year, and net new money was positive in January. However, financial market conditions remain fragile, as company and household cash flows continue to deteriorate but governments take measures to ease fiscal and monetary conditions. Our near-term outlook therefore 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.

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UBS

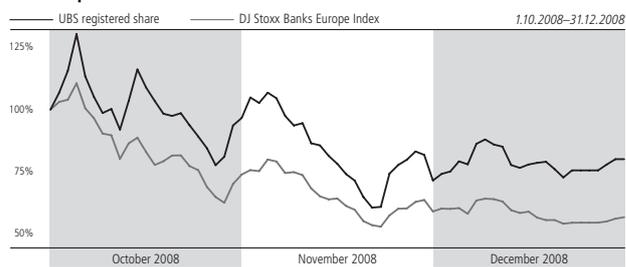
The image shows two handwritten signatures in black ink. On the left is the signature of Peter Kurer, which is a stylized 'P. Kurer'. On the right is the signature of Marcel Rohner, which is a cursive 'M. Rohner'. There is a horizontal line between the two signatures.

Peter Kurer
Chairman

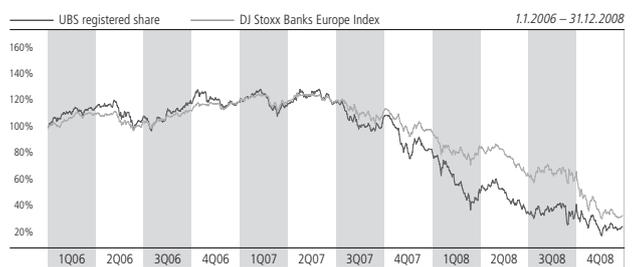
Marcel Rohner
Chief Executive Officer

UBS share performance

Fourth quarter 2008



Since 2006



Performance indicators

	Quarter ended			% change from		Year ended	
	31.12.08	30.9.08	31.12.07	3Q08	4Q07	31.12.08	31.12.07
Diluted earnings per share (EPS) (CHF) ¹	(2.55)	0.09	(6.03)	58		(7.12)	(2.43)
Diluted EPS from continuing operations (CHF) ¹	(2.56)	0.09	(6.04)	58		(7.17)	(2.61)
Return on equity (RoE) attributable to UBS shareholders (%) ²						(54.0)	(10.9)
RoE attributable to UBS shareholders from continuing operations (%) 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

CHF million	Quarter ended			% change from		Year ended	
	31.12.08	30.9.08	31.12.07	3Q08	4Q07	31.12.08	31.12.07
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)

Long-term ratings

	As of		
	31.12.08	30.9.08	31.12.07
Fitch, London	A+	AA-	AA
Moody's, New York	Aa2	Aa2	Aaa
Standard & Poor's, New York	A+	AA-	AA

Footnotes: 1 Refer to note 8 of UBS's fourth quarter 2008 report for details on the earnings per share calculation. 2 Net profit attributable to UBS shareholders year-to-date (annualized as applicable)/average equity attributable to UBS shareholders. 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.

Balance sheet and capital management

CHF million	As of			% change from	
	31.12.08	30.9.08	31.12.07	30.9.08	31.12.07
Total assets	2,015,549	1,996,719	2,274,891	1	(11)
Equity attributable to UBS shareholders	34,114	46,412	36,875	(26)	(7)
Market capitalization ¹	43,519	54,135	108,654	(20)	(60)
BIS tier 1 capital ratio (%) ²	11.5	11.0 ³	9.1 ⁴		

Personnel⁵

Full-time equivalents	As of			% change from	
	31.12.08	30.9.08	31.12.07	30.9.08	31.12.07
Switzerland	26,406	27,026	27,884	(2)	(5)
UK	7,071	7,607	8,813	(7)	(20)
Rest of Europe	4,817	4,938	4,776	(2)	1
Middle East/Africa	145	139	139	4	4
USA	27,362	27,530	29,921	(1)	(9)
Rest of Americas	1,984	2,077	2,054	(4)	(3)
Asia Pacific	9,998	10,248	9,973	(2)	0
Total	77,783	79,565	83,560	(2)	(7)

Reporting by business division

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
Global Wealth Management & Business Banking									
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 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)	

Footnotes: ¹ Refer to the "UBS registered shares" section of the fourth quarter 2008 report for further information. ² Refer to the "Capital management" section of the fourth quarter 2008 report for further information. ³ Reflects the capital ratios according to Basel II data only and does not include 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. ⁴ The calculation prior to 2008 is based on the Basel I approach. ⁵ Personnel numbers exclude full-time equivalents from private equity (part of the Corporate Center): 1 for 4Q08, 4 for 3Q08, 3,843 for 4Q07.

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 macro-economic 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.