

# First Quarter 2006

4 May 2006

## Dear shareholders,

The year has started very well. Financial markets have continued to rise and trading conditions have been excellent. Our strong position in all focus areas allows us to take full advantage of the environment, and net profit from continuing operations was significantly higher compared with both fourth and first quarter 2005.

We took a number of strategic steps. Key among them was the agreement in April to acquire Piper Jaffray's private client branch network, which will enhance our presence in US wealth management. Based in Minneapolis, Minnesota, the business manages client assets of USD 52 billion, has nearly 90 branch offices in 17 US states, and employs over 800 financial advisors serving 190,000 households. It is a comprehensive wealth manager, offering estate planning, retirement planning, brokerage and insurance services. It is a natural fit with our existing US business. The acquisition, expected to close in third quarter, will cost USD 500 million in cash and another USD 75 million at closing, dependent on certain criteria and business thresholds being met. The transaction also includes the assignment of a portfolio of client loans of approximately USD 300 million. The acquisition is part of our strategy to grow our US-based wealth management business, whose integration into Global Wealth Management & Business Banking is now largely completed – further assisting us in accelerating our targeted expansion into the wealthy client segment.

We are also making good progress in our efforts to launch the Dillon Read Capital Management (DRCM) alternative asset management business. A number of senior executives have been appointed, and 170 staff are working in the businesses the future DRCM will contain. We are currently finalizing the structure of the new business and continue to work towards a launch date in second quarter 2006.

**Summary of first quarter results.** Net profit for UBS totaled CHF 3,504 million. This includes an after-tax gain of CHF 290 million realized from the divestment of our stake in Motor-Columbus to a Swiss-led consortium. The sale, announced in September 2005, closed in first quarter following receipt of relevant regulatory approvals. The financial businesses contributed CHF 3,048 million to net profit, up 32% from the same quarter a year earlier and 17% higher than fourth quarter 2005 results (from continuing operations).

Overall, our performance was driven by a strong increase in revenues, with the growing asset base in our wealth and asset man-

agement businesses driving recurring income higher. Net new money inflows were very strong, reaching CHF 48 billion in first quarter 2006, compared with CHF 34.9 billion in the same period a year earlier and CHF 31.2 billion in fourth quarter 2005. Inflows from the wealth management units were at an unprecedented high of CHF 33.6 billion, with strong results in our domestic European business and sustained high contributions from Asian clients. Inflows of net new money in the asset management business, at CHF 12.6 billion, were also very strong and reflected the quality of our diversified investment management platform.

Our trading businesses benefited from buoyant markets and high levels of activity from both institutional and private clients. In particular, revenues from equities trading activities in first quarter rose 57% from the same period last year. This reflects our market leadership in the cash equities business as well as our increasingly strong competitive positions in derivatives and prime brokerage. In fixed income, rates and currencies, established businesses such as rates and foreign exchange performed well along with energy and precious metals trading. Corporate advisory revenues were up 87% from a year earlier, reflecting our continued involvement in major global transactions.

The cost/income ratio for the financial businesses stood at 68.4% in first quarter 2006, slightly improved from 69.5% in the same quarter a year ago. Costs rose with revenues and the growth of our business. The main impact came from the increase in personnel expenses, which rose on higher levels of staff and larger accruals for performance-related compensation. We also recorded a CHF 112 million provision for the settlement agreement with Sumitomo Corporation, announced on 7 April 2006.

Annualized return on equity from continuing operations was 30.6%, compared with our new objective of achieving 20% or more. Diluted earnings per share were CHF 3.08, up 32% from a year earlier (from continuing operations).

**Our growth strategy has proven to be successful, increasing our confidence in our ambition to be the best global financial services provider.** That is why we have renewed our vision of UBS and the values we share internally. Now, our colleagues around the world share our firmly held belief in performance, entrepreneurial spirit and high ethical standards, and can concentrate on what is the purpose of all our businesses: uncompromised client focus. In the eyes of individuals, corporations or financial institutions searching for advice on financial matters, this will continue to distinguish us from our competitors.

**Outlook** – The benign environment seen at the start of the year has continued, and our strong position in all businesses has been maintained or further improved. Deal pipelines remain promising, client flows healthy, capital markets active, and macroeconomic fundamentals stable.

We remain confident in the outlook for UBS, even if conditions change. To ensure we continue to make the most of business opportunities, whatever the environment, we will apply discipline towards both costs and management of all forms of risk, while further investing in our areas of strategic focus.

4 May 2006

UBS



Marcel Ospel  
Chairman



Peter Wuffli  
Chief Executive Officer



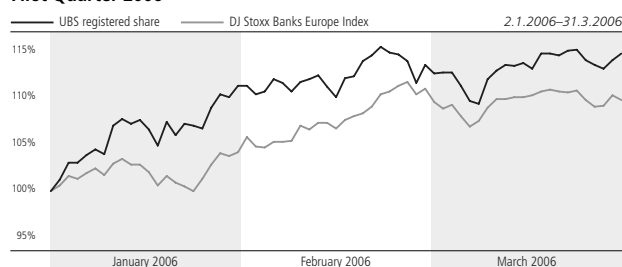
Every quarter, we update our shareholders on our businesses around the world by including feature articles in our quarterly reports.

This quarter, we wrote about our ambitious new plans that foresee a 40% reduction in our carbon emissions by 2012. We also looked at how client advisors in our international and Swiss wealth management business bridge the gap between theory and practice with a “Core-Satellite” approach to building portfolios for clients. You can access it at [www.ubs.com/investors](http://www.ubs.com/investors) by clicking “Quarterly Themes”.

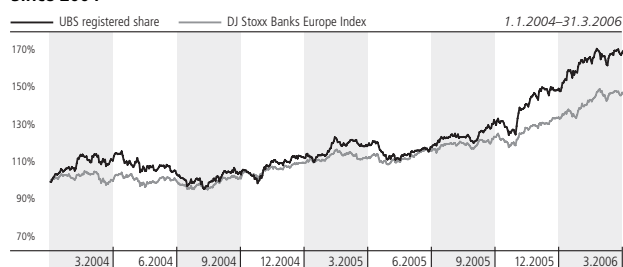
Or you can order the full quarterly report (English only) from UBS AG, Economic Information Center, GHDE, CK9K-AUL, P.O. Box, CH-8098 Zurich, Switzerland.

## UBS share performance

## First Quarter 2006



## Since 2004



## Shareholder returns

	Quarter ended			% change from	
	31.3.06	31.12.05	31.3.05	4Q05	1Q05
<b>Diluted EPS (CHF)<sup>1</sup></b>					
as reported	3.39	6.28	2.48	(46)	37
from continuing operations	3.08	2.53	2.34	22	32
<b>Return on equity attributable to UBS shareholders (%)<sup>2</sup></b>					
as reported	33.6	39.4	32.4		
from continuing operations	30.6	27.3	30.7		

## Financial strength &amp; ratings

	As at		
	31.3.06	31.12.05	31.3.05
BIS Tier 1 capital ratio (%) <sup>3</sup>	12.9	12.9	11.5
<b>Long-term ratings</b>			
Fitch, London	AA+	AA+	AA+
Moody's, New York	Aa2	Aa2	Aa2
Standard & Poor's, New York	AA+	AA+	AA+

## UBS net profit

CHF million	Quarter ended			% change from	
	31.3.06	31.12.05	31.3.05	4Q05	1Q05
<b>Net profit attributable to UBS shareholders</b>	<b>3,504</b>	<b>6,487</b>	<b>2,625</b>	<b>(46)</b>	<b>33</b>
Net profit attributable to minority interests	189	162	208	17	(9)
<b>Net profit</b>	<b>3,693</b>	<b>6,649</b>	<b>2,833</b>	<b>(44)</b>	<b>30</b>

## Other key figures

CHF million	As at			% change from	
	31.3.06	31.12.05	31.3.05	31.12.05	31.3.05
Equity attributable to UBS shareholders	47,850	44,324	38,130	8	25
Market capitalization	150,663	131,949	109,838	14	37

**Footnotes:** <sup>1</sup> For the EPS calculation, see note 8 to the financial statements of the first quarter 2006 report. <sup>2</sup> Net profit attributable to UBS shareholders (annualized as applicable) / average equity attributable to UBS shareholders less distributions (estimated as applicable). <sup>3</sup> Includes hybrid Tier 1 capital, please refer to the BIS capital and ratios table in the capital management section of the first quarter 2006 report.

## Income statement

CHF million, except where indicated	Quarter ended			% change from	
	31.3.06	31.12.05	31.3.05	4Q05	1Q05
Operating income	12,380	10,593	9,811	17	26
Operating expenses	8,405	7,417	6,720	13	25
Net profit attributable to UBS shareholders	3,048	6,337	2,427	(52)	26
Net profit attributable to UBS shareholders from continuing operations	3,048	2,597	2,307	17	32

## Performance indicators

	Quarter ended		
	31.3.06	31.12.05	31.3.05
Cost/income ratio (%)	68.4	70.9	69.5
Net new money (CHF billion)	48.0	31.1	35.2

## Personnel Financial Businesses

Full-time equivalents	As at			% change from	
	31.3.06	31.12.05	31.3.05	31.12.05	31.3.05
Switzerland	25,645	26,028	26,192	(1)	(2)
Rest of Europe/Middle East/Africa	11,341	11,007	10,988	3	3
Americas	27,356	27,136	26,270	1	4
Asia Pacific	5,868	5,398	4,747	9	24
<b>Total</b>	<b>70,210</b>	<b>69,569</b>	<b>68,197</b>	<b>1</b>	<b>3</b>

## Reporting by Business Group and Unit

CHF million	Total operating income			Total operating expenses			Performance before tax from continuing operations		
	31.3.06	31.3.05	% change	31.3.06	31.3.05	% change	31.3.06	31.3.05	% change
<b>Global Wealth Management &amp; Business Banking</b>									
Wealth Management International & Switzerland	2,642	2,070	28	1,366	1,155	18	1,276	915	39
Wealth Management US	1,478	1,232	20	1,292	1,092	18	186	140	33
Business Banking Switzerland	1,311	1,245	5	752	714	5	559	531	5
<b>Global Asset Management</b>	<b>809</b>	<b>569</b>	<b>42</b>	<b>435</b>	<b>345</b>	<b>26</b>	<b>374</b>	<b>224</b>	<b>67</b>
<b>Investment Bank</b>	<b>5,970</b>	<b>4,402</b>	<b>36</b>	<b>4,220</b>	<b>3,095</b>	<b>36</b>	<b>1,750</b>	<b>1,307</b>	<b>34</b>
<b>Corporate Center</b>	<b>170</b>	<b>293</b>	<b>(42)</b>	<b>340</b>	<b>319</b>	<b>7</b>	<b>(170)</b>	<b>(26)</b>	<b>(554)</b>
<b>Financial Businesses</b>	<b>12,380</b>	<b>9,811</b>	<b>26</b>	<b>8,405</b>	<b>6,720</b>	<b>25</b>	<b>3,975</b>	<b>3,091</b>	<b>29</b>

Cautionary statement regarding forward-looking statements | This communication contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to the implementation of strategic initiatives, such as the European wealth management business, and other statements relating to our future business development and economic performance. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, (1) general market, macro-economic, governmental and regulatory trends, (2) movements in local and international securities markets, currency exchange rates and interest rates, (3) competitive pressures, (4) technological developments, (5) changes in the financial position or creditworthiness of our customers, obligors and counterparties and developments in the markets in which they operate, (6) legislative developments, (7) management changes and changes to our Business Group structure and (8) other key factors that we have indicated could adversely affect our business and financial performance which are contained in other parts of this document and in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth elsewhere in this document and 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 2005. UBS is not under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.