

Second Quarter 2004

10 August 2004

Dear Shareholders

A natural characteristic of financial markets is change. We have seen clear evidence of this in the first half of the year. The first quarter was marked by a very favorable business environment, while the second saw a slowdown in pace as equity investors became less confident and rising rates and low volatility drove activity out of the fixed income markets.

In this context, our second quarter performance was strong, with CHF 1,974 million in net profit. It was our second-best quarterly performance since 2000, 19% down from the record first quarter. Our wealth management business performed particularly well with profit 34% up year-on-year as clients' invested assets rose to CHF 750 billion, the highest level for three years. The quarter-to-quarter swing in market conditions reduced trading-related income by 22% as our Investment Bank reacted to the reduced opportunities by cutting market exposure, taking risk off the table.

Compared to second quarter 2003, net profit rose 28% – or 24%, once goodwill and the gain from the prior-year sale of our Correspondent Services Corporation (CSC) clearing subsidiary are excluded. Operating income grew 6% from a year earlier. Strong fee and commission income, again accounting for more than 50% of our total revenues, more than offset the drop in trading revenues. Our Investment Bank posted excellent results in its corporate advisory business as our clients took advantage of strategic opportunities and favorable financing terms. Asset-based revenues in our wealth and asset management businesses were particularly good, with record levels of investment fund fees. The total level of invested assets rose 7% to CHF 2.2 trillion, driven by the year-on-year recovery in financial markets as well as the CHF 85.7 billion inflow of net new money in the last 12 months. Inflows in second quarter totaled CHF 16.9 billion, with CHF 10.4 billion coming from our wealth management businesses. Our Asian franchise continued to perform strongly, as did our domestic European wealth management business. In addition, our previously troubled private equity business posted another positive quarter.

Our credit businesses benefited from the stable economic environment. They recorded a net recovery of CHF 131 million in the quarter, after net recoveries of CHF 3 million and CHF 1 million in first quarter 2004 and second quarter 2003, respectively.

Total operating expenses were up 2% in second quarter from a year earlier due to an increase in operational risk costs and provisions.

Performance was also strong against our other financial targets. Before goodwill, return on equity for the first half, at 29.2%, was well above our target range of 15–20%. Earnings per share in the quarter were CHF 2.06, up 32% from second quarter 2003.

Our strategy works. It is focused enough to provide us with a distinct profile concentrating on higher than average growth sectors. At the same time, it is broad enough to achieve resilient performance across varying business and market conditions. We have the global scale that is necessary for sustained competitive success, regardless of the path of ongoing consolidation in our industry. We continue to see exciting opportunities for further growth both through market expansion and increasing market share, and will continue to invest in developing our global franchises either through organic growth initiatives or through add-on acquisitions.

One of our major initiatives that encompasses the whole firm is our brand strategy, where our efforts and investments are starting to pay off. For the first time, UBS featured as one of the 100 top brands in the Global Brand Scoreboard, which was published in August by *BusinessWeek*. In the survey, which is widely regarded as the marketing industry's benchmark, UBS ranked as the world's 45th most valuable brand worth USD 6.5 billion, ahead of many household names.

Outlook – In 2003, our earnings deviated from their usual seasonality, featuring weaker results in the first half of the year. In contrast, the first quarter of this year saw excellent conditions, providing us with exceptional revenue opportunities. Such favorable combinations can't last – opportunities have to be captured as they arise. However, our diversified business mix helps us to perform strongly across varying market conditions. In second quarter, for instance, strong asset-based fees have helped us to balance reduced trading-driven revenues.

While investor sentiment has recovered from the very low levels of last year, it still remains cautious. Combined with directionless markets and the expectation of rising interest rates, this may continue to dampen levels of market activity. Since many of our businesses, especially our Investment Bank, have this activity as an important driver, we should expect a return to a more normal seasonal pattern this year, with second half revenues not matching those in the first half.

10 August 2004

UBS



Marcel Ospel
Chairman



Peter Wuffli
Chief Executive Officer



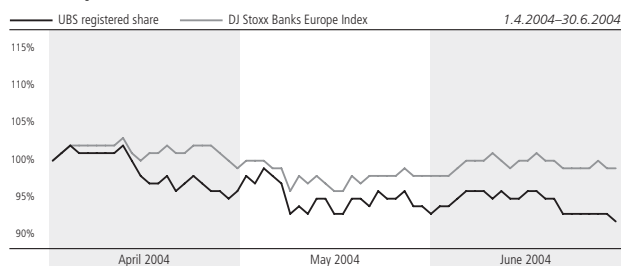
Every quarter, we update our shareholders on our businesses around the world by including a number of feature articles in our quarterly reports.

In this one, we wrote about the key initiatives in our international and US wealth management businesses for ultra high net worth clients as well as how we have used technology to successfully transform our Investment Bank's business. You can access all three stories at www.ubs.com/investors by clicking "Quarterly Themes".

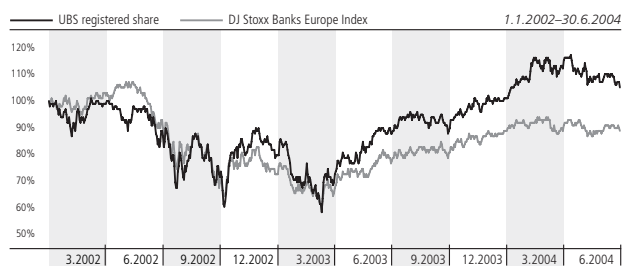
Or you can order the full quarterly report (English only) from UBS AG, Economic Information Center, GHDE, CA50-AUL, P.O. Box, CH-8098 Zurich, Switzerland.

UBS share performance

Second Quarter 2004



Since 2002



Shareholder returns

	Quarter ended			% change from		Year to date	
	30.6.04	31.3.04	30.6.03	1Q04	2Q03	30.6.04	30.6.03
Basic EPS (CHF)							
as reported ¹	1.85	2.25	1.35	(18)	37	4.11	2.40
before goodwill and adjusted for significant financial events ²	2.06	2.46	1.56	(16)	32	4.53	2.82
RoE (%)							
as reported ³						26.5	15.1
before goodwill and adjusted for significant financial events ⁴						29.2	17.8

Financial strength & ratings

As at	30.6.04	31.3.04	30.6.03
BIS Tier 1 capital ratio (%) ⁵	11.8	12.1	12.0
Long-term ratings			
Fitch, London	AA+	AA+	AAA
Moody's, New York	Aa2	Aa2	Aa2
Standard & Poor's, New York	AA+	AA+	AA+

Key income statement figures

CHF million, except where indicated	Quarter ended			% change from		Year to date	
	30.6.04	31.3.04	30.6.03	1Q04	2Q03	30.6.04	30.6.03
Income statement key figures							
Operating income	9,484	10,295	8,981	(8)	6	19,779	16,749
Operating expenses	6,889	7,206	6,785	(4)	2	14,095	12,959
Operating profit before tax and minority interests	2,595	3,089	2,196	(16)	18	5,684	3,790
Net profit	1,974	2,423	1,537	(19)	28	4,397	2,746
Cost/income ratio (%) ⁶	73.7	70.0	75.6			71.7	77.1
Earnings adjusted for significant financial events and pre-goodwill^{7,8}							
Operating income	9,484	10,295	8,820	(8)	8	19,779	16,588
Operating expenses	6,664	6,981	6,547	(5)	2	13,645	12,479
Operating profit before tax and minority interests	2,820	3,314	2,273	(15)	24	6,134	4,109
Net profit	2,199	2,648	1,773	(17)	24	4,847	3,224
Cost/income ratio (%) ⁹	71.2	67.8	74.2			69.5	74.9

Other key figures

CHF million, except where indicated	30.6.04	31.3.04	30.6.03	% change from	
				31.3.04	30.6.03
As at					
Shareholders' equity	34,680	37,602		(8)	
Market capitalization	98,001	105,857	88,219	(7)	11
Invested assets (CHF billion)	2,231	2,238	2,091	0	7
Headcount (full-time equivalents)					
Switzerland	26,314	26,469	27,209	(1)	(3)
Europe (excluding Switzerland)	10,315	10,011	10,063	3	3
Americas	25,364	25,211	25,914	1	(2)
Asia/Pacific	4,050	3,939	3,787	3	7
Total	66,043	65,630	66,973	1	(1)

Footnotes: ¹Details of the EPS calculation can be found in the Second Quarter 2004 Report. ²Net profit less the amortization of goodwill and other intangible assets and significant financial events (after-tax) / weighted average shares outstanding. ³Net profit (annualized) / average shareholders' equity less dividends. ⁴Net profit (annualized) less the amortization of goodwill and other intangible assets and significant financial events (after-tax) / average shareholders' equity less dividends. ⁵Includes hybrid Tier 1 capital, please refer to the BIS capital and ratios table in the Second Quarter 2004 Report. ⁶Operating expenses / operating income less credit loss expense or recovery. ⁷Excludes the amortization of goodwill and other intangible assets. ⁸Details of significant financial events can be found in the Second Quarter 2004 Report. ⁹Operating expenses less the amortization of goodwill and other intangible assets and significant financial events / operating income less credit loss expense or recovery and significant financial events.

UBS Income Statement

CHF million, except per share data	Quarter ended			% change from		Year to date	
	30.6.04	31.3.04	30.6.03	1Q04	2Q03	30.6.04	30.6.03
Operating income							
Interest income	9,958	9,741	10,644	2	(6)	19,699	20,276
Interest expense	(6,902)	(6,523)	(7,618)	6	(9)	(13,425)	(14,341)
Net interest income	3,056	3,218	3,026	(5)	1	6,274	5,935
Credit loss (expense) / recovery	131	3	1			134	(68)
Net interest income after credit loss expense	3,187	3,221	3,027	(1)	5	6,408	5,867
Net fee and commission income	4,841	5,005	4,313	(3)	12	9,846	8,139
Net trading income	1,177	1,785	1,318	(34)	(11)	2,962	2,539
Other income	279	284	323	(2)	(14)	563	204
Total operating income	9,484	10,295	8,981	(8)	6	19,779	16,749
Operating expenses							
Personnel expenses	4,599	5,171	4,619	(11)	0	9,770	8,821
General and administrative expenses	1,743	1,507	1,600	16	9	3,250	2,997
Depreciation of property and equipment	322	303	328	6	(2)	625	661
Amortization of goodwill and other intangible assets	225	225	238	0	(5)	450	480
Total operating expenses	6,889	7,206	6,785	(4)	2	14,095	12,959
Operating profit before tax and minority interests	2,595	3,089	2,196	(16)	18	5,684	3,790
Tax expense	512	579	567	(12)	(10)	1,091	880
Net profit before minority interests	2,083	2,510	1,629	(17)	28	4,593	2,910
Minority interests	(109)	(87)	(92)	25	18	(196)	(164)
Net profit	1,974	2,423	1,537	(19)	28	4,397	2,746
Basic earnings per share (CHF)	1.85	2.25	1.35	(18)	37	4.11	2.40
Diluted earnings per share (CHF)	1.78	2.18	1.33	(18)	34	3.99	2.36

Reporting by Business Group and Units

CHF million	Wealth Management & Business Banking				Corporate Center		
	Wealth Management	Business Banking Switzerland	Global Asset Management	Investment Bank	Wealth Management USA	Private Banks & GAM	Corporate Functions
Second Quarter 2004							
Total operating income	1,928	1,272	498	3,958	1,274	279	275
Total operating expenses	1,047	764	367	3,035	1,258	176	242
Business Group performance before tax	881	508	131	923	16	103	33
Second Quarter 2003							
Total operating income	1,730	1,335	437	3,773	1,454 ¹	213	39
Total operating expenses	1,074	756	348	2,771	1,311	170	355
Business Group performance before tax	656	579	89	1,002	143	43	(316)

Footnote: ¹ Includes significant financial event: gain on disposal of Correspondent Services Corporation of CHF 161 million.

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 2003. 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.