

First Quarter 2005

3 May 2005

Dear Shareholders,

Our quarterly messages provide you with an update on your firm. We believe they should not only tell you how we are doing financially, they should also give you some insight into how we approach new opportunities and new markets. Like China, for example. This market could become a key source of revenue growth – but it will not happen overnight. We have been patiently investing in our franchise in China for almost two decades now, and will continue to do so. An example of that is our new joint venture fund management company, established last month together with the State Development Investment Corporation. Together, we will launch new China-based mutual funds, strengthening their existing fund offerings. Our Investment Bank's business momentum in China is also extremely strong – and is the subject of one of the features in our quarterly report. We hope you will take the opportunity to read it.

Looking at our financials in first quarter – net profit attributable to you, our shareholders, was CHF 2,625 million. Our industrial holdings, now including the private equity portfolio previously reported as part of the Investment Bank, contributed CHF 198 million. Our financial businesses contributed CHF 2,427 million, the second-best quarterly performance on record. In fact, we missed by only CHF 1 million the record pre-goodwill result achieved in first quarter 2004.

Revenues held up extremely well – even if our securities trading performance did not match the peak level achieved in buoyant markets a year ago. In another clear illustration of the diversity of our income stream, the strength of recurring revenues in our wealth and asset management businesses compensated for the slow-down in trading returns. This recurring revenue growth was in large part driven by our invested asset base, which grew to CHF 2.4 trillion this quarter, as clients once again trusted us with significant new assets. Net fee and commission income was almost at its all-time high, making up more than 50% of our overall operating income, and including the highest investment fund fees we have ever reported. Our total inflow of net new money was CHF 32.3 billion this quarter, with wealthy individual clients contributing CHF 21.2 billion. Our European wealth management business alone had an intake of CHF 5.6 billion. Although this is a business we started building just four years ago, it already has a proven track record of attracting clients and growing revenue. Interest income from lending to private clients also rose, driven mainly by lending to wealthy US clients and higher mortgage volumes in Switzerland.

Our results this quarter were also helped by our continued cost discipline and another quarter of credit loss recoveries. The low level of our cost/income ratio – at 69.0%, marginally higher than 68.5% (pre-goodwill) in first quarter 2004 – reflects our continued efforts to improve the efficiency of our business. Earnings per share and return on equity, at CHF 2.60 and 32.4% respectively, both reached their all-time highs.

Excellence in managing our daily operations creates value.

It starts with robust business processes. It continues with stable, reliable and efficient information technology. An example of this is our Swiss Strategic Solution Program (SSP). Operational since the end of last year, it will be completed by the end of 2005. A wholly new technology platform replacing an earlier generation of systems, it creates a technical framework that will help us increase the quality and flexibility of our systems – as well as the service we provide to our clients. It will allow for real-time processing around the clock, helping us gain effectiveness while lowering costs.

Technological sophistication, combined with ever-increasing scale and complexity, increases our exposure to operational risk. Regulators have also become ever less tolerant of mistakes. Unfortunately, operational hazards are implicit in our business. That's why we are investing significantly in the processes for identifying, managing and controlling our exposure to potential operational risks. Effective operational risk management ensures that we can focus on what we are supposed to do – creating value for our shareholders and our clients, while minimizing the time, energy and attention paid to preventable "fire fighting" exercises.

We cannot sacrifice the way we manage risks for the sake of growth.

With our latest leadership appointments, we have enhanced the roles of the key individuals responsible for building the firm's risk control success over the last few years. On 1 March, Walter Stuerzinger, our Chief Risk Officer since 2001, joined UBS's Group Executive Board, assuming firm-wide responsibility for market, operational and credit risk control.

At our Annual General Meeting on 21 April, our shareholders elected Marco Suter, former Chief Credit Officer, to the Board of Directors. As Executive Vice Chairman, he will be responsible for overseeing risk policy and controls, replacing Alberto Togni, who retired after reaching the statutory age limit. Our shareholders also elected an external, independent member to the Board, Peter Voser, Chief Financial Officer of The Royal Dutch/Shell Group of Companies, who adds extensive international financial management experience.

Outlook – As always, it is hard to predict at this early stage how the year will turn out. History shows that there is a natural seasonality boosting first quarter performance, and market activity has ebbed as the year has progressed. However, we have designed our diversified business mix to deliver sustainably strong results across a whole variety of market conditions.

3 May 2005

UBS



Marcel Ospel
Chairman



Peter Wuffli
Chief Executive Officer

Sadly, at the end of March, we lost a truly remarkable colleague, Eric Roll, who died at the age of 97. After eminent careers in government and academia, Lord Roll began his banking career at S.G. Warburg & Co in 1966, later becoming its chairman. We will remember him as a pivotal individual who helped shape our Investment Bank of today. As a senior advisor, Lord Roll attended the office every morning until the week in which he died. His wealth of experience was a major asset to all of us, and we will greatly miss him. Lord Roll had a passion for innovation that did not diminish with his advanced years – a passion that has become deeply embedded in our culture. In the end, it is the values we inherit and preserve from remarkable employees that make us the firm that we are now.



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 expanding business in China – where our long-term strategic approach and patient investment have allowed us to become one of the first foreign financial institutions to gain a firm footing in the country. You can access it at www.ubs.com/investors by clicking “Quarterly Themes”.

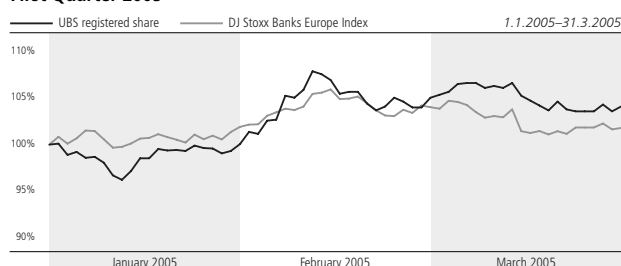
Or you can order the full quarterly report (English only) from UBS AG, Economic Information Center, GHDE, CK9K-AUL, P.O. Box, CH-8098 Zurich, Switzerland.

Changes in accounting and presentation in 2005

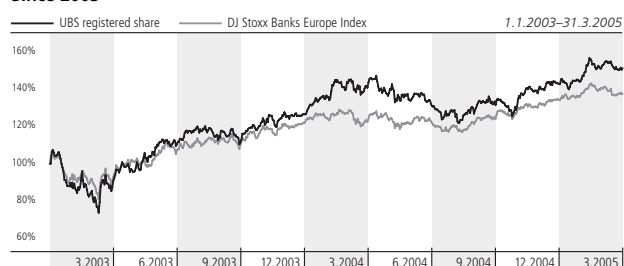
In first quarter 2005, we adopted new and revised International Financial Reporting Standards (IFRS) which triggered a number of changes in accounting and presentation. We published restated figures for 2004 and 2003 on 12 April 2005. A detailed release explaining the changes as well as their impact on prior accounting periods is available on our investor relations homepage www.ubs.com/investors.

UBS share performance

First Quarter 2005



Since 2003



Shareholder returns

	Quarter ended			% change from	
	31.3.05	31.12.04	31.3.04	4Q04	1Q04
Basic EPS (CHF)¹					
as reported	2.60	2.07	2.16	26	20
before goodwill	2.60	2.23 ²	2.34 ²	17	11
	Year to date				
	31.3.05	31.12.04	31.3.04		
Return on equity attributable to UBS shareholders (%)³					
as reported	32.4	25.5	28.8		
before goodwill	32.4	27.8 ⁴	31.1 ⁴		

Financial strength & ratings

	As at		
	31.3.05	31.12.04	31.3.04
BIS Tier 1 capital ratio (%) ⁵	11.5	11.9	12.4
Long-term ratings			
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	
	31.3.05	31.12.04	31.3.04	4Q04	1Q04
Net profit attributable to UBS shareholders	2,625	2,078	2,277	26	15
Net profit attributable to minorities	208	132	92	58	126
Net profit	2,833	2,210	2,369	28	20

Other key figures

CHF million	As at			% change from	
	31.3.05	31.12.04	31.3.04	31.12.04	31.3.04
Equity attributable to UBS shareholders	38,130	33,941		12	
Market capitalization	109,838	103,638	105,857	6	4

Footnotes: ¹ For the EPS calculation, see note 8 to the financial statements of the first quarter 2005 report. ² Net profit attributable to UBS shareholders less the amortization of goodwill/weighted average shares outstanding. ³ Net profit attributable to UBS shareholders (annualized as applicable)/average equity attributable to UBS shareholders less dividends. ⁴ Net profit attributable to UBS shareholders (annualized as applicable) less the amortization of goodwill/average equity attributable to UBS shareholders less dividends. ⁵ Includes hybrid Tier 1 capital, please refer to the BIS capital and ratios table in the capital management section of the first quarter 2005 report.

Key figures financial businesses

Income statement					
CHF million	Quarter ended			% change from	
	31.3.05	31.12.04	31.3.04	4Q04	1Q04
Operating income	10,104	9,084	10,135	11	0
Operating expenses	6,877	6,600	7,120	4	(3)
Net profit attributable to UBS shareholders	2,427	1,889	2,248	28	8

Performance indicators					
CHF million, except where indicated	Quarter ended			% change from	
	31.3.05	31.12.04	31.3.04	4Q04	1Q04
Cost/income ratio (%)	69.0	73.0	70.3		
Net new money, wealth management businesses (CHF billion)	21.2	13.3	19.0		
Earnings pre-goodwill					
Operating income	10,104	9,084	10,135	11	0
Operating expenses	6,877	6,433	6,940	7	(1)
Net profit attributable to UBS shareholders	2,427	2,056	2,428	18	0

Headcount financial businesses					
Full-time equivalents	As at			% change from	
	31.3.05	31.12.04	31.3.04	31.12.04	31.3.04
Switzerland	26,192	25,987	26,467	1	(1)
Rest of Europe/Africa/Middle East	10,988	10,751	9,996	2	10
Americas	26,270	26,231	25,208	0	4
Asia Pacific	4,747	4,438	3,936	7	21
Total	68,197	67,407	65,607	1	4

Reporting by Business Group and Unit									
CHF million	Total operating income			Total operating expenses			Business Group performance before tax		
	31.3.05	31.3.04	% change	31.3.05	31.3.04	% change	31.3.05	31.3.04	% change
Wealth Management & Business Banking									
Wealth Management	2,070	1,930	7	1,155	1,067	8	915	863	6
Business Banking Switzerland	1,245	1,256	(1)	714	751	(5)	531	505	5
Global Asset Management	569	507	12	345	359	(4)	224	148	51
Investment Bank	4,341	4,778	(9)	3,038	3,162	(4)	1,303	1,616	(19)
Wealth Management USA	1,293	1,343	(4)	1,149	1,311	(12)	144	32	350
Corporate Center									
Private Banks & GAM	288	288	0	160	176	(9)	128	112	14
Corporate Functions	298	33	803	316	294	7	(18)	(261)	93
Financial Businesses	10,104	10,135	0	6,877	7,120	(3)	3,227	3,015	7

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 2004. 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.