

Third Quarter 2005

1 November 2005

Dear shareholders,

We were pleased to recently see the price of the UBS share touch a record high. Appropriately, our results this quarter are also at an all-time record even though the summer is normally the slowest period of the year for the financial industry. Net profit attributable to our shareholders was CHF 2,770 million. Our financial businesses contributed CHF 2,642 million, up 67% from a year earlier. Pre-goodwill, the result was 50% higher than a year earlier, when the environment for our trading businesses was less positive. Operating income in third quarter was CHF 10,711 million, up 27% year on year, driven by growth in practically all our businesses.

Our wealth and asset management businesses benefited from record inflows of net new money and rising market valuations, helping them generate strong asset-based fees. The success of our lending activities in the wealth management businesses also continued to provide us with an important stream of recurring revenues. Rising asset levels and very strong performance fees from alternative and quantitative investments helped our asset management business post its best pre-tax profit ever. This business has become an increasingly important contributor to our firm's success thanks to its diversified investment capabilities and impact with third-party distributors.

In third quarter, corporate clients were active – and our Investment Bank has established itself as a preferred partner in supporting them. Revenues from advising corporate clients have practically doubled since third quarter 2004. Improved market conditions in third quarter 2005 also led to increased activity from private and institutional investors. The equities business posted its best result in four years, driven by the derivatives business, prime brokerage and proprietary trading. In addition, our fixed income, rates and currencies business successfully rebounded from third quarter 2004 as we took advantage of market opportunities and stronger customer flows in our areas of focus. Here we are currently looking for ways to expand our presence into new areas in order to maintain and further develop our competitive position.

Personnel costs increased 29% to CHF 5,320 million in third quarter 2005 from a year earlier, driven by performance-related payments rising in line with revenues and the higher numbers of employees across the firm. General and administrative expenses rose 2% to CHF 1,648 million, mainly due to higher litigation provisions in our US wealth management business. Despite our ongoing business expansion, we remain disciplined about managing our cost base. Our cost/income ratio fell to the lowest level since 2000 and, at 68.5%, was significantly better than the previous year's 72.7% (pre-goodwill).

Performance against our other targets remains strong. Inflows of net new money into our wealth management businesses in third quarter, at CHF 31.1 billion, were unusually high. US domestic clients contributed CHF 9.9 billion. Other international clients, notably in Asia and in our five key European markets, invested CHF 19.3 billion. In the Swiss market, we saw the third consecutive quarter of positive net new money with an inflow of CHF 1.9 billion. Including the record inflows of CHF 19.9 billion into our asset management business, net new money for the whole of UBS this quarter was an exceptionally strong CHF 51.2 billion.

Earnings per share stood at CHF 2.75, up 55% from CHF 1.77 (pre-goodwill) in the same quarter a year earlier. Return on equity for the first nine months of 2005 was 29.0%, well above our target range of 15–20%.

Our key strategic initiatives are making good progress. After a smooth transfer, our US-based wealth management business is now operating alongside our international and Swiss business as part of one global wealth management franchise. Preparations for the launch of our Dillon Read Capital Management alternative asset management business are also well underway. Interest in the new business continues to strengthen, and we expect it to start operations in the first half of 2006.

At the end of September, another element in our approach to China was put in place with the signing of a strategic cooperation agreement between UBS and the Bank of China. Together, we intend to use our respective strengths to develop investment banking and securities products and services in China. Under the agreement, we will invest USD 500 million in the Bank of China. Our relationship goes back more than half a century and our partnership has led to some of the most innovative transactions in the history of the Chinese capital markets. Shortly after the Bank of China agreement, we publicly announced the approval of China's State Council for a proposal to restructure Beijing Securities by UBS, Beijing SASAC and the International Finance Corporation (IFC). The restructuring would make us the first foreign institution to take a direct stake and management control in a fully-licensed domestic securities firm in China.

Around the same time, we signed agreements to sell our 55.6% stake in Motor-Columbus to a Swiss-led consortium. The sale price has been set at CHF 1.3 billion, resulting in an estimated pre-tax gain for UBS of around CHF 350 million. The transaction must be approved by various national and international authorities and will not be completed until the beginning of 2006 at the earliest. The sale of UBS's stake in Motor-Columbus creates an opportunity to

build a significant Swiss-European energy company with Swiss majority ownership. At the beginning of September, we also reached an agreement to sell our Private Banks & GAM unit to Julius Baer, pending necessary approvals and subject to successful financing. The sale is consistent with our strategy for this unit over the past few years. In 2003, it was created as a platform for our separately branded wealth management businesses – as a way of enabling them to grow and to create value. The intention was to enable the new group to play a role in the consolidation of the Swiss private banking industry. We analyzed a number of options and came to the conclusion that a sale to Julius Baer would be in the best interests of all stakeholders. We expect to record a pre-tax gain of at least CHF 3.5 billion from the transaction, which will be booked at the time of closing, estimated in fourth quarter 2005.

The sale of both a stake in Motor-Columbus and the Private Banks & GAM unit will result in significant cash proceeds. Our strategic priorities for reinvesting capital, however, remain unchanged – investing in organic growth or bolt-on acquisitions. In their absence, we will continue to return any excess capital to you, our shareholders, through both dividends and share buybacks.

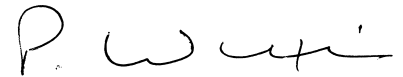
Outlook – All our businesses have performed very strongly in the first nine months of 2005, driven by the strength of our asset gathering businesses, our growing Investment Bank client franchise, and our ability to take advantage of market opportunities. Even though markets have softened somewhat since the end of the quarter, we look forward to closing what has already been one of our most successful years.

1 November 2005

UBS



Marcel Ospel
Chairman



Peter Wuffli
Chief Executive Officer



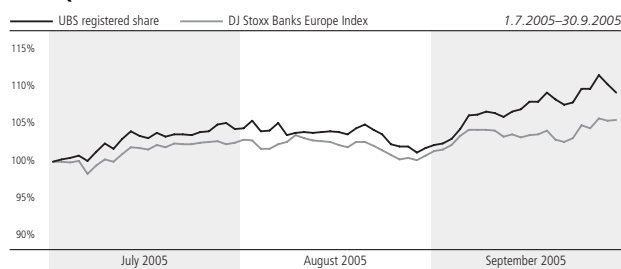
Every quarter, we update our shareholders on our businesses around the world by including feature articles in our quarterly reports.

This quarter, we wrote about our US municipal securities business, currently that country's primary market leader, and detailed its recent move from our US-based wealth management business to the Investment Bank. You can access it at www.ubs.com/investors by clicking "Quarterly Themes".

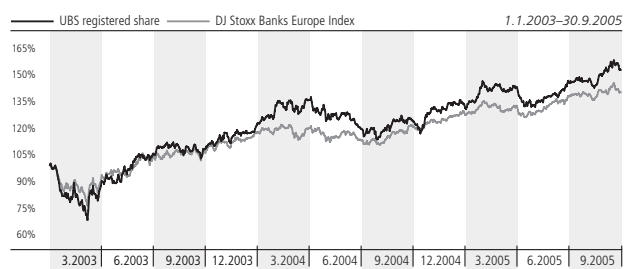
Or you can order the full quarterly report (English only) from UBS AG, Economic Information Center, GHDE, CK9K-AUL, P.O. Box, CH-8098 Zurich, Switzerland.

UBS share performance

Third Quarter 2005



Since 2003



Shareholder returns

	Quarter ended			% change from		Year to date	
	30.9.05	30.6.05	30.9.04	2Q05	3Q04	30.9.05	30.9.04
Basic EPS (CHF)¹							
as reported ¹	2.75	2.10	1.59	31	73	7.44	5.72
before goodwill	2.75	2.10	1.77	31	55	7.44	6.26
Return on equity attributable to UBS shareholders (%)²							
as reported						29.0	25.1
before goodwill						29.0	27.4

Financial strength & ratings

	As at		
	30.9.05	30.6.05	30.9.04
BIS Tier 1 capital ratio (%) ³	11.3	12.2	11.7
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		Year to date	
	30.9.05	30.6.05	30.9.04	2Q05	3Q04	30.9.05	30.9.04
Net profit attributable to UBS shareholders	2,770	2,147	1,618	29	71	7,542	5,938
Net profit attributable to minority interests	145	146	120	(1)	21	499	322
Net profit	2,915	2,293	1,738	27	68	8,041	6,260

Other key figures

CHF million	As at			% change from	
	30.9.05	30.6.05	30.9.04	30.6.05	30.9.04
Equity attributable to UBS shareholders	39,019	38,002		3	
Market capitalization	116,732	108,193	95,812	8	22

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

Key figures Financial Businesses

Income statement

CHF million	Quarter ended			% change from		Year to date	
	30.9.05	30.6.05	30.9.04	2Q05	3Q04	30.9.05	30.9.04
Operating income	10,711	9,381	8,410	14	27	30,196	27,974
Operating expenses	7,309	6,583	6,293	11	16	20,769	20,240
Net profit attributable to UBS shareholders	2,642	2,111	1,579	25	67	7,180	5,767

Performance indicators

CHF million, except where indicated	Quarter ended			% change from		Year to date	
	30.9.05	30.6.05	30.9.04	2Q05	3Q04	30.9.05	30.9.04
Cost/income ratio (%)	68.5	70.7	74.9			69.3	72.7
Net new money, wealth management businesses (CHF billion)	31.1	20.2	16.5			75.4	47.5

Pre-goodwill earnings

Operating income	10,711	9,381	8,410	14	27	30,196	27,974
Operating expenses	7,309	6,583	6,109	11	20	20,769	19,693
Net profit attributable to UBS shareholders	2,642	2,111	1,763	25	50	7,180	6,314

Personnel

Full-time equivalents	As at			% change from	
	30.9.05	30.6.05	30.9.04	30.6.05	30.9.04
Switzerland	26,834	26,385	26,259	2	2
Rest of Europe/Africa/Middle East	11,546	11,257	10,512	3	10
Americas	26,891	26,587	25,837	1	4
Asia Pacific	5,231	4,971	4,270	5	23
Total	70,502	69,200	66,878	2	5

Reporting by Business Group and Unit

CHF million	Total operating income			Total operating expenses			Performance before tax		
	30.9.05	30.9.04	% change	30.9.05	30.9.04	% change	30.9.05	30.9.04	% change
Global Wealth Management & Business Banking									
Wealth Management International & Switzerland	2,358	1,918	23	1,192	1,073	11	1,166	845	38
Wealth Management USA	1,296	1,128	15	1,301	1,128	15	(5)	0	
Business Banking Switzerland	1,272	1,265	1	719	759	(5)	553	506	9
Global Asset Management	671	491	37	363	386	(6)	308	105	193
Investment Bank	4,691	3,213	46	3,305	2,501	32	1,386	712	95
Corporate Center									
Private Banks & GAM	304	270	13	165	160	3	139	110	26
Corporate Functions	119	125	(5)	264	286	(8)	(145)	(161)	10
Financial Businesses	10,711	8,410	27	7,309	6,293	16	3,402	2,117	61

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.