Fourth Quarter 2005

14 February 2006

Dear shareholders,

We are pleased to be able to report that 2005 was another successful year for UBS. Our financial performance was the best ever achieved. Our share price rose to a record high, outperforming most of our peers. This is an indication of the growing number of investors who recognize the sustained earnings power of our business. And we achieved this without dramatic strategic shifts or massive internal restructurings in a turbulent five years for the industry and financial markets. Instead, we held to our client-centric strategy of business focus and growth. We would like to take this opportunity to thank you for the trust and faith you have placed in us.

In 2005, net profit attributable to UBS shareholders was CHF 14,029 million, with CHF 512 million coming from our industrial holdings. This includes a net gain of CHF 3,705 million from the sale of Private Banks & GAM. In our financial businesses, net profit from continuing operations was CHF 9,442 million, an improvement of 18% from a year earlier (pre-goodwill). All businesses recorded a stronger performance in 2005. Our wealth and asset management businesses, in particular, had excellent years. The inflow of net new money (excluding Private Banks & GAM) was CHF 148 billion in 2005, up 80% from the strong result of CHF 82.2 billion achieved a year earlier. This, along with rising markets, drove invested assets up 25% on the year and, in turn, strengthened our asset-based fees. Revenues from advising corporate and institutional clients also rose to a record high. This reflected strong capital market activity in 2005 – with our Investment Bank continuing to establish itself as a preferred partner for many major corporations and institutional investors. Buoyant market opportunities, particularly in the second half of the year, pushed trading revenues up. Profits were also helped by another year of credit-loss recoveries.

We have continued to make significant investments in the growth of our businesses, in client-facing areas as well as in operations. At the same time, the costs of running our firm were kept under control. Overall, expenses increased less than revenues, and our financial businesses finished the year with a cost / income ratio of 70.1% for 2005. Pre-goodwill, the ratio improved by 1.3 percentage points from a year earlier. We were also, as in previous years, disciplined in our use of capital. Return on equity from continuing operations was a strong 27.6% in 2005 while earnings per share rose 22% from 2004.

In fourth quarter, the attributable profit in our core financial businesses was CHF 6,337 million. Excluding the impact from Private Banks & GAM, the contribution from continuing operations was CHF 2,597 million, our best-ever quarterly performance. Compared to a year earlier, income rose in practically all our businesses. In our wealth and asset management businesses, results reflected sustained strength in asset-based fees, with net new money inflows totaling CHF 30.6 billion. Our Investment Bank achieved excellent results in investment banking, equity derivatives, and prime brokerage – areas that have been investment priorities for the last five years.

Costs increased compared with a year earlier. Personnel expenses were up as we employed a higher number of people. They also reflected a rise in performance-related payments. General and administrative expenses increased, driven by litigation provisions, mainly in the US, and higher spending for client service and marketing, associated with higher levels of business activity.

The Board of Directors will recommend a total payout of CHF 3.80 per share at the Annual General Meeting (AGM) on 19 April 2006 in Basel. The payout comprises a regular dividend of CHF 3.20, up 7% from a year earlier, to be distributed in April, plus a one-time par value repayment of CHF 0.60 per share. The repayment will allow our shareholders to benefit from the gain realized from the sale of Private Banks & GAM. The par value repayment is exempt from Swiss withholding tax and it will be paid out two months after the dividend – in July 2006. Including par value repayments, cash dividends and share buybacks, we have distributed a total of CHF 38.8 billion to shareholders in the last six years, when we began buying back shares for cancellation. This accounts for as much as 63% of the total cash flow our businesses generated between 2000 and 2005.

The Board will also recommend a 2-for-1 share split. Combined with the par value repayment, this will reduce the par value of each share to CHF 0.10. We believe this will improve trading and liquidity in our shares, and bring the price more in line with other major companies whose shares are traded on international financial markets.

At the AGM, the Board will further propose the creation of conditional capital of a maximum of 75 million shares (150 million after the split) to fund our employee share option programs. Currently, we hold treasury shares to cover the need to deliver shares at the point when options are exercised. If approved by shareholders, the creation of conditional capital will help us to avoid substantial holdings of our own shares over extended periods and add transparency to our capital management. Neither our use of options as part of our overall compensation strategy, nor our disciplined approach to capital management, will change. Our main priority remains investing our capital in the growth of our business. After meeting this requirement, we will continue to buy back shares for cancellation. In our current buyback program, which began on 8 March 2005 and will end on 7 March 2006, we have bought back shares to a total value of approximately CHF 3.6 billion. We will launch another buyback program in March 2006 with a maximum limit of CHF 5 billion.

We are also pleased to propose Gabrielle Kaufmann-Kohler and Joerg Wolle as new members for election to the UBS Board of Directors at the AGM. Both nominees will provide us with highly valuable expertise. Gabrielle Kaufmann-Kohler complements the present composition of the Board with her extensive experience in international law and dispute settlement. Joerg Wolle has a strong

UBS

and successful record in the fast growing markets of the Asia Pacific region. We will also ask the AGM to re-elect Rolf A. Meyer and Ernesto Bertarelli to the Board.

With John Costas relinquishing his position on the Group Executive Board (GEB) to run Dillon Read Capital Management, our new alternative asset management business within Global Asset Management, we have appointed Marcel Rohner as Deputy Group CEO in his place. We have also appointed Rory Tapner, Chairman and CEO Asia Pacific, to the GEB. These two appointments, which involve no change in any daily operational responsibilities, became effective 1 January 2006.

Outlook – At this time last year, we said that it would be challenging to beat our then record 2004 result. Helped by continued favorable market conditions, especially in the second half of 2005, we did exceed last year's record performance; but this makes the task for 2006 even greater. Early indications for 2006 show that business has started on a positive note. Deal pipelines are promising, investors are upbeat and macroeconomic indicators are encouraging. The fundamentals driving the growth of the financial industry remain intact for the time being.

We are therefore optimistic about the outlook for UBS – for 2006 and beyond. We now have a strong competitive position in the areas we chose to invest in – among them European wealth management, alternative investments, investment banking, prime brokerage and in Asia Pacific across business lines. These areas are becoming major revenue contributors, allowing us to invest in other opportunities that fit our strategy. This will help us sustain growth as well as our attractiveness to clients, employees and shareholders well into the future.

14 February 2006

UBS

Marcel Ospel
Chairman

Peter Wuffli
Chief Executive Officer

Revised UBS performance indicators

For the last six years, we have consistently assessed our performance against a set of four measures that were designed to ensure the delivery of continuously improving returns to our shareholders. Since then, our firm has evolved, our business and our client base have grown. As a result, our performance has steadily exceeded our targets. In view of this, we have decided to modify our performance measures.

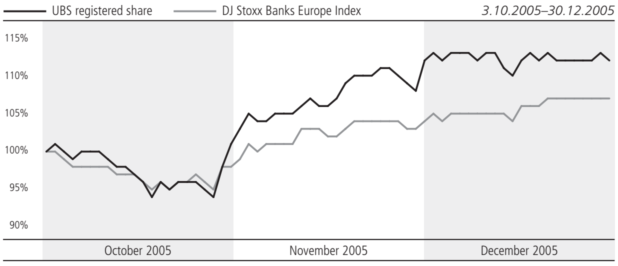
From 2006 onwards, on average through periods of varying market conditions, we will:
– seek to increase the value of UBS by achieving a sustainable, after-tax return on equity of a minimum of 20% (we previously targeted a range of 15–20%)
– aim to achieve a clear growth trend in net new money for all our financial businesses, including Global Asset Management and Business Banking Switzerland. (This measure was previously only applied to our wealth management units.)

In future, we will use diluted earnings per share (EPS) instead of basic EPS as a reference for our EPS growth target which remains, as before, annual double-digit percentage growth. Our cost/income objective will not change, and we will continue to manage it at levels that compare well with our best competitors.

UBS key figures

UBS share performance

Fourth Quarter 2005



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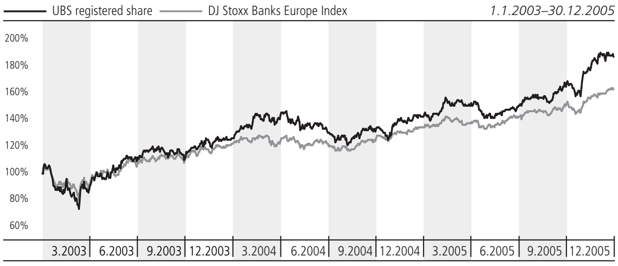

Shareholder returns

	Quarter ended			% change from		Year ended	
	31.12.05	30.9.05	31.12.04	3Q05	4Q04	31.12.05	31.12.04
Basic EPS *(CHF)* [1]							
as reported	**6.56**	2.75	2.07	139	217	13.93	7.78
from continuing operations, before goodwill	**2.66**	2.59	2.05	3	30	9.78	8.02
Return on equity attributable to UBS shareholders *(%)* [2]							
as reported						39.4	25.5
from continuing operations, before goodwill						27.6	26.3

Financial strength & ratings

	As at		
	31.12.05	30.9.05	31.12.04
BIS Tier 1 capital ratio *(%)* [3]	**12.9**	11.3	11.9
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

	Quarter ended			% change from		Year ended	
CHF million	**31.12.05**	30.9.05	31.12.04	3Q05	4Q04	31.12.05	31.12.04
Net profit attributable to UBS shareholders	**6,487**	2,770	2,078	134	212	14,029	8,016
Net profit attributable to minority interests	**162**	145	132	12	23	661	454
Net profit	**6,649**	2,915	2,210	128	201	14,690	8,470

Other key figures

	As at			% change from	
CHF million	**31.12.05**	30.9.05	31.12.04	30.9.05	31.12.04
Equity attributable to UBS shareholders	**44,324**	39,019	33,941	14	31
Market capitalization	**131,949**	116,732	103,638	13	27

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

Key figures Financial Businesses

Income statement

	Quarter ended			% change from		Year ended	
CHF million	**31.12.05**	30.9.05	31.12.04	3Q05	4Q04	31.12.05	31.12.04
Operating income	**10,593**	10,403	8,794	2	20	39,896	35,971
Operating expenses	**7,417**	7,146	6,413	4	16	27,704	26,149
Net profit attributable to UBS shareholders	**6,337**	2,642	1,889	140	235	13,517	7,656

Performance indicators

	Quarter ended			% change from		Year ended	
CHF million, except where indicated	**31.12.05**	30.9.05	31.12.04	3Q05	4Q04	31.12.05	31.12.04
Cost/income ratio *(%)*	**70.9**	68.9	73.4			70.1	73.2
Net new money, wealth management businesses *(CHF billion)*	**19.7**	31.1	12.9			95.1	60.4
Pre-goodwill earnings from continuing operations							
Operating income	**10,593**	10,403	8,794	2	20	39,896	35,971
Operating expenses	**7,417**	7,146	6,260	4	18	27,704	25,503
Net profit attributable to UBS shareholders	**2,597**	2,528	1,964	3	32	9,442	8,003

Personnel Financial Businesses

	As at			% change from	
Full-time equivalents	**31.12.05**	30.9.05	31.12.04	30.9.05	31.12.04
Switzerland	**26,028**	26,834	25,987	(3)	0
Rest of Europe/Middle East/Africa	**11,007**	11,546	10,751	(5)	2
Americas	**27,136**	26,891	26,231	1	3
Asia Pacific	**5,398**	5,231	4,438	3	22
Total	**69,569**	70,502	67,407	(1)	3

Reporting by Business Group and Unit

CHF million	Total operating income			Total operating expenses			Performance before tax from continuing operations		
For the quarter ended	**31.12.05**	31.12.04	% change	**31.12.05**	31.12.04	% change	**31.12.05**	31.12.04	% change
Global Wealth Management & Business Banking									
Wealth Management International & Switzerland	**2,419**	1,919	26	**1,302**	1,099	18	**1,117**	818	37
Wealth Management US	**1,408**	1,169	20	**1,325**	1,127	18	**83**	42	98
Business Banking Switzerland	**1,279**	1,246	3	**738**	743	(1)	**541**	503	8
Global Asset Management	**698**	526	33	**393**	364	8	**305**	162	88
Investment Bank	**4,590**	4,008	15	**3,218**	2,734	18	**1,372**	1,274	8
Corporate Center	**199**	(72)		**441**	346	27	**(242)**	(418)	42
Financial Businesses	**10,593**	8,794	20	**7,417**	6,413	16	**3,176**	2,381	33