

Second Quarter 2005

9 August 2005

Dear shareholders,

Our results this quarter show continued strength across the firm. Net profit attributable to you, our shareholders, was CHF 2,147 million. Our financial businesses contributed CHF 2,111 million, up 9% from a year earlier, but virtually flat pre-goodwill. In first half 2005, attributable profit from our financial businesses was CHF 4,538 million, in line with first half 2004.

Income in our financial businesses held up extremely well

– rising to CHF 9,312 million, CHF 11 million higher than second quarter 2004. Strong asset-based revenues in our wealth and asset management businesses, record bond underwriting fees and resilient brokerage income helped us to offset the challenging markets facing our trading desks. Practically all major asset-based fee categories were up – in particular investment fund and portfolio management fees as markets rose and new client money flowed into UBS. Invested asset levels rose to CHF 2.6 trillion because of increasing market valuations and strong inflows of net new money of CHF 30 billion in second quarter. Net new money in our wealth management businesses was at a near record of CHF 19.2 billion, with particularly strong contributions into our domestic European business and from Asian clients. Our Investment Bank won several prestigious merger and acquisition mandates, clearly establishing itself as a preferred partner for major global corporations. In second quarter, for instance, we advised independent credit card issuer MBNA on its merger with Bank of America, and cable television company Adelphia Communications on its sale to Time Warner and Comcast.

This strong momentum drove our corporate finance fees to the highest level ever seen at this time of the year, improving our market share and competitive position vis-à-vis last year. According to independent data, we ranked fourth in terms of our share of the global fee pool at the end of June 2005 with a year-to-date market share of 5.3%, improving from a market share of 5.1% and seventh rank in the same period of 2004. Our credit fixed income and rates businesses were affected by a tough trading environment and low market volumes throughout the quarter. The equities business, subject to low activity and investor uncertainty in April and May, saw a significant improvement in June.

Positive business sentiment and sound credit fundamentals in both Swiss and international credit markets led to a low level of new defaults. Recoveries from previously established positions were CHF 69 million in second quarter compared to CHF 128 million in the same quarter a year earlier.

Operating expenses fell 4% year-on-year, helping our cost/income ratio to improve to 70.7%. General and administrative expenses decreased from a year ago when we had a particularly high level of operational risk costs. Personnel expenses rose 4% as we continued to expand our businesses.

Earnings per share stood at CHF 2.10, down marginally from CHF 2.14 (pre-goodwill) in the same quarter a year earlier. Return on equity in first half 2005 was 28.2%, well above our target range of 15% to 20%.

The beginning of July marked a strategic milestone for our firm.

We announced the integration of our wealth management franchise around the world by bringing our US, Swiss and international units along with our Swiss corporate and retail banking unit into one Business Group titled Global Wealth Management & Business Banking, headed by Marcel Rohner. Raoul Weil, head of our wealth management business serving international clients, joined UBS's Group Executive Board. Mark Sutton, previously Chairman and CEO of the Wealth Management USA business, has been appointed to the new position of Chairman and CEO, Americas, responsible for accelerating the development of UBS's client base and integrating the work of UBS's businesses in the region. While the relationships between advisors and their clients will not in any way be altered by the integration, we expect to benefit from economies of scale in bringing together functions supporting our advisors. The move will accelerate our progress towards a consistent wealth management offering across the globe, and will make it even easier to fulfill clients' individual needs with sophisticated products and services from across UBS. With this integration, our highly successful municipal finance unit, previously located within the Wealth Management USA business, is being transferred to the Investment Bank's fixed income area.

We also announced our plan to launch a new alternative investment management business – Dillon Read Capital Management.

To start operating around the end of this year, its core will be formed from the transfer of our principal finance and commercial real estate trading businesses, currently part of our Investment Bank. These businesses, with their approximately 120 staff, will move to the new venture – which will be part of our Global Asset Management Business Group. Trading strategies managed by the team will be gradually opened up to co-investment from sophisticated long-term investors, and supplemented by further new offerings. This will allow us to satisfy the increasing demand from institutional clients for long-term alternative investment opportunities provided by strong global industry leaders. For UBS, it will create a new asset management revenue


stream from what has until now been a purely in-house trading activity. We will retain our current direct investment in the relevant trading portfolios, with any incremental future investments subject to our usual risk control process. Dillon Read Capital Management will be headed by John Costas who will leave UBS's Group Executive Board at the end of 2005, remaining non-executive Chairman of the Investment Bank. Huw Jenkins, previously head of the equities business, has succeeded John Costas as CEO of UBS's Investment Bank, becoming a member of the Group Executive Board.

Outlook – UBS performed well through a mixed second quarter for global markets. The start of the quarter was challenging, but subsequently markets picked up noticeably. We believe this momentum should continue, at least in the short term.

While the natural seasonality in our industry tends to boost earnings in the first part of the year, we have every reason to believe this will be another year of strong results for UBS and our shareholders.

9 August 2005

UBS



Marcel Ospel
Chairman



Peter Wuffli
Chief Executive Officer

Bilateral agreements between Switzerland and the EU

The bilateral agreements in place between the EU and Switzerland are an important pillar in ensuring Switzerland the free access it needs to the common European market, its single most important trade partner. They have been extremely positive for Switzerland since coming into force three years ago. Thanks to the reduction of trade restrictions, Switzerland's companies now have an easier time exporting goods and services. At the same time, they can hire qualified EU specialists more easily. This demonstrates that Switzerland's openness to international relations – one of its long-established trademarks – results in prosperity and growth. In September, Swiss voters will decide whether to allow the country to participate in the free movement of labor within the EU, including its new member states. A positive decision will secure the success of the bilateral agreements, and create new opportunities for economic growth, thereby strengthening Switzerland's independence.



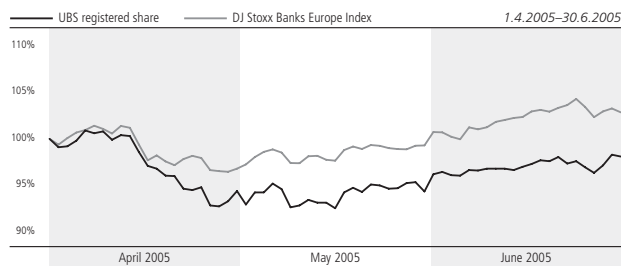
Every quarter, we update our shareholders on our businesses around the world by including feature articles in our quarterly reports.

This quarter, we wrote about our cooperation with Apple/iTunes for UBS's current national campaign in Switzerland aimed at attracting younger clients. You can access it at www.ubs.com/investors by clicking "Quarterly Themes".

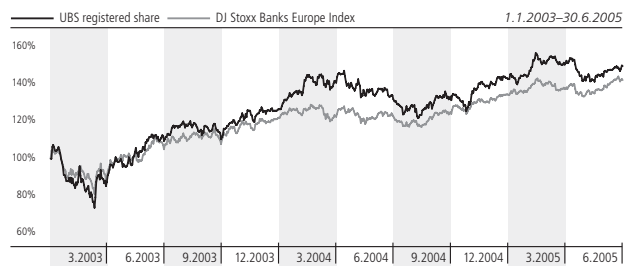
Or you can order the full quarterly report (English only) from UBS AG, Economic Information Center, GHDE, CK9K-AUL, P.O. Box, CH-8098 Zurich, Switzerland.

UBS share performance

Second Quarter 2005



Since 2003



Shareholder returns

| | Quarter ended | | | % change from | | Year to date | |
|--|---------------|---------|-------------------|---------------|------|--------------|-------------------|
| | 30.6.05 | 31.3.05 | 30.6.04 | 1Q05 | 2Q04 | 30.6.05 | 30.6.04 |
| Basic EPS (CHF) | | | | | | | |
| as reported ¹ | 2.10 | 2.60 | 1.96 | (19) | 7 | 4.70 | 4.12 |
| before goodwill | 2.10 | 2.60 | 2.14 ² | (19) | (2) | 4.70 | 4.47 ² |
| Return on equity attributable to UBS shareholders (%) | | | | | | | |
| as reported ³ | | | | | | 28.2 | 27.2 |
| before goodwill | | | | | | 28.2 | 29.5 ⁴ |

Financial strength & ratings

| | As at | | |
|---|---------|---------|---------|
| | 30.6.05 | 31.3.05 | 30.6.04 |
| BIS Tier 1 capital ratio (%) ⁵ | 12.2 | 11.5 | 12.1 |
| 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 | |
|---|---------------|---------|---------|---------------|------|--------------|---------|
| | 30.6.05 | 31.3.05 | 30.6.04 | 1Q05 | 2Q04 | 30.6.05 | 30.6.04 |
| Net profit attributable to UBS shareholders | 2,147 | 2,625 | 2,043 | (18) | 5 | 4,772 | 4,320 |
| Net profit attributable to minority interests | 146 | 208 | 110 | (30) | 33 | 354 | 202 |
| Net profit | 2,293 | 2,833 | 2,153 | (19) | 7 | 5,126 | 4,522 |

Other key figures

| CHF million | As at | | | % change from | |
|---|---------|---------|---------|---------------|---------|
| | 30.6.05 | 31.3.05 | 30.6.04 | 31.3.05 | 30.6.04 |
| Equity attributable to UBS shareholders | 38,002 | 38,130 | | 0 | |
| Market capitalization | 108,193 | 109,838 | 98,001 | (1) | 10 |

Footnotes: ¹ For the EPS calculation, see note 8 to the financial statements of second quarter 2005. ² Net profit attributable to UBS shareholders less the amortization of goodwill/weighted average shares outstanding. ³ Net profit attributable to UBS shareholders (annualized)/average equity attributable to UBS shareholders less dividends. ⁴ Net profit attributable to UBS shareholders less the amortization of goodwill (annualized)/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 second quarter 2005 report.

Key figures Financial Businesses

Income statement

| CHF million | Quarter ended | | | % change from | | Year to date | |
|---|---------------|---------|---------|---------------|------|--------------|---------|
| | 30.6.05 | 31.3.05 | 30.6.04 | 1Q05 | 2Q04 | 30.6.05 | 30.6.04 |
| Operating income | 9,381 | 10,104 | 9,429 | (7) | (1) | 19,485 | 19,564 |
| Operating expenses | 6,583 | 6,877 | 6,827 | (4) | (4) | 13,460 | 13,947 |
| Net profit attributable to UBS shareholders | 2,111 | 2,427 | 1,940 | (13) | 9 | 4,538 | 4,188 |

Performance indicators

| CHF million, except where indicated | Quarter ended | | | % change from | | Year to date | |
|---|---------------|---------|---------|---------------|------|--------------|---------|
| | 30.6.05 | 31.3.05 | 30.6.04 | 1Q05 | 2Q04 | 30.6.05 | 30.6.04 |
| Cost / income ratio (%) | 70.7 | 69.0 | 73.4 | | | 69.8 | 71.8 |
| Net new money, wealth management businesses (CHF billion) | 19.2 | 21.2 | 10.4 | | | 40.4 | 29.4 |

Earnings pre-goodwill

| | | | | | | | |
|---|-------|--------|-------|------|-----|--------|--------|
| Operating income | 9,381 | 10,104 | 9,429 | (7) | (1) | 19,485 | 19,564 |
| Operating expenses | 6,583 | 6,877 | 6,644 | (4) | (1) | 13,460 | 13,584 |
| Net profit attributable to UBS shareholders | 2,111 | 2,427 | 2,123 | (13) | (1) | 4,538 | 4,551 |

Headcount Financial Businesses

| | As at | | | % change from | |
|---------------------------------------|---------------|---------------|---------------|---------------|----------|
| | 30.6.05 | 31.3.05 | 30.6.04 | 31.3.05 | 30.6.04 |
| Full-time equivalents | | | | | |
| Switzerland | 26,385 | 26,192 | 26,312 | 1 | 0 |
| Rest of Europe / Africa / Middle East | 11,257 | 10,988 | 10,299 | 2 | 9 |
| Americas | 26,587 | 26,270 | 25,361 | 1 | 5 |
| Asia Pacific | 4,971 | 4,747 | 4,050 | 5 | 23 |
| Total | 69,200 | 68,197 | 66,022 | 1 | 5 |

Reporting by Business Group and Unit

| CHF million | Total operating income | | | Total operating expenses | | | Performance before tax | | |
|---|------------------------|--------------|------------|--------------------------|--------------|-------------|------------------------|--------------|------------|
| | 30.6.05 | 30.6.04 | % change | 30.6.05 | 30.6.04 | % change | 30.6.05 | 30.6.04 | % change |
| Wealth Management & Business Banking | | | | | | | | | |
| Wealth Management | 2,164 | 1,928 | 12 | 1,201 | 1,058 | 14 | 963 | 870 | 11 |
| Business Banking Switzerland | 1,275 | 1,272 | 0 | 711 | 773 | (8) | 564 | 499 | 13 |
| Global Asset Management | 549 | 498 | 10 | 329 | 361 | (9) | 220 | 137 | 61 |
| Investment Bank | 3,690 | 3,906 | (6) | 2,613 | 2,943 | (11) | 1,077 | 963 | 12 |
| Wealth Management USA | 1,331 | 1,274 | 4 | 1,198 | 1,274 | (6) | 133 | 0 | 100 |
| Corporate Center | | | | | | | | | |
| Private Banks & GAM | 287 | 279 | 3 | 164 | 176 | (7) | 123 | 103 | 19 |
| Corporate Functions | 85 | 272 | (69) | 367 | 242 | 52 | (282) | 30 | |
| Financial Businesses | 9,381 | 9,429 | (1) | 6,583 | 6,827 | (4) | 2,798 | 2,602 | 8 |

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.