

First Quarter 2010

4 May 2010

Dear shareholders,

Today we are pleased to announce that in the first quarter, we generated a net profit attributable to shareholders of CHF 2.2 billion, or earnings per share of CHF 0.58. The Investment Bank made the strongest contribution to the growth in our profits, but we are encouraged by the progress we see in all of our business divisions as we work towards our medium-term pre-tax profit target of CHF 15 billion. The result for the first quarter is a testament to the consistent efforts of our staff, and a clear sign that our clients are regaining confidence and trust in the new UBS.

Our net profit attributable to shareholders for first quarter 2010 was approximately CHF 1 billion higher than that of the fourth quarter. This quarter's result included a tax charge of CHF 603 million, compared with a tax credit of CHF 480 million in the previous quarter. All business divisions were profitable.

By implementing the strategies and goals set in 2009, we delivered a solid performance while maintaining discipline over our cost base, risks and balance sheet. The Group cost/income ratio was 69.7% compared with 83.9% in the fourth quarter. While variable costs increased reflecting higher revenues, our fixed cost base remained in line with an anticipated annual run rate of under CHF 20 billion. We also maintained our risk discipline, with no significant increase in our risk profile or assets needed to deliver almost 80% growth in profits. Our tier 1 capital ratio further strengthened to 16.0% from 15.4% and our FINMA leverage ratio improved to 4.1% from 3.9%, both compared with 31 December 2009.

Wealth Management's profit before tax was CHF 696 million, up 3% from the fourth quarter. This reflected both an increased gross margin on invested assets and ongoing cost-management measures. Annualized gross margin increased to 93 basis points compared with 88 basis points in the fourth quarter, as we implement our strategic initiatives to grow the gross margin to 100 basis points in the medium term. Costs, although up 7% on unusually low levels in the fourth quarter, have been managed tightly in line with revenue growth. Retail & Corporate's pre-tax result was CHF 465 million, up 7% from the prior quarter principally due to credit loss recoveries.

Wealth Management Americas' pre-tax profit was CHF 15 million compared with CHF 178 million in fourth quarter 2009. Revenues were broadly flat while costs increased due to the introduction of financial advisor loyalty programs and higher allocations from the Corporate Center. Financial advisor productivity improved as the new management team continued to stabilize the business.

Strong investment performance is a key driver of future profitability in our Global Asset Management division. In the first quarter, we continued to add to the strong performance track record we have built across the majority of our investment capabilities over the past year. Revenues declined slightly on lower management fees, while costs were higher as the fourth quarter included a significant reversal of variable compensation accruals. Profit before tax was CHF 137 million compared with CHF 284 million in the fourth quarter.

Invested assets for each of our asset gathering businesses increased slightly to total nearly CHF 2.3 trillion. We see further signs of recovery in each of these businesses. In Wealth Management, where we recorded net outflows of CHF 8.0 billion, we saw continued net new money inflows in the Asia Pacific region, and net new money turned positive in this quarter in the ultra high net worth segment and a number of important European countries. Retail & Corporate net outflows edged down from CHF 0.3 billion in fourth quarter to CHF 0.2 billion. Wealth Management Americas recorded net outflows of CHF 7.2 billion in the quarter; however, financial advisors with more than one year's service at UBS delivered positive net new money for the first time since first quarter 2008. Global Asset Management recorded net outflows of CHF 2.6 billion, but attracted net inflows of CHF 2.1 billion from third parties.

The Investment Bank recorded a pre-tax profit of CHF 1,190 million compared with CHF 297 million in the fourth quarter. This improvement was largely due to a strong performance in Fixed income, currencies and commodities (FICC) and higher revenues in Equities. Our revenues were generated predominantly by flow-based, client-centric businesses, while risk measures were broadly unchanged from the fourth quarter. Own credit losses on financial liabilities designated at fair value were CHF 247 million compared with CHF 24 million in the prior quarter.

Integrating the delivery of our expertise remains a key priority for us, and is essential to providing our clients with the quality of service they need and expect and to delivering our medium-term financial targets. In the first quarter, we have introduced a number of initiatives to enable our clients to benefit further from the full capabilities of the bank. The Investment Products and Services (IPS) unit bundles investment products and services across all business divisions to provide comprehensive service to clients with complex needs. A new specialist ultra high net worth client team has been developed to bring our product expertise closer to our clients, to enable us to offer a comprehensive range of high-quality products regardless of location, and to ensure consistency when serving our ultra high net worth clients on a global basis.

In the Investment Bank, we aligned our world leading FICC and Equities Research teams to form UBS Securities Research. The new business model will enable our clients to gain efficient and effective access to a best-in-class research offering across asset classes, which is an important driver of revenues growth in the research business. The new structure will also deliver synergies across research management, operations and technology, which will improve coordination and increase efficiencies.

Integration of the firm also requires our people to collaborate more closely. With operations in over 50 countries globally, this presents a special challenge for us.

Members of our Group Executive Board recently traveled to our major locations to discuss with our Managing Directors how to deliver the new UBS. As leaders across the firm, our Managing Directors are committed to implementing the firm's strategy and driving the strategic principles of reputation, integration and execution deep into the organization.

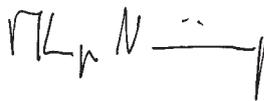
The regulatory landscape for large financial institutions continued to become more restrictive and uncertain in the first quarter.

Governments and regulatory bodies have sought to address systemic risk with proposals covering capital, liquidity, corporate structure and bankruptcy resolution mechanisms and have raised the possibility of general levies and wind-fall taxes on banks' profits. With respect to liquidity, FINMA and the Swiss National Bank introduced substantially revised liquidity regimes for large Swiss banks effective 30 June 2010. These rules require us to hold reserves of highly liquid assets that would

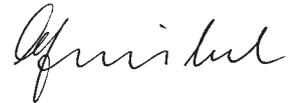
be sufficient to maintain adequate liquidity even in periods of extreme stress. We are already compliant with the new regulations. We will maintain flexibility in our business model to adjust to future regulatory changes.

Outlook – We expect securities trading market activity in the second quarter to be generally in line with what we saw in the first quarter, although concerns relating to European sovereign debt provide a basis for some market uncertainty. Banking markets should continue their recovery, benefiting our lending and financial advisory businesses. Operational improvements implemented last year should have a positive effect on our results going forward. We accordingly expect gradual improvement in wealth management and asset management results, subject to market conditions. Net new money outflows are expected to be at relatively moderate levels in the near term, although we continue to believe that the steps we have taken to deal with the root causes of the net outflows will be effective. Invested assets, which more directly affect revenues, are subject to market movements but are expected to remain broadly stable.

Yours sincerely,



Kaspar Villiger
Chairman of the Board
of Directors

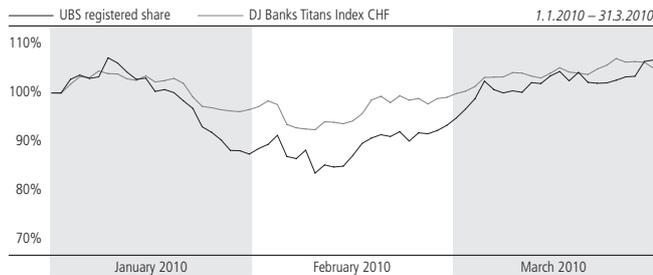


Oswald J. Grübel
Group Chief Executive Officer

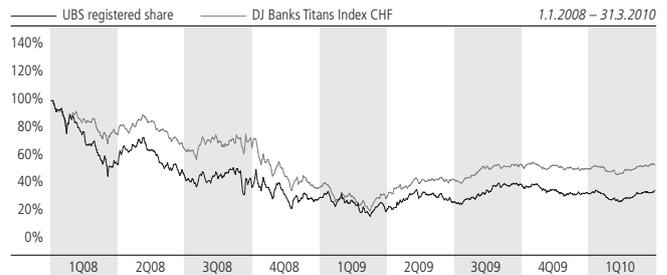
Our key figures for the first quarter 2010

UBS share performance

First quarter 2010



Since 2008



Group results

	For the quarter ended		
	31.3.10	31.12.09	31.3.09
<i>CHF million, except where indicated</i>			
Operating income	9,010	6,095	4,970
Operating expenses	6,200	5,183	6,528
Operating profit before tax (from continuing and discontinued operations)	2,811	888	(1,547)
Net profit attributable to UBS shareholders	2,202	1,205	(1,975)
Diluted earnings per share (CHF) ¹	0.58	0.31	(0.57)

¹ Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the "Financial information" section of the first quarter 2010 report.

Key performance indicators, balance sheet and capital management¹

	For the quarter ended		
	31.3.10	31.12.09	31.3.09
<i>In %, except where indicated</i>			
Performance			
Return on equity (RoE)	21.0	(7.8)	(24.8)
Return on risk-weighted assets, gross	17.1	9.9	8.4
Return on assets, gross	2.6	1.5	1.3
Growth			
Net profit growth ²	78.9	N/A	N/A
Net new money (CHF billion) ³	(18.0)	(56.2)	(14.9)
Efficiency			
Cost/income ratio	69.7	83.9	106.9

	As of	
	31.3.10	31.12.09
<i>CHF million, except where indicated</i>		
Capital strength		
BIS tier 1 ratio (%) ⁴	16.0	15.4
FINMA leverage ratio (%) ⁴	4.12	3.93
Balance sheet and capital management		
Total assets	1,356,427	1,340,538
Equity attributable to UBS shareholders	42,800	41,013
BIS total ratio (%) ⁴	20.0	19.8
BIS risk-weighted assets ⁴	209,138	206,525
BIS tier 1 capital ⁴	33,404	31,798

¹ For the definitions of UBS's key performance indicators refer to the "Measurement and analysis of performance" section on page 33 of UBS's Annual Report 2009. ² Not meaningful if either the current period or the comparison period is a loss period. ³ Excludes interest and dividend income. ⁴ Refer to the "Capital management" section of the first quarter 2010 report.

Reporting by division

CHF million	Total operating income			Total operating expenses			Performance before tax from continuing operations		
	31.3.10	31.12.09	% change	31.3.10	31.12.09	% change	31.3.10	31.12.09	% change
For the quarter ended	31.3.10	31.12.09	% change	31.3.10	31.12.09	% change	31.3.10	31.12.09	% change
Wealth Management	1,904	1,800	6	1,208	1,127	7	696	674	3
Retail & Corporate	978	968	1	512	533	(4)	465	435	7
Wealth Management & Swiss Bank	2,882	2,769	4	1,720	1,660	4	1,161	1,109	5
Wealth Management Americas	1,362	1,395	(2)	1,347	1,217	11	15	178	(92)
Global Asset Management	521	537	(3)	385	253	52	137	284	(52)
Investment Bank	3,889	2,097	85	2,699	1,800	50	1,190	297	301
Treasury activities and other corporate items	356	(703)		49	253	(81)	306	(956)	
UBS	9,010	6,095	48	6,200	5,183	20	2,810	912	208

Additional information

CHF million, except where indicated	As of		
	31.3.10	31.12.09	31.3.09
Invested assets (CHF billion)	2,267	2,233	2,182
Personnel (full-time equivalents)	64,293	65,233	76,206
Market capitalization ¹	65,660	57,108	31,379
Long-term ratings			
Fitch, London	A+	A+	A+
Moody's, New York	Aa3	Aa3	Aa2
Standard & Poor's, New York	A+	A+	A+

¹ Refer to the appendix "UBS registered shares" of the first quarter 2010 report.

Cautionary Statement Regarding Forward-Looking Statements | This document contains statements that constitute "forward-looking statements", including but not limited to management's outlook for UBS's financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development. While these forward-looking statements represent UBS's judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. These factors include, but are not limited to: (1) future developments in the markets in which UBS operates or to which it is exposed, including movements in securities markets, credit spreads, currency exchange rates and interest rates; (2) the effect of the current economic environment or other developments on the financial position or creditworthiness of UBS's customers and counterparties; (3) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings; (4) the ultimate effect on UBS's 2009 settlements with US authorities of the recent Swiss court decision relating to the provision of certain UBS client data to the US Internal Revenue Service, including the outcome of the Swiss Parliament's consideration of the related governmental agreement; (5) the outcome and possible consequences of pending or future inquiries or actions concerning UBS's cross-border banking business by tax or regulatory authorities in various other jurisdictions; (6) the degree to which UBS is successful in effecting organizational changes and implementing strategic plans, and whether those changes and plans will have the effects intended; (7) the effect of possible political, legal and regulatory developments, including the possible adoption in Switzerland or other relevant countries of more stringent capital and liquidity requirements, additional taxes, constraints on remuneration and legal or regulatory restrictions on UBS's activities or other measures designed to address the systemic risk posed by major financial institutions, including the possibility that such measures might be adopted in a manner that creates competitive imbalances between UBS and major competitors; (8) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses; (9) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other matters; (10) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (11) changes in the size, capabilities and effectiveness of UBS's competitors; (12) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures, either within UBS or within a counterparty; and (13) technological developments. In addition, our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth 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 2009. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.