Conducting our businesses responsibly is at the very heart of our culture and identity. As a leading global financial services firm, we want to provide our clients with value-added products and services, promote a corporate culture that adheres to the highest ethical standards, and generate superior but sustainable returns for our shareholders.

We have sound processes in place which ensure that relevant issues are detected and addressed effectively, helping us to act responsibly — and beyond solely short-term profit-oriented considerations.

Beyond pure business essentials, we recognize that our success depends not only on the skill and resources of our people and the relationships we foster with clients, but on the health and prosperity of the communities of which we are a part. We support communities in many different ways. Our employees volunteer their skills and time to a large number of community affairs projects around the world. We also make direct cash donations to organizations, and match donations our employees make to selected charity funds. In 2004, for example, we donated more than 30 million Swiss francs around the globe.

As an example, our businesses in Switzerland directly sponsor charitable activities both in and outside the country. Besides that, we have established a number of independent foundations and associations that donate money to worthy causes in Switzerland. One, called "A Helping Hand from UBS Employees", assists disabled and disadvantaged people to lead active, independent lives. We encourage employee involvement by matching some of the funds raised.

We have also endowed two independent charities with our money. The first, called the "UBS Trust for Social Issues and Education", contributes to public education, improving health and fighting drug addiction. The second, the "UBS Cultural Trust", supports a broad range of projects in culture, art and science.

In addition, we support our Swiss employees wanting to do volunteer work during office hours.

Apart from that, we also assist our clients who want to engage in charitable causes. The UBS Optimus Foundation invests donations from our clients into a number of programs and organizations that focus particularly on children. We bear all the foundation's management and administration costs.

2004 Report

The year in review

January

UBS wins *Euromoney's* inaugural "Best Global Private Bank" award, ranking first in Western Europe and numerous other parts of the world.

February

UBS agrees to acquire Laing & Cruickshank, a leading UK provider of wealth management services, from Crédit Lyonnais. The acquisition accelerates UBS's organic growth program, pushing the domestic UK business into the top five in the country.

March

Clive Standish is appointed Chief Financial Officer and Head of the Corporate Center. Rory Tapner is appointed Chairman and Chief Executive Officer for UBS in Asia Pacific.

April

To increase efficiency and realize synergies, UBS integrates its information technology infrastructure (ITI) functions across the firm.

UBS raises its stake in Motor-Columbus, a Swiss power generating company, to a majority holding. This move lays the foundation for a future sale by UBS of its participation in Motor-Columbus.

May

The Federal Reserve Board (Fed) and the Swiss Federal Banking Commission (SFBC) sanction UBS in connection with violations of an agreement governing its involvement in the "Extended Custodial Inventory Program" for US dollar banknotes. The Fed announces that it will levy a civil penalty of 100 million US dollars.

UBS launches its Private Wealth Management Group for the US market. This new initiative will develop products and services for ultra high net worth individuals, defined as clients with a net worth of more than 10 million US dollars.

July

UBS again wins several of *Euromoney* magazine's Awards for Excellence, with the firm being named the "Best Global Investment Bank", "Best Global Private Bank" and "Best Equity House".

UBS extends its commitment to the UBS Verbier Festival Orchestra to 2007.

August

UBS is named the world's 45th most valuable brand, worth 6.5 billion US dollars, in the Global Brand Scoreboard published in *BusinessWeek*.

The UBS Beijing Branch commences operations, allowing UBS to offer foreign currency deposits, foreign exchange and remittance services to clients in China.

September

The UBS Fund Services building in Grand Cayman sustains minor damage during Hurricane Ivan. Power to the building is cut off due to flooding, but essential business services are maintained by setting up temporary facilities at other UBS offices.

October

The acclaimed UBS-sponsored exhibition "Tutankhamun – The Golden Beyond" closes in Basel. More than 600,000 visitors see the exhibition and the UBS hospitality house attracts more than 10,000 clients.

November

UBS completes the acquisition of Schwab Capital Markets (SCM). The integration of SCM and its NASDAQ trading system makes UBS one of the top traders in NASDAQ securities in the US. This complements UBS's existing position as a top-three firm in the trading of NYSE listed securities and its top position in secondary cash equity trading worldwide.

The merger of UBS and Sauerborn Trust in Germany creates that country's leading advisory service for ultra-high net worth individuals.

December

The UBS Art Collection is presented to a broad public for the first time through its innovative multimedia "web museum" at www.ubs.com/artcollection.

UBS signs agreements to acquire the wealth management operations of Dresdner Bank Lateinamerika and Julius Baer in North America.

Corporate governance

Corporate governance – how we organize the leadership and management of our firm and how we operate in practice – ultimately aims at leading us to success, protecting the interests of our shareholders while creating value for them and for all stakeholders. Good corporate governance seeks to balance entrepreneurship, control and transparency, while supporting the firm's success by ensuring efficient decision-making processes.

A full description of our corporate governance as required by the "SWX Swiss Exchange Directive on Information relating to Corporate Governance" can be found in the UBS Handbook 2004/2005.

Management structure

We operate under a strict dual Board structure, as mandated by Swiss banking law. The functions of Chairman of the Board of Directors (Chairman) and Chief Executive Officer (CEO) are conferred on two different people, thus providing separation of powers. No member of one board may be a member of the other. This structure establishes checks and balances and creates an institutional independence of the Board of Directors from the day-to-day management of the firm, for which responsibility is conferred on the Group Executive Board (GEB).

Board of Directors

The Board of Directors is the most senior body of UBS. Each member is elected by the shareholders for a term of office of three years. The Board itself then appoints its Chairman, the Vice Chairmen and the various Board Committees (Audit Committee, Compensation Committee, and Nominating Committee). On 31 December 2004, the Board consisted of ten directors.

The Board takes responsibility for the strategy and management of the company and for the supervision of its executive management, to which it has delegated day-to-day management responsibility. The Board defines the firm's risk principles and determines its risk capacity. A majority of the Board members are non-executive and independent. It meets as often as business requires, but at least six times per year.

The Chairman and at least one Vice Chairman have executive roles (in line with Swiss banking laws), and assume supervisory and leadership responsibilities.

Group Executive Board

The Group Executive Board has business management responsibility for UBS. All its members are appointed by the Board of Directors. The GEB, and in particular the CEO, is responsible for the implementation and results of the firm's business strategies, for the alignment of the Business Groups to UBS's integrated business model and for the exploitation of synergies across the firm. The GEB is accountable to the Board for the firm's results and, together with the Chairman's Office, assumes overall responsibility for the development of UBS's strategies.

The members of the GEB (as of 31 December 2004) are shown in the 2004 results discussion section of this Annual Review. On 1 March 2005, Walter Stuerzinger, Group Chief Risk Officer since 2001, will join the GEB with responsibility for the development and implementation of the Group's control processes for credit, market and operational risk.

Compensation for senior executives

UBS's compensation policy aims to provide competitive total compensation packages that will enable the firm to attract, retain and motivate the talent it requires. The packages should provide incentives that foster an entrepreneurial and performance-oriented culture and support the firm's integrated business strategy.

Compensation of senior executives is closely linked to the achievement of sustainable shareholder returns and provides appropriate incentives for long-term value creation. It consists of a base salary and a performance-based incentive component.

For 2004, compensation for senior executives totaled CHF 190.6 million, up from CHF 158.4 million in 2003. Both figures include fixed base salaries, performance-related incentive awards (paid in cash and UBS shares), options on UBS shares, the employer's contribution to retirement benefit plans, benefits in kind and fringe benefits.

Total compensation levels are highly variable year-on-year as they are performance-driven. The relative weight of the components therefore varies significantly every year. In 2004, base salaries constituted between 2% and 17% of the total compensation for individual executive members of the Board and members of the GEB. The incentive component, which in 2004 formed the major part of compensation, is determined on the basis of the financial performance of the firm – measured against prior year results and established financial performance targets. It is also a reflection of the individual contribution of each executive. A substantial part is paid in the form of restricted UBS shares. Long-term incentives in the form of options on UBS shares awarded in 2004 accounted for around 15% of total compensation. These options were granted at a strike price that was 10% higher than the average market value on the last trading day in February 2004.

The approval of senior executive compensation and the design of senior executive compensation schemes are subject to a rigorous process. The Compensation Committee of the Board of Directors, which consists of independent members, has a central role in the compensation process. No one has any approval authority for his or her own compensation.

Details on executive and board compensation and shareholdings can be found in our compensation report published in our Handbook 2004/2005 or as a separate report (see other sources of information on the last page of this Annual Review).

Shareholders' participation rights

UBS is committed to making it as easy as possible for shareholders to take an active part in its decision-making processes.

We fully subscribe to the principle of equal treatment of all shareholders, ranging from large investment institutions to individual investors, and regularly inform them about the development of the company of which they are co-owners.

UBS places no restrictions on share ownership and voting rights. In order to have voting rights registered, shareholders must confirm they acquired UBS shares in their own name and for their own account. Nominee companies and trustees, who can represent a great number of individual shareholders, may register an unlimited number of shares. Their voting rights are limited to a maximum of 5% of outstanding UBS shares in order to avoid the risk of unknown shareholders with large stakes being entered into the share register.

All registered shareholders – currently almost 260,000 – are invited to participate in shareholder meetings (Annual General Meetings, AGMs). If they do not wish to attend, they can issue instructions to accept, reject or abstain on each individual item on the meeting agenda – either by giving instructions to an Independent Proxy designated by UBS or by appointing UBS, another bank or another registered shareholder of their choice to vote on their behalf.

The AGM gives shareholders the opportunity to raise any questions regarding the development of the company and the events of the year under review. The members of the Board of Directors and GEB, as well as the internal and external auditors, are present to answer questions. Shareholders, individually or jointly representing shares with an aggregate par value of CHF 250,000, may submit proposals for matters to be placed on the agenda for consideration at the AGM.

Audit

The Board of Directors and its Audit Committee supervise the functioning of overall audit work. The Chairman's Office has primary responsibility for the supervision of Group Internal Audit, while the Audit Committee monitors and assesses the qualification, independence and performance of the External Auditors. Ernst & Young Ltd, Basel, have been assigned the mandate to serve as global auditors for UBS. They were first appointed as UBS's principal external auditor for the audit of the 1998 financial statements. Since then, shareholders voting at AGMs have annually confirmed their mandate until and including 2004, and they will be proposed for re-election at the AGM in 2005. The Audit Committee has determined that Ernst & Young Ltd. meet all independence requirements established by the US Securities and Exchange Commission (SEC).

In 2004, UBS paid Ernst & Young CHF 36.6 million for audit services (CHF 32.2 million in 2003) and CHF 16.2 million for non-audit services pre-approved by the Audit Committee (CHF 19.6 million in 2003).

Group Internal Audit provides an independent review of the effectiveness of the system of internal controls and compliance with key rules and regulations. It has unrestricted access to all accounts, books and records and must be provided with all information and data required to fulfil its auditing duties. All key issues raised by Group Internal Audit are communicated to the management in charge, to the CEO and the Chairman's Office via formal Audit Reports. Group Internal Audit employs around 255 staff members worldwide. To maximize its independence from management, the head of Group Internal Audit, Markus Ronner, reports directly to the Chairman of the Board.

Members of the Board of Directors

Marcel Ospel | Chairman
UBS AG, Bahnhofstrasse 45, CH-8098 Zurich

Marcel Ospel was elected to the Board of Directors at the AGM in April 2001 and thereafter appointed as Chairman. Prior to this mandate, he served as Group Chief Executive Officer of UBS. He was the President and Group Chief Executive Officer of Swiss Bank Corporation (SBC) from 1996 to 1998. He was made CEO of SBC Warburg in 1995, having been a member of the Executive Board of SBC since 1990. From 1987 to 1990, he was in charge of Securities Trading and Sales at SBC. From 1984 to 1987, Mr. Ospel was Managing Director with Merrill Lynch Capital Markets; and from 1980 to 1984, he worked at SBC London and New York in the Capital Markets division. He began his career at Swiss Bank Corporation in the Central Planning and Marketing Division in 1977. Mr. Ospel was born on 8 February 1950. He is a Swiss citizen.

His current term of office runs until 2005 and he is proposed for re-election at 2005's AGM.

Alberto Togni | Executive Vice Chairman
UBS AG, Bahnhofstrasse 45, CH-8098 Zurich

Alberto Togni has been with UBS and SBC since 1959. From 1994 to 1998, he was Chief Risk Officer and a member of the Group Executive Committee of Swiss Bank Corporation. He previously held various functions in the Commercial Division, becoming its head in 1993. In 1981, he was named Member of the Executive Board. Prior to that, he assumed different management roles in Zurich, New York, Tokyo and as representative for the Middle East in Beirut. Mr. Togni was born on 30 October 1938. He is a Swiss citizen.

Mr. Togni was first elected to the Board of UBS in 1998 and his term of office expires in 2005. At the 2005 AGM, he will step down from the Board as he has reached retirement age.

Stephan Haeringer | Executive Vice Chairman
UBS AG, Bahnhofstrasse 45, CH-8098 Zurich

Stephan Haeringer has held several positions with UBS over the last three decades. He was CEO of UBS Switzerland and of its Private and Corporate Clients division before becoming Deputy President of the GEB in mid-2002. From 1996 to 1998, he was CEO Region Switzerland of Union Bank of Switzerland. From 1991 to 1996, he served as Division Head, Private Banking and Institutional Asset Management. In 1991, he was appointed member of the Group Executive Board, and in 1987 he became Executive Vice President and served as Head of the Financial Division. During the years 1967 to 1988, Mr. Haeringer assumed various management roles. He was born on 6 December 1946 and is a Swiss citizen.

Mr. Haeringer was elected to the Board of UBS in 2004 and his current term of office runs until 2007.

Peter Böckli | Non-executive Vice Chairman and Chairman of the Nominating Committee
Böckli Bodmer & Partners, St. Jakobsstrasse 41, CH-4002 Basel

Peter Böckli is a partner in the law office of Böckli Bodmer & Partners, Basel, and until March 2001 was a part-time professor of tax and business law at the University of Basel. He is a member of the Board of Directors of Nestlé SA. In addition, he is the Vice Chairman of the Board of Directors of Manufacture des Montres Rolex S.A. Mr. Böckli was born on 7 May 1936. He is a Swiss citizen.

Mr. Böckli was first elected to the Board of UBS in 1998 and his current term of office runs until 2006.

Ernesto Bertarelli
Serono International SA, Chemin des Mines, 15bis, CH-1211 Geneva 20

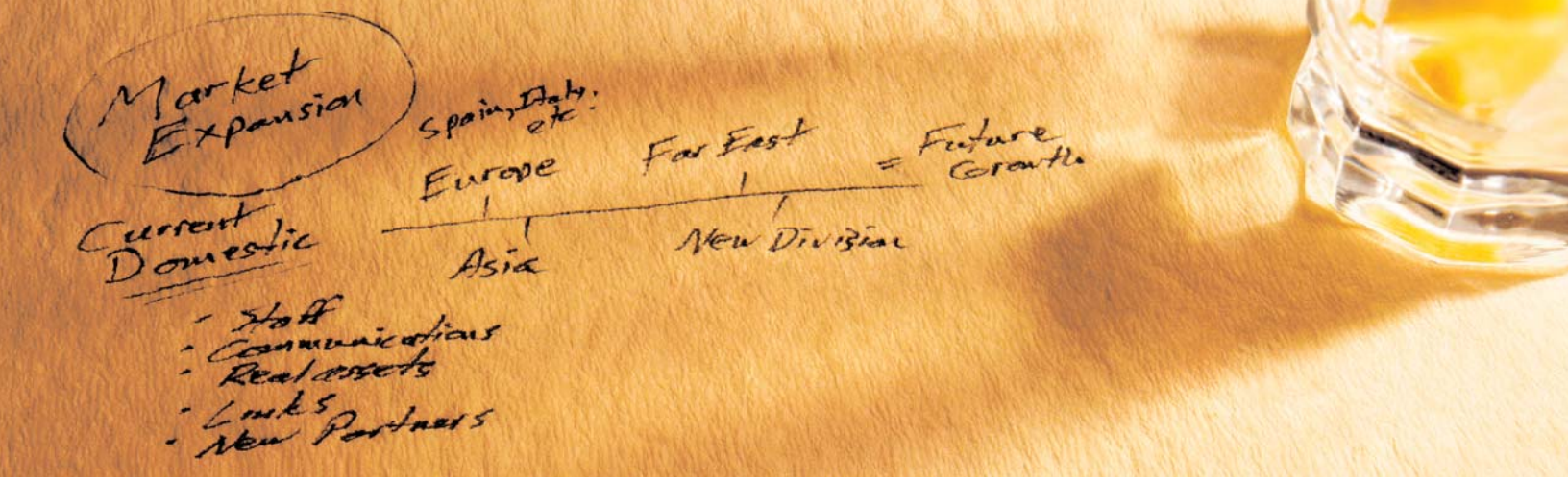
Ernesto Bertarelli has been the Chief Executive of Serono International SA since 1996. He has been the Vice Chairman of the Board of Directors of Serono SA since 1991. Mr. Bertarelli started his career with Serono in 1985 and held several positions in sales and marketing. Prior to his appointment as CEO, he served for five years as Deputy CEO. Mr. Bertarelli was born on 22 September 1965. He is a Swiss citizen.

Mr. Bertarelli was elected to the Board of UBS in 2002 and his current term of office runs until 2006.

Sir Peter Davis | Member of the Audit, the Compensation and the Nominating Committees
41 Bloomfield Terrace, London SW1W 8BQ, UK

Sir Peter Davis was Group Chief Executive Officer and Chairman of J Sainsbury plc, London between 2000 and 2004. He was the Group Chief Executive of Prudential plc from 1995 to 2000 and Chief Executive and Chairman of Reed International and Chairman of Reed Elsevier respectively (following the merger of Reed International with Elsevier) from 1986 to 1995. From 1976 to 1986, he had responsibility for all buying and marketing operations at J Sainsbury plc. Sir Peter Davis was born on 23 December 1941. He is a British citizen.

Sir Peter Davis was first elected to the Board of UBS in 2001 and his current term of office runs until 2007.



Rolf A. Meyer | Chairman of the Compensation Committee and Member of the Audit Committee
Heiniweidstrasse 18, CH-8806 Bäch

Rolf A. Meyer was Chairman and CEO of Ciba Specialty Chemicals until November 2000. He first joined Ciba-Geigy Ltd. in 1973 as a financial analyst, and subsequently became Head of Finance and Information Systems and later Chief Financial Officer. After the merger of Ciba-Geigy and Sandoz to create Novartis, he led the spin-off of Ciba Specialty Chemicals. He is now a consultant and is a member of the Board of DKSH (Diethelm Keller Siber Hegner), Zurich. Mr. Meyer was born on 31 October 1943. He is a Swiss citizen.

Mr. Meyer was first elected to the Board of UBS in 1998 and his current term of office runs until 2006.

Helmut Panke | Member of the Nominating Committee
BMW Group, Knorrstrasse 147, D-80788 Munich

Helmut Panke has been Chairman of the Board of Management of BMW AG since May 2002. He has been with the company since 1982 and has assumed various management functions in corporate planning, organization and corporate strategy. Before his appointment as Chairman, he was a member of BMW's Board of Management. Between 1993 and 1996, he led BMW Holding in the US. In addition to his engagement with BMW, Helmut Panke is a member of the Board of Directors of Microsoft Corporation. Mr. Panke was born on 31 August 1946. He is a German citizen.

Mr. Panke was elected to the Board of UBS in 2004 and his current term of office runs until 2007.

Peter Spuhler | Member of the Compensation Committee
Stadler Bussnang AG, Bahnhofplatz, CH-9565 Bussnang

Peter Spuhler is the owner of Stadler Rail AG (Switzerland), which he acquired in 1989. From 1997 onwards, Mr. Spuhler took over a number of companies and founded new units within the Stadler Rail Group, mainly in Switzerland and Germany. In addition to his engagement for Stadler Rail, Mr. Spuhler is a member of the Lower House of the Swiss Parliament (Nationalrat). Mr. Spuhler was born on 9 January 1959 and is a Swiss citizen.

Mr. Spuhler was elected to the Board of UBS in 2004 and his current term of office runs until 2007.

Lawrence A. Weinbach | Chairman of the Audit Committee
Unisys Corporation, Unisys Way, Blue Bell, PA 19424, USA

Lawrence A. Weinbach was Chairman, President and CEO of Unisys Corporation from 1997 until 2004 and is now its Executive Chairman. Before that, his career at Arthur Andersen / Andersen Worldwide spanned nearly four decades. Between 1989 and 1997, he was Managing Partner and Chief Executive of Andersen Worldwide. Before that, between 1987 and 1989, he was Chief Operating Officer. In 1983, he became Managing Partner of the New York office. In 1974 he was appointed Managing Partner of the Stamford, Connecticut office and Partner in charge of accounting audit practice in New York. Mr. Weinbach is a member of the Board of Directors of Unisys Corporation, Blue Bell and of Avon Products Inc., New York. He was born on 8 January 1940 and is a US citizen.

Mr. Weinbach was elected to the Board of UBS in 2001 and his current term of office expires in 2005. He is proposed for re-election at the 2005 AGM.

New members proposed for election to the 2005 AGM

At the AGM on 21 April 2005, the Board will propose the following new members for election: Marco Suter, currently Group Chief Credit Officer and member of the Group Managing Board of UBS, as executive director, and Peter R. Voser, Chief Financial Officer of The Royal Dutch/Shell Group of Companies and Managing Director of the "Shell" Transport and Trading Company p.l.c., London, as non-executive director. Assuming the proposals are accepted, the Board of Directors would then consist of eleven members.

UBS financial highlights

- **2004 net profit of CHF 8,089 million, financial businesses contributed CHF 8,044 million – a record result, up 29% from 2003**
- **Revenues grew in all categories, pushing the 2004 cost / income ratio for the financial businesses down to 72.6% or 70.2% excluding goodwill**
- **Return on equity for 2004 was 24.7% or 27.7% excluding goodwill – above our target range of 15–20%**
- **2004 earnings per share of CHF 7.68, up 37% from 2003 or up 34% excluding goodwill**
- **Net new money of CHF 88.9 billion for the year, with a strong CHF 59.4 billion from wealth management businesses worldwide**

Peter A. Wuffli
Chief Executive Officer

UBS key figures

Shareholder returns	For the year ended		
	31.12.04	31.12.03	% change
Basic EPS *(CHF)*			
as reported [1]	**7.68**	5.59	37
before goodwill and adjusted for significant financial events [2]	**8.60**	6.43	34
Return on shareholders' equity *(%)*			
as reported [3]	**24.7**	17.8	
before goodwill and adjusted for significant financial events [4]	**27.7**	20.5	

Financial strength & ratings	As at		
	31.12.04	31.12.03	
BIS Tier 1 capital ratio *(%)* [5]	**11.8**	11.8	
Long-term ratings			
Fitch, London	**AA+**	AA+	
Moody's, New York	**Aa2**	Aa2	
Standard & Poor's, New York	**AA+**	AA+	

UBS net profit	For the year ended		
CHF million	**31.12.04**	31.12.03	% change
Net profit	**8,089**	6,239	30

Other key figures	As at		
CHF million	**31.12.04**	31.12.03	% change
Total assets	**1,734,784**	1,550,056	12
Shareholders' equity	**34,978**	35,310	(1)
Market capitalization	**103,638**	95,401	9

Key figures financial businesses (excluding industrial holdings)

Income statement	For the year ended		
CHF million	**31.12.04**	31.12.03	% change
Operating income	**37,402**	33,790	11
Operating expenses	**26,935**	25,613	5
Net profit	**8,044**	6,239	29

KPI's	For the year ended		
CHF million, except where indicated	**31.12.04**	31.12.03	% change
Cost / income ratio *(%)* [6]	**72.6**	75.6	
Net new money, wealth management businesses *(CHF billion)* [7]	**59.4**	50.8	
Earnings adjusted for significant financial events and pre-goodwill [8,9]			
Operating income	**37,402**	33,629	11
Operating expenses	**26,048**	24,670	6
Net profit	**8,931**	7,180	24

Headcount Financial Businesses	As at		
Full-time equivalents	**31.12.04**	31.12.03	% change
Switzerland	**25,990**	26,662	(3)
Rest of Europe / Africa / Middle East	**10,764**	9,906	9
Americas	**26,232**	25,511	3
Asia Pacific	**4,438**	3,850	15
Total	**67,424**	65,929	2

1 Net profit (after-tax) / weighted average shares outstanding. 2 Net profit less the amortization of goodwill and other intangible assets and significant financial events (after-tax) / weighted average shares outstanding. 3 Net profit / average shareholders' equity less dividends. 4 Net profit less the amortization of goodwill and other intangible assets and significant financial events (after-tax) / average shareholders' equity less dividends. 5 Includes hybrid Tier 1 capital – please refer to the BIS capital and ratios table in the UBS results section of the 2004 Financial Report. 6 Operating expenses / operating income less credit loss expense or recovery. 7 Includes Wealth Management and Wealth Management USA. Excludes interest and dividend income. 8 Excludes the amortization of goodwill and other intangible assets. 9 Details of significant financial events can be found in the 2004 Financial Report.

UBS results

Results

In 2004, we reported net profit of CHF 8,089 million, up 30% from CHF 6,239 million a year earlier. This result includes a CHF 45 million contribution from Motor-Columbus, which we fully consolidated from third quarter 2004. Motor-Columbus is a Swiss holding company whose only significant asset is a majority ownership interest in Swiss-based electricity provider Atel. In 2004, we increased our stake in Motor-Columbus to 55.6% in order to protect the value of its existing investment and put ourselves in a better position to divest it profitably in the future.

Motor-Columbus results are reported separately as part of our industrial holdings, helping us to preserve full continuity in the presentation of our core financial businesses.

Our financial businesses achieved a record result in 2004, with net profit of CHF 8,044 million, up 29% from a year earlier. Operating income grew in all categories despite the falling US dollar. Asset-based revenues showed particular strength, reflecting improved market valuations as well as strong inflows of net new money. Costs remained under strict control, and increased at a slower pace than business growth.

Income statement

	For the year ended		
CHF million, except per share data	**31.12.04**	31.12.03	% change
Operating income			
Interest income	**39,398**	40,159	(2)
Interest expense	**(27,538)**	(27,860)	(1)
Net interest income	**11,860**	12,299	(4)
Credit loss (expense) / recovery	**276**	(72)	
Net interest income after credit loss expense	**12,136**	12,227	(1)
Net fee and commission income	**19,416**	17,345	12
Net trading income	**4,972**	3,756	32
Other income	**897**	462	94
Income from industrial holdings	**3,648**		
Total operating income	**41,069**	33,790	22
Operating expenses			
Personnel expenses	**18,515**	17,231	7
General and administrative expenses	**6,703**	6,086	10
Depreciation of property and equipment	**1,352**	1,353	0
Amortization of goodwill and other intangible assets	**964**	943	2
Goods and materials purchased	**2,861**		
Total operating expenses	**30,395**	25,613	19
Operating profit before tax and minority interests	**10,674**	8,177	31
Tax expense	**2,135**	1,593	34
Net profit before minority interests	**8,539**	6,584	30
Minority interests	**(450)**	(345)	30
Net profit	**8,089**	6,239	30
Basic earnings per share *(CHF)*	**7.68**	5.59	37
Diluted earnings per share *(CHF)*	**7.47**	5.48	36

Dividend

The Board of Directors will recommend at the Annual General Meeting on 21 April 2005 that UBS should pay a dividend of CHF 3.00 per share for the 2004 financial year, an increase of 15% or CHF 0.40 from the CHF 2.60 dividend paid for the 2003 financial year and up 50% or CHF 1.00 from the CHF 2.00 dividend paid for the 2002 financial year.

If the dividend is approved, the ex-dividend date will be 22 April 2005, with payment on 26 April 2005 for shareholders of record on 21 April 2005.

Clive Standish
Chief Financial Officer

Balance sheet

CHF million	31.12.04	31.12.03	% change
Assets			
Cash and balances with central banks	**6,036**	3,584	68
Due from banks	**35,264**	31,740	11
Cash collateral on securities borrowed	**220,242**	213,932	3
Reverse repurchase agreements	**357,164**	320,499	11
Trading portfolio assets	**370,259**	341,013	9
Trading portfolio assets pledged as collateral	**159,115**	120,759	32
Positive replacement values	**284,577**	248,206	15
Financial instruments designated at fair value	**653**	0	
Loans	**232,387**	212,679	9
Financial investments	**5,049**	5,139	(2)
Accrued income and prepaid expenses	**5,876**	6,218	(6)
Investments in associates	**2,427**	1,616	50
Property and equipment	**8,736**	7,683	14
Goodwill and other intangible assets	**12,149**	11,529	5
Other assets	**34,850**	25,459	37
Total assets	**1,734,784**	1,550,056	12
Liabilities			
Due to banks	**118,901**	127,012	(6)
Cash collateral on securities lent	**61,545**	53,278	16
Repurchase agreements	**422,587**	415,863	2
Trading portfolio liabilities	**171,033**	143,957	19
Negative replacement values	**303,712**	254,768	19
Financial liabilities designated at fair value	**65,756**	35,286	86
Due to customers	**376,083**	346,633	8
Accrued expenses and deferred income	**14,685**	13,673	7
Debt issued	**117,828**	88,843	33
Other liabilities	**42,342**	31,360	35
Total liabilities	**1,694,472**	1,510,673	12
Minority interests	**5,334**	4,073	31
Shareholders' equity			
Share capital	**901**	946	(5)
Share premium account	**7,348**	6,935	6
Net gains / (losses) not recognized in the income statement, net of tax	**(1,644)**	(983)	(67)
Revaluation reserve from step acquisitions	**90**	0	
Retained earnings	**37,455**	36,641	2
Equity classified as obligation to purchase own shares	**(96)**	(49)	(96)
Treasury shares	**(9,076)**	(8,180)	(11)
Total shareholders' equity	**34,978**	35,310	(1)
Total liabilities, minority interests and shareholders' equity	**1,734,784**	1,550,056	12

Balance sheet

Our total assets stood at CHF 1,734.8 billion on 31 December 2004, up from CHF 1,550.1 billion on 31 December 2003.

The increase in total assets was the net result of growth in the trading portfolio (up CHF 67.6 billion), collateral trading assets (up CHF 43.0 billion), derivatives (up CHF 36.4 billion) and the loan book (up CHF 19.7 billion).

Total liabilities rose due to higher borrowings (up CHF 80.8 billion), derivatives (up 48.9 billion), trading portfolio liabilities (up 27.1 billion) and collateral trading liabilities (up CHF 15.0 billion).

At CHF 35.0 billion on 31 December 2004, shareholders' equity declined by CHF 0.3 billion from a year earlier. The decline was due to dividend payments, share repurchases, and the weakening of the US dollar against the Swiss franc, mostly offset by strong retained earnings.

The first-time full consolidation of Motor-Columbus in third quarter 2004 had a small net impact on our balance sheet at 31 December 2004, adding assets of CHF 7.3 billion (0.4% of UBS's total assets) and liabilities of CHF 6.0 billion. The consolidation also added financial instruments measured at fair value worth CHF 0.7 billion.

Letter from Group Auditors

As auditors of the group we have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America) as well as the auditing standards promulgated by the profession in Switzerland, the consolidated balance sheets of UBS AG as of 31 December 2004 and 2003, and the related consolidated statements of income, changes in equity and cash flows for each of the three years in the period ended 31 December 2004 and the notes thereto, from which the summarised consolidated financial statements were derived. In our report dated 3 February 2005 (see UBS Financial Report, page 83), we expressed an unqualified opinion on those consolidated financial statements which are prepared in accordance with International Financial Reporting Standards.

In our opinion, the summarised consolidated financial statements on pages 38 to 40 of the Annual Review are consistent, in all material respects, with the consolidated financial statements from which they were derived and on which we expressed an unqualified opinion.

For a more comprehensive understanding of the group's financial position and the results of its operations for the period and of the scope of our audit, the summarised consolidated financial statements should be read in conjunction with the consolidated financial statements from which they were derived and our audit report thereon.

Basel, 3 February 2005

Ernst & Young Ltd

Roger K. Perkin | Chartered Accountant
in charge of the audit

Dr. Andreas Blumer | Swiss Certified Accountant
in charge of the audit

UBS targets

Measurement and analysis of performance

UBS's performance is reported in accordance with International Financial Reporting Standards (IFRS). Additionally, for several years, we have provided comments and analysis on an adjusted basis which excludes from the reported amounts certain items we term significant financial events (SFEs). An additional adjustment we use in our results discussion is the exclusion of the amortization of goodwill and other acquired intangible assets.

We will in future change this approach as accounting standards no longer require the amortization of goodwill, by far the largest adjustment we have been making. From 2005 onwards, we will no longer present current results and targets on this adjusted basis.

Items have been treated as SFEs when they are event-specific, significant for the consolidated statements of UBS, UBS-specific rather than industry-wide, and not indicative of or relevant for future performance.

Reflecting that definition, we had no SFEs in 2004 and one in 2003. In second quarter 2003, we recorded a net gain of CHF 2 million (pre-tax CHF 161 million) from the sale of the Wealth Management USA Business Group's Correspondent Services Corporation (CSC) clearing business. A substantial portion of CSC's net assets comprised goodwill stemming from the PaineWebber acquisition. After deducting taxes of CHF 159 million (based on the purchase price) and the write-down of the goodwill associated with CSC, the net gain from the transaction was CHF 2 million.

Performance against targets

At UBS, we focus on a consistent set of four long-term financial targets defined across periods of varying market conditions and designed to ensure that we deliver continuously improving returns to our shareholders. We report our performance against these targets each quarter:

– we seek to increase the value of UBS by achieving a sustainable, after-tax return on equity of 15-20%, across periods of varying market conditions
– we aim to increase shareholder value through double-digit average percentage growth in basic earnings per share (EPS), across periods of varying market conditions
– through cost reduction and earnings enhancement initiatives we aim to reduce UBS's cost / income ratio to a level that compares positively with best-in-class competitors
– we aim to achieve a clear growth trend in net new money in our wealth management units.

Performance against targets

	For the year ended	
	31.12.04	31.12.03
RoE *(%)*		
as reported [1]	**24.7**	17.8
before goodwill and adjusted for significant financial events [2]	**27.7**	20.5
Basic EPS *(CHF)*		
as reported [3]	**7.68**	5.59
before goodwill and adjusted for significant financial events [4]	**8.60**	6.43
Cost / income ratio of the Financial Businesses *(%)* [5]		
as reported [6]	**72.6**	75.6
before goodwill and adjusted for significant financial events [7]	**70.2**	73.2
Net new money, wealth management businesses *(CHF billion)* [8]		
Wealth Management	**42.3**	29.7
Wealth Management USA	**17.1**	21.1
Total	**59.4**	50.8

1 Net profit / average shareholders' equity less dividends. 2 Net profit less the amortization of goodwill and other intangible assets and significant financial events (after-tax) / average shareholders' equity less dividends. 3 Details of the EPS calculation can be found in note 8 to the financial statements in the 2004 Financial Report. 4 Net profit less the amortization of goodwill and other intangible assets and significant financial events (after-tax) / weighted average shares outstanding. 5 Excludes results from Industrial Holdings. 6 Operating expenses / operating income less credit loss expense or recovery. 7 Operating expenses less the amortization of goodwill and other intangible assets and significant financial events / operating income less credit loss expense or recovery and significant financial events. 8 Excludes interest and dividend income.

The first three targets are all reported pre-goodwill amortization, and adjusted for significant financial events.

Return on equity and earnings per share targets are calculated on a full UBS basis, whereas our cost/income ratio target is limited to our financial businesses, to avoid distortion from our industrial holdings.

UBS's performance against financial targets shows:

– Return on equity in 2004 was 27.7%, up from 20.5% a year earlier and well above the target range of 15% to 20%. The increase reflects the combined impact of the share buyback program and dividend outpacing retained earnings.
– Basic earnings per share were CHF 8.60 in 2004, an increase of CHF 2.17 or 34% from 2003, driven by the increase in net profit as well as the impact of share repurchases.
– The cost/income ratio for UBS's financial businesses was 70.2% in 2004, an improvement from 73.2% in 2003, and the lowest level since PaineWebber became part of UBS in 2000.
– Our wealth management businesses continued to show strong inflows of net new money. For full-year 2004, net new money inflows into our wealth management businesses totaled CHF 59.4 billion, up 17% from CHF 50.8 billion in 2003, corresponding to an annual growth rate of 4.4% of the asset base at the end of 2003.

Peter Kurer
General Counsel

Results Financial Businesses

Results

Our 2004 result was the best ever. The first quarter saw an all-time performance record and the year ended with our best-ever fourth quarter. Net profit in 2004 was CHF 8,044 million, up 29% from CHF 6,239 million in 2003. Before goodwill and excluding the sale of our Correspondent Services Corporation (CSC) clearing subsidiary, completed in second quarter 2003, net profit rose by 24%.

Overall, we attracted CHF 88.9 billion in net new money in 2004, up 29% from CHF 69.1 billion in 2003.

Operating income

Total operating income was CHF 37,402 million in 2004, up 11% from CHF 33,790 million in 2003. This was the highest level ever. The increase was driven by our ability to capture opportunities in increasingly active financial markets.

Net interest income was CHF 11,860 million in 2004, down from CHF 12,299 million in the same period a year earlier. *Net trading income* was CHF 4,972 million, up from CHF 3,756 million in 2003.

As well as income from interest margin-based activities (loans and deposits), net interest income includes income earned as a result of trading activities (for example, coupon and dividend income).

At CHF 5,139 million, *net income from interest margin products* in 2004 was 1% higher than CHF 5,077 million a year earlier. The increase was driven by the growth in lending to wealthy US clients through our US bank, UBS Bank USA. Our domestic Swiss mortgage business and wealth

Income statement[1]

	For the year ended		
CHF million, except where indicated	**31.12.04**	31.12.03	% change
Operating income			
Interest income	**39,398**	40,159	(2)
Interest expense	**(27,538)**	(27,860)	(1)
Net interest income	**11,860**	12,299	(4)
Credit loss (expense) / recovery	**276**	(72)	
Net interest income after credit loss expense	**12,136**	12,227	(1)
Net fee and commission income	**19,416**	17,345	12
Net trading income	**4,972**	3,756	32
Other income	**878**	462	90
Total operating income	**37,402**	33,790	11
Operating expenses			
Personnel expenses	**18,189**	17,231	6
General and administrative expenses	**6,577**	6,086	8
Depreciation of property and equipment	**1,282**	1,353	(5)
Amortization of goodwill and other intangible assets	**887**	943	(6)
Total operating expenses	**26,935**	25,613	5
Operating profit before tax and minority interests	**10,467**	8,177	28
Tax expense	**2,086**	1,593	31
Net profit before minority interests	**8,381**	6,584	27
Minority interests	**(337)**	(345)	(2)
Net profit	**8,044**	6,239	29
Additional information	As at		
	31.12.04	31.12.03	% change
Headcount *(full-time equivalents)*	**67,424**	65,929	2

1 Excludes results from Industrial Holdings.

management margin lending business also grew over the year. This increase was nearly offset by lower income from our shrinking Swiss recovery portfolio, reduced interest margins on client cash and savings accounts, as well as declining revenues from US dollar-denominated accounts.

Net income from trading activities was CHF 11,102 million in 2004, up by 4% or CHF 421 million from CHF 10,681 million a year ago. Equities trading in 2004 was up 27% from 2003. The increase reflects expansion in market volumes and, hence, improved trading opportunities. Fixed income trading revenues were down 3%, driven by declines in our principal finance, commercial real estate and fixed income businesses, partially offset by improved revenues in our rates business. Compared to 2003, last year's market environment saw rising interest rates and lower volatility, which drove activity from the market. Foreign exchange trading revenues increased by 2% from a year earlier, reflecting an outstanding performance in our derivative trading business as well as strong sales volumes.

At CHF 1,298 million, *net income from treasury activities* in 2004 was CHF 119 million or 8% lower than CHF 1,417 million in 2003. The drop was mainly due to lower returns on invested equity as we continued to repurchase shares.

Other net trading and interest income was negative CHF 707 million in 2004 compared to negative CHF 1,120 million a year earlier. The improvement was due to lower goodwill funding costs, as well as declining costs for funding our private equity portfolio.

In 2004, we experienced a *net credit loss recovery* of CHF 276 million, compared to net credit loss expense of CHF 72 million in 2003.

Net credit loss recovery at Wealth Management & Business Banking amounted to CHF 91 million in 2004 compared to a net credit loss expense of CHF 67 million in 2003. The Investment Bank experienced a net credit recovery of CHF 240 million in 2004, compared to net credit loss expense of CHF 4 million in 2003.

In 2004, *net fee and commission income* was CHF 19,416 million, up 12% from CHF 17,345 million a year earlier. The increase was driven by a strong contribution from recurring asset-based fees, higher net brokerage fees, rising corporate finance fees as well as an increase in underwriting fees. Underwriting fees, at their highest level ever, were up 8% from 2003. Both equity and fixed income underwriting fees increased. Corporate finance fees rose 42% in 2004 from a year earlier. We were able to benefit from the pick-up in merger and acquisition activity, and our strengthened advisory business, particularly in the US. Net brokerage fees were up 10% from 2003, reflecting the improved markets and the resulting higher institutional and individual client activity – especially in the first and fourth quarter of 2004. Investment fund fees, at their highest level ever, increased 18%, mainly reflecting higher asset-based fees for our wealth and asset management businesses.

Custodian fees in 2004 were up 5% from 2003. This increase was entirely due to an enlarged asset base. Insurance-related and other fees decreased by 4% from a year earlier due to the effect of the weakening dollar. Credit-related fees and commissions increased by 7%, reflecting improved market conditions which brought higher volumes. Portfolio and other management and advisory fees increased by 20% as a result of rising invested asset levels driven by market valuations and strong net new money inflows, as well as an increase in performance fees.

Other income increased by 90% to CHF 878 million in 2004. The increase was driven by higher disposal gains from private equity investments and lower impairment charges. This was partially offset by gains from the divestment of associates and subsidiaries which dropped by nearly 50% to CHF 84 million in 2004.

Operating expenses

Total operating expenses increased by 5% to CHF 26,935 million in 2004 from CHF 25,613 million in 2003.

Personnel expenses increased by CHF 958 million or 6% to CHF 18,189 million in 2004 from CHF 17,231 million in 2003. The rise was driven by higher performance-related compensation reflecting the better performance in most of our businesses. For 2004, approximately 49% of personnel expenses took the form of bonus or variable compensation, up from 44% in 2003. Average variable compensation per head in 2004 was 17% higher than in 2003. Salary expenses rose due to the 2% increase in headcount over the year.

At CHF 6,577 million in 2004, *general and administrative expenses* increased CHF 491 million from CHF 6,086 million in the same period a year ago. The increase was driven by higher provisions, which rose due to specific operational and legal provisions (including the civil penalty levied by the Federal Reserve Board relating to our banknote trading business), higher IT and other outsourcing expenses as well as professional fees, the latter due to higher legal and project costs.

Depreciation was CHF 1,282 million in 2004, down 5% from CHF 1,353 million in 2003. This was the lowest level ever, reflecting falling IT-related charges as well as lower write-downs of equipment.

At CHF 887 million, *amortization of goodwill and other intangible assets* was down 6% from CHF 943 million a year earlier, reflecting lower amortization charges and the weakening of the US dollar against the Swiss franc.

We incurred a *tax expense* of CHF 2,086 million in 2004, reflecting an effective tax rate of 19.9% for the full year, compared to last year's full-year rate of 17.9% (before significant financial events).

Headcount

Headcount in our financial businesses was 67,424 on 31 December 2004, up 1,495 from 65,929 on 31 December 2003. The increase was driven by the expansion of our wealth management and securities businesses around the globe.

Wealth Management & Business Banking

Wealth Management

Despite the weakening of the US dollar against the Swiss franc, Wealth Management's full-year 2004 pre-tax profit, at CHF 3,435 million, was up 32% from 2003. This increase reflects the growth momentum in the business and the recovery in major financial markets that started in mid-2003, driving a 13% increase in revenues through higher asset-based fees. Rising interest income, a reflection of the expansion of margin lending activities, also bolstered revenues. At the same time, expenses, up just 2% in 2004 from 2003, were kept under tight control.

Net new money inflows for the year totaled CHF 42.3 billion, up 42% from CHF 29.7 billion in 2003. Gains were reported in all geographical areas, especially from Asian clients. The CHF 13.7 billion inflow into the European wealth management business was again high, driven by a particularly strong contribution from the UK and Germany.

The gross margin on invested assets was 103 basis points in 2004, up 2 basis points from 101 basis points a year earlier, as revenues increased more than the average asset base. Overall, recurring income made up 76 basis points of the margin in 2004, up from 71 basis points in 2003. Non-recurring income comprised 27 basis points of the margin in 2004, against 30 basis points in 2003.

Our European wealth management business continued to make significant progress. Income was CHF 437 million, up 64% from a year earlier, reflecting our growing asset base. The level of invested assets was a record CHF 82 billion on 31 December 2004, almost double the CHF 46 billion a year earlier, reflecting healthy inflows of net new money and the integration of acquisitions made during the year.

Marcel Rohner
Chairman and CEO
Wealth Management
& Business Banking

Business Group / Business Unit reporting

CHF million, except where indicated	Wealth Management		Business Banking Switzerland		Wealth Management & Business Banking	
For the year ended or as at	**31.12.04**	31.12.03	**31.12.04**	31.12.03	**31.12.04**	31.12.03
Total operating income	**7,693**	6,793	**5,038**	5,120	**12,731**	11,913
Total operating expenses	**4,258**	4,184	**2,993**	2,975	**7,251**	7,159
Business Group / Business Unit performance before tax	**3,435**	2,609	**2,045**	2,145	**5,480**	4,754
Net new money *(CHF billion)*	**42.3**	29.7	**2.6**	2.5	**44.9**	32.2
Invested assets *(CHF billion)*	**778**	701	**140**	136	**918**	837
Headcount *(full-time equivalents)*	**10,093**	9,176	**15,508**	16,181	**25,601**	25,357

Business Banking Switzerland

Business Banking Switzerland reported a pre-tax profit of CHF 2,045 million for full-year 2004, down 5% from the record result achieved in 2003. It was achieved despite a CHF 184 million fall in income, driven mainly by lower interest income, and shows the continued tight management of costs. Lower credit loss expenses reflected the structural improvement in the domestic loan portfolio in recent years.

During the course of 2004, CHF 7 billion in assets were transferred from the Business Banking Switzerland to the Wealth Management unit, reflecting the increasing needs of clients through their life cycle.

The cost / income ratio was 59.1%, 2.4 percentage points above the ratio of 56.7% in 2003, reflecting falling interest income in the low interest rate environment.

Business Banking Switzerland's loan portfolio was CHF 137 billion on 31 December 2004, down CHF 1 billion from the previous year. An increase in volumes of private client mortgages was offset by lower credit demand from corporate clients and a further reduction in the recovery portfolio.

Facts & figures on Business Banking Switzerland

– With CHF 778 billion in invested assets internationally, and more than 140 years of experience, UBS is the world's largest wealth manager

– We provide a comprehensive range of products and services individually tailored for wealthy clients around the world via our global branch network and through financial intermediaries

– Some 3,700 client advisors combine strong personal relationships with the resources available throughout UBS, helping them provide a full range of wealth management services – from asset management to estate planning and from corporate finance advice to art banking

– Our open product platform gives clients access to a wide array of pre-screened, top-quality products from third-party providers that complement UBS's own range

Facts & figures on Wealth Management

– UBS is the market leader in Swiss retail and commercial banking

– We are responsible for approximately 3.5 million individual client accounts, and have relationships with around 143,000 corporate clients, including institutional investors, public entities and foundations, as well as 3,000 financial institutions worldwide

– We provide a complete set of banking and securities services for individual and corporate clients

– Clients have CHF 140 billion in invested assets with us. With a total loan book of CHF 137 billion, we have leading positions in the Swiss lending and retail mortgage markets

– With 1,249 ATMs and 301 branches, as well as a comprehensive set of e-banking services, we provide a Swiss network more extensive than any of our domestic competitors

Global Asset Management

Global Asset Management reported a pre-tax profit of CHF 544 million for full-year 2004, up 64% from CHF 332 million in 2003. The increase was driven by higher operating income, which rose 16%, reflecting strong net new money inflows, a continuing change in asset mix towards higher-margin products and a rise in market valuations, resulting in increased asset levels and revenues. This was only partially offset by a slight rise in operating expenses, mainly due to higher incentive-based compensation as a result of the higher revenues. For 2004, the pre-goodwill cost/income ratio was 66.7%, a decrease of 5.4 percentage points from 2003.

For full-year 2004, net new money inflows in the institutional business stood at CHF 23.7 billion, almost doubling from CHF 12.7 billion a year earlier. Strong inflows were recorded into alternative and quantitative investments, equity and fixed income mandates. The gross margin for full-year 2004 was 32 basis points, on par with full-year 2003.

The wholesale intermediary fund business recorded a net new money outflow of CHF 4.5 billion compared to an outflow of CHF 5.0 billion in 2003. Inflows of CHF 16.1 billion into fixed income, asset allocation and equity funds were more than offset by money market outflows of CHF 20.6 billion, mainly transfers into UBS's US bank. The 2004 gross margin was 36 basis points, up by 5 basis points from a year earlier, reflecting the significant improvement of wholesale intermediary fees as a result of the continuing shift to higher-margin products.

Invested assets for the Business Group totaled CHF 601 billion on 31 December 2004, up from CHF 574 billion at the end of 2003.

John A. Fraser
Chairman and CEO
Global Asset Management

Business Group reporting

	For the year ended or as at	
CHF million, except where indicated	**31.12.04**	31.12.03
Total operating income	**2,022**	1,737
Total operating expenses	**1,478**	1,405
Business Group performance before tax	**544**	332
Net new money – institutional *(CHF billion)*	**23.7**	12.7
of which: money market funds – institutional (CHF billion)	***(1.2)***	*(5.0)*
Invested assets – institutional *(CHF billion)*	**344**	313
of which: money market funds – institutional (CHF billion)	***17***	*14*
Net new money – wholesale intermediary *(CHF billion)*	**(4.5)**	(5.0)
of which: money market funds – wholesale intermediary (CHF billion)	***(20.6)***	*(23.0)*
Invested assets – wholesale intermediary *(CHF billion)*	**257**	261
of which: money market funds – wholesale intermediary (CHF billion)	***64***	*87*
Headcount *(full-time equivalents)*	**2,665**	2,627

Facts & figures on Global Asset Management

– We aim to deliver superior investment results and innovative solutions in every asset class to our institutional and wholesale intermediary clients

– Our operations span 20 countries and employ over 2,600 staff. The main offices are in London, Chicago, New York, Tokyo and Zurich

– The traditional investments business is based on rigorous fundamental analysis that focuses on identifying intrinsic values

– The alternative and quantitative investment business encompasses several specialist areas, including the management of hedge funds

– The real estate business invests in properties in the US, UK, Continental Europe and Japan and in publicly traded real estate equities worldwide

– Fund services is a global fund administration unit providing services to both internal and external clients

Investment Bank

The Investment Bank recorded a pre-tax profit of CHF 4,540 million for full-year 2004, up 18% from a year earlier, and at its highest level since 2000, reflecting revenue growth across all business areas. At the same time, costs increased as the businesses continued to expand. Specific operational provisions also contributed to the rise.

In full-year 2004, the compensation ratio fell to 51% from 52% in 2003, reflecting the completion of the strategic hiring program in investment banking and because of increasing revenues.

Total operating income in 2004 was CHF 15,977 million, up 15% from CHF 13,936 million a year earlier, reflecting strong improvements in all businesses.

Equities revenues were up 21% from 2003. Growth in revenues occurred around the globe, but was particularly strong in the US and Europe. Significant increases were seen in secondary cash commissions and proprietary trading revenues. Prime brokerage saw an impressive revenue gain following the acquisition of ABN Amro's prime brokerage business in the US.

Fixed income, rates and currencies revenues were up 6% from a year earlier. Strong gains were seen in the rates business, mainly due to the structured LIBOR and mortgage businesses. Fixed income was driven by credit derivatives, emerging markets and global syndicated finance businesses, foreign exchange and cash and collateral trading. The positive result was slightly offset by negative revenues relating to Credit Default Swaps (CDS) hedging existing credit exposure in the loan book.

Investment banking revenues increased 12% from a year earlier. Excluding currency fluctuations, revenues were up 32%, reflecting improving corporate activity levels. It was a record year for our global advisory business, with double-digit growth seen in Europe, the US and Asia.

John P. Costas
Chairman and CEO
Investment Bank

Business Group reporting

	For the year ended or as at	
CHF million, except where indicated	**31.12.04**	31.12.03
Total operating income	**15,977**	13,936
Total operating expenses	**11,437**	10,081
Business Group performance before tax	**4,540**	3,855
Headcount *(full-time equivalents)*	**16,568**	15,277

Private equity also contributed to our result, recording revenues of CHF 257 million in 2004, a significant improvement compared to the negative revenues of CHF 77 million a year earlier, as market conditions allowed for successful divestments and lower writedowns.

Higher personnel costs and general and administrative expenses prompted total operating expenses in 2004 to rise to CHF 11,437 million, a 13% increase from CHF 10,081 million a year earlier. Personnel expenses increased 12% from a year earlier, reflecting higher performance-related compensation which rose due to higher revenues, as well as an increase in salaries reflecting the 8% additional headcount. General and administrative expenses were up 22% from 2003's CHF 2,074 million due to higher operational provisions, rising professional fees and increased IT spending.

Facts & figures on Investment Bank

– UBS is one of the world's leading investment banking and securities businesses, providing a full spectrum of services to institutional and corporate clients, governments and financial intermediaries globally

– Headquartered in London and New York, the Investment Bank employs over 16,000 staff in 31 countries around the world, with its business run on a global basis and organized into the four distinct areas of equities, fixed income, rates and currencies, investment banking and private equity

– With one in nine shares globally traded through UBS, the equities business is a leading player in the global primary and secondary markets for equity, equity-linked and equity derivative products. It is a member of over 80 stock exchanges in 31 countries, with a local presence in 40 cities around the world

– Equity research supplies independent assessments of the prospects of approximately 3,020 companies across most industry sectors, all geographic regions, as well as economic, strategy, quantitative and derivative research

– With over 2,300 professionals working out of North America, Europe and Asia Pacific, the fixed income, rates and currencies business provides a broad spectrum of products and solutions to corporate and institutional clients in all major markets

– In investment banking, we provide first-class advice and execution capabilities to a global corporate client base, with services encompassing advising on mergers and acquisitions, strategic reviews and corporate restructuring solutions

Wealth Management USA

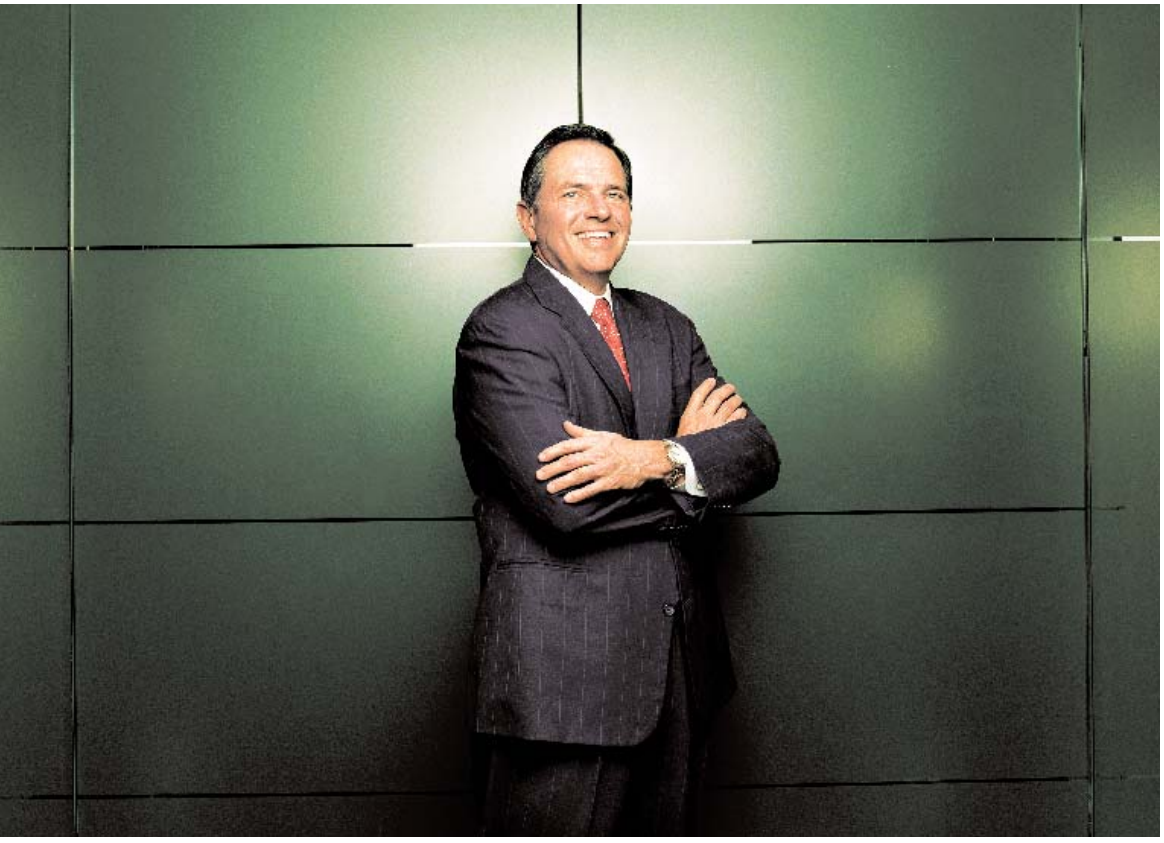
The Wealth Management USA business reported a pre-tax profit of CHF 179 million for full-year 2004, compared to a loss of CHF 5 million in 2003. The 2003 results include a pre-tax gain of CHF 161 million from the sale of Correspondent Services Corporation (CSC) in second quarter 2003.

After the exclusion of the CSC gain and before acquisition costs (goodwill amortization, net goodwill funding and retention payments), operational performance showed a profit of CHF 762 million in 2004 and CHF 664 million in 2003. On the same basis, but in US dollars, the operating result was 24% higher in 2004 than in 2003. This represents the best result since PaineWebber became part of UBS, reflecting record recurring fees and increased net interest revenue benefiting from the first full-year impact of UBS Bank USA, whose loan book grew from USD 4.5 billion at the end of 2003 to USD 7.2 billion at 31 December 2004.

The cost/income ratio before acquisition costs was 85.5% for 2004, compared to 87.2% in 2003. The improvement in the cost/income ratio reflects our continuous cost control as well as the excellent performance of our core private clients business.

In full-year 2004, net new money totaled CHF 17.1 billion, down from CHF 21.1 billion a year earlier, reflecting a slow asset-gathering performance at the beginning of the year as well as the US dollar's weakening against the Swiss franc.

The gross margin on invested assets was 79 basis points in 2004, down from 86 basis points in 2003. The gross margin on invested assets before acquisition costs (net goodwill funding costs) was 81 basis points, down from 87 basis points in 2003. The increase in average asset levels (up 7%) outpaced the gain in revenues (up 1% excluding the sale of CSC) as higher private client revenues were mostly offset by lower municipal finance revenues.



Mark B. Sutton
Chairman and CEO
Wealth Management USA

Business Group reporting

	For the year ended or as at	
CHF million, except where indicated	**31.12.04**	31.12.03
Total operating income	**5,093**	5,182 [1]
Total operating expenses	**4,914**	5,187
Business Group performance before tax	**179**	(5)
Business Group reporting excluding acquisition costs and significant financial events		
Total operating income	**5,093**	5,021 [2]
Add: Net goodwill funding	**180**	231
Operating income excluding acquisition costs	**5,273**	5,252
Total operating expenses	**4,914**	5,187
Retention payments	**(99)**	(263)
Amortization of goodwill and other intangible assets	**(304)**	(336)
Operating income excluding acquisition costs	**4,511**	4,588
Business Group performance before tax and excluding acquisition costs	**762**	664
KPI's and additional information		
Net new money *(CHF billion)*	**17.1**	21.1
Interest and dividend income *(CHF billion)*	**16.0**	15.8
Invested assets *(CHF billion)*	**639**	634
Headcount *(full-time equivalents)*	**17,388**	17,435

1 Includes significant financial event: gain on disposal of Correspondent Services Corporation of CHF 161 million. 2 Excludes significant financial event: gain on disposal of Correspondent Services Corporation of CHF 161 million.

Facts & figures on Wealth Management USA

– We provide a complete set of sophisticated wealth management services to affluent and high net worth clients, and our deep reach and distribution network makes us one of the premier US wealth managers

– We have CHF 639 billion in invested assets and nearly 2 million private client relationships, supported by a network of over 7,500 financial advisors in 366 branch office locations

– The heart of our relationship between our clients and their financial advisors is our consultative process, during which each advisor profiles and creates an investment plan for his or her client based on individual needs and goals

– We continually commit considerable resources to further develop and expand the expertise of our financial advisors. With emphasis on training, our advisors are a key factor in developing long-term, mutually beneficial client relationships

Industrial Holdings

Established in third quarter 2004, the Industrial Holdings segment is currently made up of UBS's majority stake in Motor-Columbus, a financial holding company whose most significant asset is a 59.3% interest in the Atel Group (Aare-Tessin Ltd. for Electricity). Atel, based in Olten, Switzerland, is a European energy provider focused on electricity trading and marketing, domestic and international power generation, electricity transmission and energy services. Motor-Columbus also holds several other finance and property companies.

In first quarter 2005, our private equity investments, currently part of the Investment Bank, will be reported in industrial holdings. This matches our strategy of de-emphasizing and reducing exposure to this asset class while capitalizing on orderly exit opportunities when they arise. Current management will continue to look after the portfolio.

Our consolidation of Motor-Columbus into our accounts at the beginning of third quarter 2004 resulted in a revaluation of its assets and liabilities. These are no longer comparable with those previously published in Motor-Columbus's separate consolidated financial statements. The comparative analysis provided here is based on unaudited proforma 2003 results.

For the six months ending 31 December 2004, our share of Motor-Columbus's net profit was CHF 45 million.

Total operating income for the six months ending 31 December 2004 was CHF 3,667 million, significantly higher than in the same period a year earlier. The gain was due to the first-time availability of production capacity in Southern Europe. Over the same period, total operating expenses, at CHF 3,460 million, rose at a slower pace than operating income because costs for energy purchased from third parties fell in the period as internal power production could be run at near full capacity. Expense levels also benefited from lower project costs.

Sources of information

This Annual Review 2004 is available in English, German, French, Italian, Spanish and Japanese. (SAP No. 80530-0501).

The Handbook 2004/2005 contains a detailed description of UBS, our strategy, organization, and businesses, as well as our financial management including credit, market and operational risk, our capital management approach and details of our corporate governance. It is available in English and German. (SAP No. 80532-0501).

The Financial Report 2004 contains our audited financial statements for the year 2004 and related detailed analysis. It is available in English and German. (SAP No. 80531-0501).

Quarterly reports: We provide detailed quarterly financial reporting and analysis, including comment on the progress of our businesses and key strategic initiatives. These quarterly reports are available in English.

Our compensation report provides detailed information on the compensation paid in 2004 to the members of UBS's Board of Directors (BoD) and the Group Executive Board (GEB). It is available in English and German. (SAP No. 82307-0501).

The same information can also be read in the Corporate Governance chapter of the Handbook 2004/2005.

The making of UBS: A brochure published in early 2005 outlines the series of transformational mergers and acquisitions that created today's UBS. It also includes brief profiles of the firm's antecedent companies and their historical roots. It is available in English and German. (SAP No. 82252)

How to order reports

Each of these reports is available on the internet at: www.ubs.com/investors. Alternatively, printed copies can be ordered, quoting the SAP number and the language preference where applicable, from UBS AG, Information Center, P.O. Box, CH-8098 Zurich, Switzerland.

Information tools for investors

Website: Our Analysts and Investors website at www.ubs.com/investors offers a wide range of information about UBS, including financial information (including SEC filings), corporate information, share price graphs and data, an event calendar, dividend information and recent presentations given by senior management to investors at external conferences. Our information on the internet is available in English and German, with some sections in French and Italian as well.

Form 20-F and other submissions to the US Securities and Exchange Commission

We file periodic reports and submit other information about UBS to the US Securities and Exchange Commission (SEC). Principal among these filings is Form 20-F; our Annual Report filed pursuant to the US Securities Exchange Act of 1934.

Our Form 20-F filing is structured as a "wrap-around" document. Most sections of the filing are satisfied by referring to parts of the Handbook 2004/2005 or to parts of this Financial Report 2004. However, there is a small amount of additional information in Form 20-F which is not presented elsewhere, and is particularly targeted at readers in the US. You are encouraged to refer to this additional disclosure.

You may read and copy any document that we file with the SEC on the SEC's website, www.sec.gov, or at the SEC's public reference room at 450 Fifth Street NW, Washington, DC, 20549. Please call the SEC at 1-800-SEC-0330 (in the US) or at +1 202 942 8088 (outside the US) for further information on the operation of its public reference room. You may also inspect our SEC reports and other information at the New York Stock Exchange, Inc., 20 Broad Street, New York, NY 10005. Much of this additional information may also be found on the UBS website at www.ubs.com/investors, and copies of documents filed with the SEC may be obtained from UBS's Investor Relations team, at the addresses shown on the next page.

Corporate information

The legal and commercial name of the company is UBS AG. The company was formed on 29 June 1998, when Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872) merged to form UBS.
UBS AG is incorporated and domiciled in Switzerland and operates under Swiss Company Law and Swiss Federal Banking Law as an Aktiengesellschaft, a corporation that has issued shares of common stock to investors.
The addresses and Phone numbers of our two registered offices are: Bahnhofstrasse 45, CH-8098 Zurich, Switzerland, Phone +41-44-234 11 11; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41-61-288 20 20.
UBS AG shares are listed on the SWX Swiss Exchange (traded through its trading platform virt-x), on the New York Stock Exchange and on the Tokyo Stock Exchange.

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For all general queries.

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Investor Relations

Our Investor Relations team supports institutional, professional and retail investors from our office in Zurich.

www.ubs.com/investors

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Media Relations

Our Media Relations team supports global media and journalists from offices in Zurich, London, New York and Hong Kong.

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Shareholder Services

UBS Shareholder Services, a unit of the Company Secretary, is responsible for the registration of the Global Registered Shares.

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US Transfer Agent

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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.

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