

Third Quarter 2009

3 November 2009

Dear shareholders,

At this year's annual general meeting in April, we shared with you our initial assessment of the situation facing UBS and outlined our view that it would be a long road back to success, without any quick fixes. In the two quarters since, we have been addressing the bank's most critical problems, and business is steadily returning to normal. We see this in a clear improvement in our financial results. We also reached two significant milestones – the Swiss Confederation's sale of its stake in UBS, and a settlement agreement in relation to the "John Doe" summons with the US tax authorities.

In the third quarter, we reported a net loss attributable to shareholders of CHF 564 million, or CHF 593 million on a pre-tax basis. This result was affected by three substantial charges which together amounted to CHF 2,150 million. Excluding these charges, the underlying pre-tax result increased to a profit of CHF 1,557 million, a further improvement compared with the prior quarter. The largest of the three items was a CHF 1,436 million charge arising from the increase in the fair value of our own credit. As was the case last quarter, this largely reflects the tightening of our credit spreads in line with a significant improvement in the market's perception of our creditworthiness. The other two items were a net charge of CHF 409 million in relation to the closing of the UBS Pactual sale, and a charge of CHF 305 million in relation to the conversion in August 2009 of the mandatory convertible notes issued in December 2008.

The improvement in underlying Group profitability was driven by better performance in the Investment Bank. The Investment Bank's fixed income, currencies and commodities (FICC) business reported revenues of CHF 985 million, its first quarter of net positive revenues in nine quarters. Equities and investment banking recorded lower seasonal revenues.

Wealth Management & Swiss Bank's results were disappointing. Operating income decreased despite higher levels of invested assets. The decline in income was due to continued compression of lending spreads in a low interest rate environment, as well as lower margins in wealth management. We experienced net new money outflows of CHF 16.7 billion compared with CHF 16.5 billion in the prior quarter.

Wealth Management Americas returned to profitability, with a pre-tax profit of CHF 110 million, following a loss in second quarter 2009. The change was mainly due to a substantial reduction in operating expenses, while revenues were broadly in line with those of the prior quarter. Net new money outflows deteriorated to CHF 9.9 billion from CHF 5.8 billion in the prior quarter, reflecting reduced recruiting of financial advisors and higher attrition.

Global Asset Management experienced stronger performance. Operating income increased 7% due to higher performance fees and higher management fees on increased average invested assets. Net new money outflows decreased to CHF 10.0 billion from CHF 17.1 billion in the second quarter. The business saw its first net new money inflows from third-party clients since fourth quarter 2006 following good investment performance.

We are continuing to place emphasis on balance sheet reduction and maintaining capital strength. The Group balance sheet was reduced in the third quarter by CHF 124 billion to CHF 1,476 billion. Risk-weighted assets declined 15% to CHF 211 billion – a 30% decrease compared with year-end 2008. The tier 1 capital ratio stood at 15.0% at the end of September, compared with 13.2% at the end of second quarter 2009.

We have successfully stabilized the firm and our focus is now on growing the business. Our business strategy centers around our "one firm" approach, which combines our wealth management and Swiss banking businesses with the global ex-

pertise of our Investment Bank and our institutional asset management business. We will be presenting details of our new overall group strategy and that of each of our operating divisions at our Investor Day on 17 November 2009. We intend to focus on building our capital strength and on de-risking our balance sheet for several quarters to come. Our intention is to establish UBS as one of the world's strongest and most resilient financial institutions. We believe that this is in the best interests of our clients and shareholders and is consistent with the expectations of our prudential regulators. We likewise believe that this approach is critical to developing our wealth and asset management businesses, our advisory businesses, and our trading operations.

We have resolved two key matters that were negatively affecting the business. We reached a settlement with the US tax authorities in relation to the "John Doe" summons matter. This enabled us to advance the process of putting behind us one of the most difficult episodes in our history. As a mark of the benefit that the settlement had on UBS, the Swiss Government decided that it

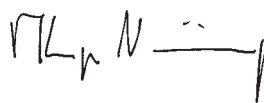
would exit its investment in UBS. Resolution of these items is having a profound impact on the levels of trust placed in us by clients and shareholders, on staff morale, and on our efforts to rebuild confidence in our company.

Outlook – Having stabilized the bank's financial condition and resized the business, we expect to see further progress in restoring the underlying profitability of the business in future quarters, particularly in 2010. However, this progress will depend on market and other factors. The early part of 2010 should reflect the full impact of 2009's cost reductions. We do not expect an immediate recovery in client net new money flows, and the impact of low interest rates on net interest income continues to hold back revenues, especially in Wealth Management & Swiss Bank. We expect the Investment Bank's performance to continue to improve into 2010, but its fourth quarter results will likely reflect the early stage of its recovery. In addition, based on current conditions, we expect another own credit charge in the fourth quarter as a result of further tightening of our credit spreads.

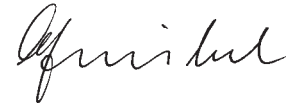
3 November 2009

Yours sincerely,

UBS



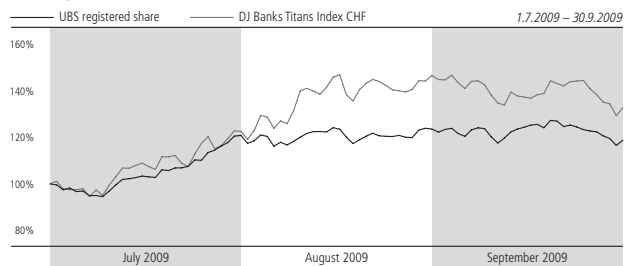
Kaspar Villiger
Chairman of the BoD



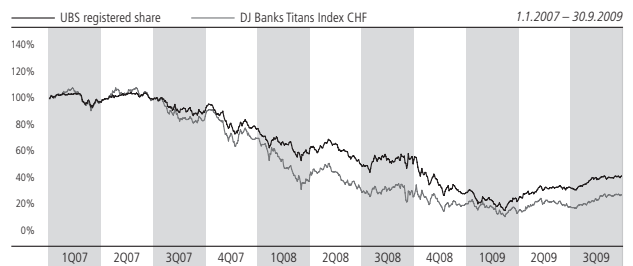
Oswald J. Grübel
Group Chief Executive Officer

UBS share performance

Third quarter 2009



Since 2007



Group results

CHF million, except where indicated	As of or for the quarter ended			% change from		Year-to-date	
	30.9.09	30.6.09	30.9.08	2Q09	3Q08	30.9.09	30.9.08
Operating income	5,766	5,770	5,543	0	4	16,506	5,493
Operating expenses	6,359	7,093	6,036	(10)	5	19,980	21,993
Operating profit before tax (from continuing and discontinued operations)	(593)	(1,316)	(493)	55	(20)	(3,456)	(16,321)
Net profit attributable to UBS shareholders	(564)	(1,402)	283	60		(3,941)	(11,729)
Diluted earnings per share (CHF) ¹	(0.15)	(0.39)	0.09	62		(1.09)	(4.42)

Balance sheet and capital management

CHF million, except where indicated	As of or for the quarter ended		% change from
	30.9.09	30.6.09	
Total assets	1,476,053	1,599,873	(8)
Equity attributable to UBS shareholders	39,536	33,545	18
BIS total ratio (%) ²	19.4	17.7	
BIS risk-weighted assets ²	210,763	247,976	(15)
BIS tier 1 capital ²	31,583	32,640	(3)

Key performance indicators³

CHF million, except where indicated	As of or for the quarter ended			Year-to-date	
	30.9.09	30.6.09	30.9.08	30.9.09	30.9.08
Performance					
Return on equity (RoE) (%)				(15.6)	(44.4)
Return on risk-weighted assets, gross (%)				9.3	2.5
Return on assets, gross (%)				1.4	0.4
Growth					
Net profit growth (%) ⁴	N/A	N/A	N/A	N/A	N/A
Net new money (CHF billion) ⁵	(36.7)	(39.5)	(83.6)	(91.1)	(140.2)
Efficiency					
Cost/income ratio (%)	106.1	115.2	102.3	109.4	355.9
Capital strength					
BIS tier 1 ratio (%) ²	15.0	13.2			
FINMA leverage ratio (%) ²	3.51	3.46			

Footnotes: ¹ Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the financial statements of the third quarter 2009 report. ² Refer to the "Capital management" section of the third quarter 2009 report. ³ For the definitions of UBS's key performance indicators refer to the "Key performance indicators" section on page 11 of UBS's first quarter 2009 report. ⁴ Not meaningful if either the current period or the comparison period is a loss period. ⁵ Excludes interest and dividend income.

Reporting by business division

CHF million	Total operating income			Total operating expenses			Performance before tax from continuing operations		
	30.9.09	30.6.09	% change	30.9.09	30.6.09	% change	30.9.09	30.6.09	% change
For the quarter ended									
Wealth Management & Swiss Bank	2,814	2,914	(3)	2,023	1,983	2	792	932	(15)
Wealth Management Americas	1,378	1,368	1	1,268	1,589	(20)	110	(221)	
Global Asset Management	567	530	7	437	448	(2)	130	82	59
Investment Bank	1,167	532	119	2,537	2,378	7	(1,370)	(1,846)	26
Corporate Center	(160)	425		95	695	(86)	(255)	(270)	6
UBS	5,766	5,770	0	6,359	7,093	(10)	(593)	(1,323)	55

Additional information

CHF million, except where indicated	As of or for the quarter ended			% change from	
	30.9.09	30.6.09	30.9.08	2Q09	3Q08
Invested assets (CHF billion)	2,258	2,250	2,640	0	(14)
Personnel (full-time equivalents)	69,023	71,806	79,565	(4)	(13)
Market capitalization ¹	67,497	42,872	54,135	57	25
Long-term ratings					
Fitch, London	A+	A+	AA-		
Moody's, New York ²	Aa2	Aa2	Aa2		
Standard & Poor's, New York	A+	A+	AA-		

Footnotes: 1 Refer to the "UBS registered shares" section of the third quarter 2009 report. 2 On 15 June 2009 Moody's has placed the senior long-term debt and deposit ratings of UBS AG and affiliates on review for possible downgrade.

Cautionary Statement Regarding Forward-Looking Statements | This release 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 outcome and possible consequences of pending or future actions or inquiries concerning UBS's cross-border banking business by tax or regulatory authorities in various jurisdictions; (5) 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; (6) UBS's ability to retain and attract the employees that are necessary to generate revenues and to manage, support and control its businesses; (7) political, governmental and regulatory developments, including the effect of more stringent capital requirements and the possible imposition of additional legal or regulatory constraints on UBS's activities; (8) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other matters; (9) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (10) changes in the size, capabilities and effectiveness of UBS's competitors; (11) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures, either within UBS or within a counterparty; and (12) technological developments. In addition, actual results could depend on other factors that we have previously indicated could adversely affect our business and financial performance which are contained 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 restated Annual Report on Form 20-F/A for the year ended 31 December 2008. 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.