Fourth Quarter 2011

7 February 2012

Dear Shareholders

For the fourth quarter of 2011, we report a net profit attributable to UBS shareholders of CHF 393 million and diluted earnings per share of CHF 0.10.

Despite continued challenging market conditions, we ended the quarter with an even stronger capital position and sound liquidity and funding positions, and we achieved substantial reductions in our risk-weighted assets without a significant impact on our profitability. We remain one of the best capitalized banks in the world, with a Basel 2.5 tier 1 ratio of 16.0% and a Basel II tier 1 ratio of 19.7% on 31 December 2011. We recorded net new money totaling CHF 5 billion for the quarter across our wealth management businesses, demonstrating our clients' continued confidence in us amid ongoing market uncertainty. As a clear expression of our own optimism about the firm's future, and as we stated at our Investor Day in November, we intend to propose a dividend for the financial year 2011 of CHF 0.10 per share subject to approval at our Annual General Meeting of Shareholders (AGM) in May 2012.

We continued to focus on costs this quarter as part of our previously announced CHF 2 billion cost reduction program, and we expect to see more of the benefits as a result of these measures coming through in 2012. As already stated, our capacity for further tactical cost cutting measures is limited and so we must focus on strategic changes which go to the heart of our organizational design and structures. We will continue to seek additional efficiencies by exploring opportunities to lower the structural cost base of the firm. In addition, we will monitor markets actively and, if conditions deteriorate materially, we will take further measures to reduce our cost base.

During the quarter we announced important changes to our management team. In November, the Board of Directors confirmed the appointment of Sergio P. Ermotti as Group Chief Executive Officer with immediate effect. Chairman of the Board Kaspar Villiger announced his decision to accelerate the firm's leadership change by not standing for re-election to the Board at the 2012 AGM. Axel Weber, who was to have been nominated to be Vice Chairman of the Board, has now been proposed to succeed as Chairman, subject to his election at this year's AGM. In addition, we announced that Beatrice Weder di Mauro and Isabelle Romy are to be nominated for election to UBS Board of Directors at our forthcoming AGM. Both are highly regarded and internationally recognized in their own fields of economics and law, and we are confident that the invaluable experience they bring with them will strengthen the Board further. We also announced that Bruno Gehrig will not stand for re-election to the Board, and we would like to express our thanks to Bruno for his dedication, commitment and the valuable contribution he has made to the firm.

Also during the quarter, the Board of Directors and the Group Executive Board jointly announced a comprehensive update of our strategic plans and targeted future financial performance ranges. Our strategy centers on our pre-eminent global wealth management businesses, encompassing both Wealth Management and Wealth Management Americas, and our universal bank in Switzerland and draws on the complementary capabilities of our well-diversified Global Asset Management business and our Investment Bank. As part of this strategy, the Investment Bank will be simpler, more focused and less capital-intensive, while building on its strengths in equities, foreign exchange and advisory. Our strategy reflects the changing market and regulatory environment, and has been designed to ensure we are better able to deliver attractive and sustainable returns to our shareholders.

Maintaining our leading capital position is another critical element of our plans and we will continue to focus on reducing our Basel III risk-weighted assets significantly and building our capital to achieve a Basel III tier 1 common equity ratio of at least 13%. Additionally, we intend to issue loss-absorbing capital this year as a further step towards meeting our Swiss regulator's requirement that systemically important banks hold up to 19% in total capital in future. Our targeted capital structure, which exceeds the Basel Committee's core capital requirements, sends a clear signal about safety and stability, and we believe this will continue to prove attractive to investors and clients as well as benefiting the firm as a whole.

The implementation of our strategy is already well under way, and our commitment to deliver on our strategic goals despite challenging market conditions is illustrated by our swift progress in reducing risk-weighted assets and building our capital ratios during the quarter. We reduced our Basel III risk-weighted assets by an estimated CHF 20 billion[1], including through the sale of auction rate securities positions as part of our strategy to reduce risk-weighted assets in both core and legacy Investment Bank businesses. These efforts, combined with profits generated for the quarter, led to an improvement in our Basel 2.5 tier 1 capital ratio to 16.0% and an estimated Basel III common equity ratio of 10.8%, the latter calculated on the "phased-in" basis using Basel III measures that become applicable as of 1 January 2013. Further risk reduction is an essential element of our strategic plans for the firm and, as announced at our Investor Day, we will continue to pursue a disciplined course of action in relation to risk-weighted asset reduction throughout 2012.

1 Our pro-forma Basel III risk-weighted assets calculation is a combination of the existing Basel 2.5 risk-weighted assets, a revised treatment for securitization exposures which applies a fixed risk weighting, as well as several new capital charges which require the development of new models and calculation engines. Our pro-forma Basel III risk-weighted assets are based on estimates of the impact of these new capital charges, and will be refined as we progress with our implementation of the new models and associated systems.

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Looking at the fourth quarter in more detail, uncertainty centered around eurozone sovereign debt and European banking industry issues weighed on the already weak operating environment. While markets rallied in October, this proved to be short-lived as investors retreated into safe haven investments for the remainder of the quarter, leading to a reduction in client activity and trading volumes from the already subdued levels of the third quarter. In addition, net interest income declined following the sale of our strategic investment portfolio in the third quarter. Consequently, overall revenues for the Group decreased by 7% to CHF 6.0 billion this quarter. We continued to make progress in implementing planned headcount reductions in line with our previously announced cost cutting initiative, and we recorded a reduction in personnel expenses due in part to lower variable compensation accruals this quarter. This was partly offset by a CHF 109 million charge related to the levy imposed by the UK government on bank liabilities. These factors contributed to a 1% decrease in operating expenses for the Group this quarter. We recorded a pre-tax profit of CHF 584 million.

Wealth Management reported a pre-tax profit of CHF 471 million this quarter. Operating income declined, reflecting the effects of subdued client activity as well as reduced interest income following the sale of our strategic investment portfolio in the third quarter. An increase in invested assets and lower levels of client activity led to a decrease in the gross margin for the business this quarter. Net new money inflows were CHF 3.1 billion and contributed to strong full-year net new money inflows totaling CHF 23.5 billion. **Wealth Management Americas** delivered a pre-tax profit of CHF 114 million. In US dollar terms, operating income and expenses both declined, with income affected by low client activity levels and a decline in income related to our available-for-sale portfolio. The progress the business has made in executing its strategy continues to prove attractive to experienced financial advisors in a highly competitive environment. Attracting such talent brings benefits to the firm in the form of net new money and future revenues, and it was the recruitment of advisors that drove net new money inflows of CHF 1.9 billion this quarter, taking full-year net new money inflows to CHF 12.1 billion. The business continued to make progress on its strategic banking initiatives, including its mortgage lending initiatives, with the majority of the growth in balances coming from credit lines to our target high net worth and ultra high net worth client base. Our **Retail & Corporate** business delivered a resilient performance, reporting a pre-tax profit of CHF 412 million this quarter. Excluding the effects of the sale of the strategic investment portfolio and restructuring charges in the third quarter, pre-tax profit remained stable, with lower interest income and transactional income offset by reduced credit charges compared with the prior quarter.

Global Asset Management delivered an improved performance and reported a pre-tax profit of CHF 118 million. Operating income benefited from higher net management fees on higher invested assets reflecting the acquisition of the ING Investment Management business in Australia, as well as favorable currency effects and positive market performance. This acquisition increases the scale and distribution of our business significantly in the important Australian market. Performance fees were also higher this quarter, primarily in alternative and quantitative investments. The **Investment Bank** reported a pre-tax loss of CHF 256 million. Nevertheless, in an otherwise lackluster quarter, there were some notable achievements, especially in fixed income, currencies and commodities, where our credit, macro and emerging markets businesses all recorded a stronger performance compared with the prior quarter. The Investment Bank's success will depend to a large degree on realizing our strategic plans to reduce risk-weighted assets and improve capital efficiency, and during the quarter we made good progress in reducing Basel III risk-weighted assets.

Outlook – As in the fourth quarter of 2011, ongoing concerns surrounding eurozone sovereign debt, the European banking system and US federal budget deficit issues, as well as continued uncertainty about the global economic outlook in general, appear likely to have a negative influence on client activity levels in the first quarter of 2012. Such circumstances would make sustained and material improvements in prevailing market conditions unlikely and would have the potential to generate headwinds for revenue growth, net interest margins and net new money. In light of the above, traditional improvements in first quarter activity levels and trading volumes may fail to materialize fully, which would weigh on overall results for the coming quarter, most notably in the Investment Bank. Nevertheless, we believe our asset-gathering businesses as a whole will continue to attract net new money as our clients recognize our efforts and continue to entrust us with their assets. We are confident that the coming quarters will present additional opportunities for us to strengthen our position as one of the best capitalized banks in the world, and we will continue to focus on reducing our Basel III risk-weighted assets and building our capital ratios. We continue to have the utmost confidence in our firm's future.

We ended 2011 with an even stronger capital position and sound liquidity and funding positions that together give us a distinct competitive advantage in today's uncertain market environment and for the future. As we go forward into 2012, we remain committed to executing our strategic plans in a disciplined manner and will sharpen our focus on meeting our clients' needs to ensure that we are better able to provide attractive and sustainable returns to our shareholders.

Yours sincerely

Kaspar Villiger
Chairman of the
Board of Directors

Sergio P. Ermotti
Group Chief Executive Officer

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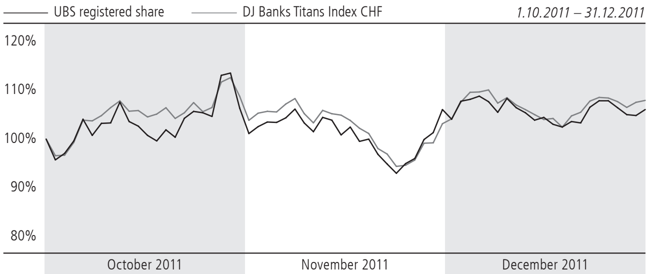
Our key figures for the fourth quarter of 2011

UBS share performance

Fourth quarter 2011



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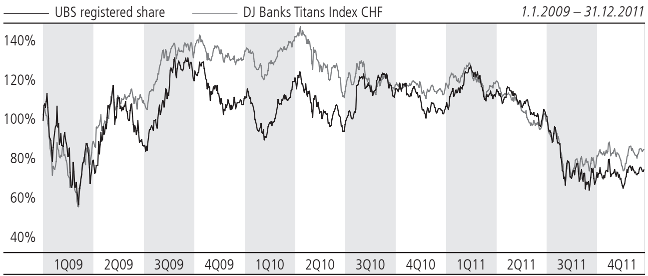

Group results

	For the quarter ended			Year ended	
CHF million, except where indicated	**31.12.11**	30.9.11	31.12.10	31.12.11	31.12.10
Operating income	**5,967**	6,412	7,141	27,893	31,994
Operating expenses	**5,383**	5,432	5,928	22,441	24,539
Operating profit from continuing operations before tax	**584**	980	1,214	5,453	7,455
Net profit attributable to UBS shareholders	**393**	1,018	1,663	4,233	7,534
Diluted earnings per share (CHF)[1]	**0.10**	0.27	0.43	1.10	1.96

1 Refer to "Note 8 Earnings per share (EPS) and shares outstanding" in the "Financial information" section of the fourth quarter 2011 report for more information.

Key performance indicators, balance sheet and capital management[1]

	For the quarter ended			Year ended	
CHF million, except where indicated	**31.12.11**	30.9.11	31.12.10	31.12.11	31.12.10
Performance					
Return on equity (RoE) (%)				8.6	16.7
Return on risk-weighted assets, Basel II, gross (%)				13.7	15.5
Return on assets, gross (%)				2.1	2.3
Growth					
Net profit growth (%)[2]	**(61.4)**	0.3	(0.1)	(43.8)	N/A
Net new money (CHF billion)[3]	**6.4**	4.9	7.1	42.4	(14.3)
Efficiency					
Cost / income ratio (%)	**90.0**	83.6	81.1	80.2	76.5

	As of		
CHF million, except where indicated	**31.12.11**	30.9.11	31.12.10
Capital strength			
BIS tier 1 ratio, Basel 2.5 (%)[4]	**16.0**	13.2	
BIS tier 1 ratio, Basel II (%)[4]	**19.7**	18.4	17.8
FINMA leverage ratio (%)[5]	**5.4**	5.4	4.4
Balance sheet and capital management			
Total assets	**1,419,313**	1,446,845	1,317,247
Equity attributable to UBS shareholders	**53,551**	51,817	46,820
Total book value per share (CHF)[5]	**14.29**	13.85	12.35
Tangible book value per share (CHF)[5]	**11.70**	11.34	9.76
BIS total ratio, Basel 2.5 (%)[4]	**17.3**	14.2	
BIS total ratio, Basel II (%)[4]	**21.6**	20.0	20.4
BIS risk-weighted assets, Basel 2.5[4]	**240,962**	283,843	
BIS risk-weighted assets, Basel II[4]	**198,494**	207,257	198,875
BIS tier 1 capital, Basel 2.5[4]	**38,449**	37,546	
BIS tier 1 capital, Basel II[4]	**39,059**	38,121	35,323

1 For the definitions of our key performance indicators, refer to the "Measurement and analysis of performance" section on page 33 of our Annual Report 2010. **2** Not meaningful and not included if either the reporting period or the comparison period is a loss period. **3** Excludes interest and dividend income. **4** Capital management data as of 31 December 2011 is disclosed in accordance with the Basel 2.5 framework. Comparative data under the new framework is not available for 31 December 2010. The comparative information under the Basel II framework is therefore provided. Refer to the "Capital management" section of the fourth quarter 2011 report for more information. **5** Refer to the "Capital management" section of the fourth quarter 2011 report for more information.

Results by reporting segment

CHF million	Total operating income			Total operating expenses			Performance from continuing operations before tax		
For the quarter ended	**31.12.11**	30.9.11	% change	**31.12.11**	30.9.11	% change	**31.12.11**	30.9.11	% change
Wealth Management	**1,673**	2,178	(23)	**1,203**	1,290	(7)	**471**	888	(47)
Retail & Corporate	**928**	1,218	(24)	**517**	535	(3)	**412**	683	(40)
Wealth Management & Swiss Bank	**2,601**	3,396	(23)	**1,719**	1,825	(6)	**882**	1,571	(44)
Wealth Management Americas	**1,325**	1,294	2	**1,211**	1,154	5	**114**	139	(18)
Global Asset Management	**463**	399	16	**345**	321	7	**118**	79	49
Investment Bank	**1,730**	1,428	21	**1,986**	2,078	(4)	**(256)**	(650)	61
Corporate Center	**(152)**	(105)	(45)	**121**	55	120	**(273)**	(160)	(71)
UBS	**5,967**	6,412	(7)	**5,383**	5,432	(1)	**584**	980	(40)

Additional information

CHF million, except where indicated	**31.12.11**	30.9.11	31.12.10
Invested assets (CHF billion)	**2,167**	2,025	2,152
Personnel (full-time equivalents)	**64,820**	65,921	64,617
Market capitalization[1]	**42,843**	40,390	58,803

1 Refer to the appendix "UBS registered shares" of the fourth quarter 2011 report for more information.

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) developments in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates and interest rates and the effect of economic conditions and market developments on the financial position or creditworthiness of UBS's clients and counterparties; (2) changes in the availability of capital and funding, including any changes in UBS's credit spreads and ratings; (3) the ability of UBS to retain earnings and manage its risk-weighted assets in order to comply with recommended Swiss capital requirements without adversely affecting its business; (4) changes in financial regulation in Switzerland, the US, the UK and other major financial centers which may impose constraints on or necessitate changes in the scope and location of UBS's business activities and in its legal and booking structures, including the imposition of more stringent capital and liquidity requirements, incremental tax requirements and constraints on remuneration, some of which may affect UBS in a different manner or degree than they affect competing institutions; (5) possible constraints or sanctions that regulatory authorities might impose on UBS, including as a consequence of the unauthorized trading incident announced in September 2011; (6) changes in UBS's competitive position, including whether differences in regulatory requirements among the major financial centers will adversely affect UBS's ability to compete in certain lines of business, (7) the liability to which UBS may be exposed due to litigation, contractual claims and regulatory investigations, some of which stem from the market events and losses incurred by clients and counterparties during the financial crisis; (8) the effects on UBS's cross-border banking business of international tax treaties recently negotiated by Switzerland and future tax or regulatory developments; (9) 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; (10) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses; (11) changes in accounting standards or policies, and accounting determinations affecting the recognition of gain or loss, the valuation of goodwill and other matters; (12) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (13) whether UBS will be successful in keeping pace with competitors in updating its technology, particularly in trading businesses; and (14) the occurrence of operational failures, such as fraud, unauthorized trading and systems failures, either within UBS or within a counterparty. 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 2010, as amended by Form 20-F/A filed on 10 November 2011. 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.

Rounding | Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text. Percentages and percent changes are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages and percent changes that would be derived based on figures that are not rounded.