

Investor release

For immediate release

UBS releases revised Value at Risk (VaR) figures reflecting enhanced modeling and provides more guidance on the first-time consolidation of Motor-Columbus.

Zurich / Basel, 13 October 2004

UBS is today releasing revised Value at Risk figures for the overall firm, the Investment Bank and its Interest Rates business for full-year 2003 and each of the past six quarters (starting with first quarter 2003). It is also providing more guidance regarding the first-time consolidation of Motor-Columbus in third quarter 2004 and its impact on UBS's disclosure.

VaR model enhancement

Over the past two years, growth in asset-backed securities has outpaced other sectors in the fixed income markets. At the same time, our Investment Bank's market share in this sector has grown, leading to an increase in exposure. To date these exposures have been represented as corporate AAA securities in VaR, leading to a conservative representation of credit spread risk.

To better reflect the risk in VaR, we have increased the granularity of our risk representation of such securitized products. In July 2004, the Swiss Federal Banking Commission (SFBC) gave their approval for this change and we have implemented the revised model during third quarter.

The enhanced model added a number of historical data series, which more closely reflect the individual behavior of products such as US Agency debentures, residential and commercial mortgage backed securities and other asset backed securities such as credit card and automobile loan receivables.

The enhanced methodology leads to a significant reduction in VaR. Incorporating the new data series, VaR (on a 10-day 99% basis) is lower at the Investment Bank level by approximately 20%, and for the Interest Rates risk type by roughly 25%. The difference between the results of the old and new models increases from first quarter 2003 through to second quarter 2004, reflecting in part the increase in our volumes of these highly-rated fixed income asset classes over that period.

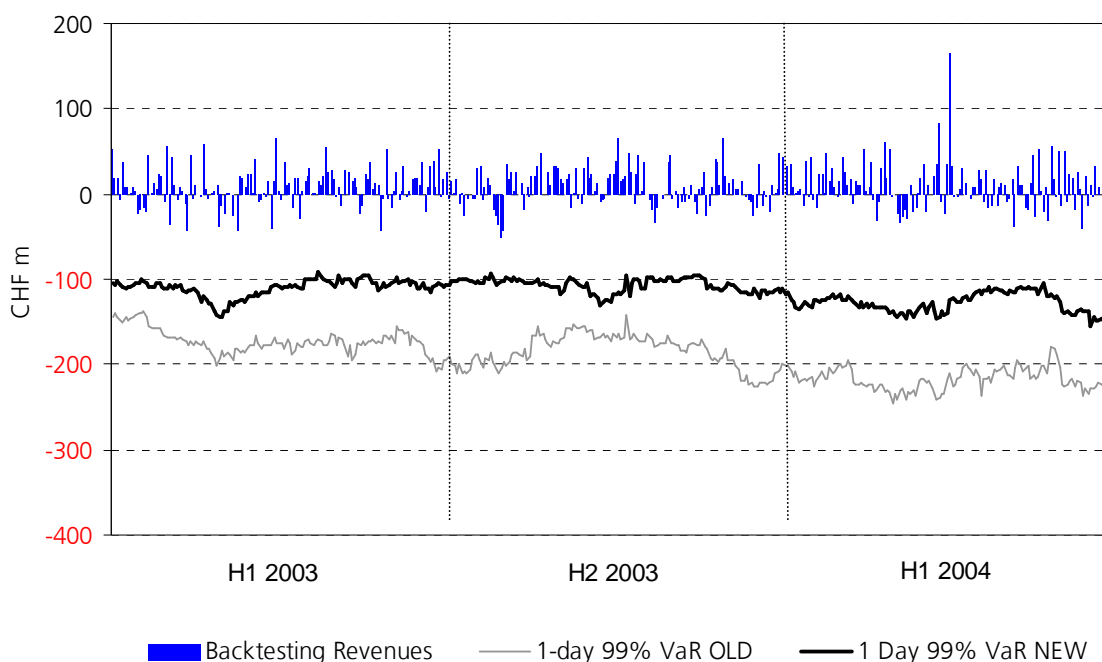
Please find following a summary of the model enhancement effects:

VaR: 10-day 99%	2Q04			1Q04			Full-year 2003		
in CHF million	New average VaR	Old average VaR	Change in %	New average VaR	Old average VaR	Change in %	New average VaR	Old average VaR	Change in %
UBS	333.8	439.6	-24%	374.4	482.3	-22%	307	363	-15%
Investment Bank	331.4	421.9	-21%	366.0	465.6	-21%	317	354	-10%
Interest Rates	296.5	395.7	-25%	329.6	434.3	-24%	277	323	-14%

VaR backtesting analysis (comparing ex ante 1-day VaR to the observed mark to market profit and loss on the positions contributing to the VaR) shows that the enhanced VaR approach did not produce any backtesting exceptions over the period.

The backtesting graph below for the Investment Bank compares the 1-day 99% VaR based on both the new and old models and the actual profit/loss arising on the same positions since 1 January 2003:

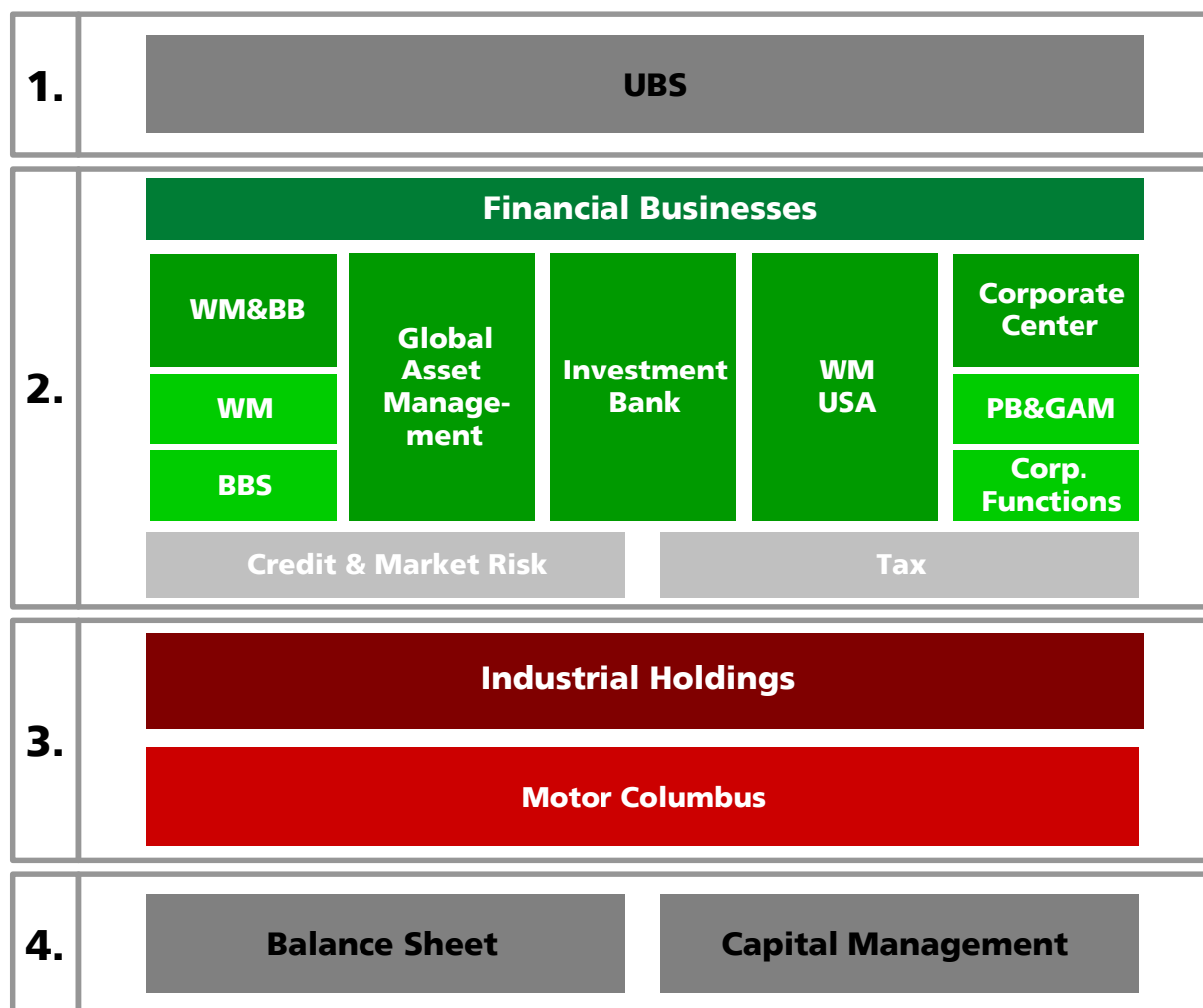
**UBS Investment Bank
Backtesting Revenue and VaR**



First-time consolidation of Motor-Columbus

Given UBS's majority ownership of Motor-Columbus (as reported previously, the stake is now 55.6%), it will be fully consolidated in UBS's financial statements in third quarter 2004. Due to the increased complexity that this consolidation will add to financial reporting, the reporting structure will be split into two components: Financial Businesses and Industrial Holdings. This will ensure the highest degree of continuity in the presentation of our financial services business.

The following is a visual description of how our quarterly reporting structure will look from third quarter 2004 onwards:



In UBS's Group Income Statement, the entire revenue contribution from Motor-Columbus will be disclosed under a newly added line named "Income from industrial holdings". The majority of expenses will fall under a new line called "Goods and materials purchased". The other expense lines of the Group Income Statement will also be affected. In the appendix, there is an outline of the new Group Income Statement as well as the format of the profit and loss table for Industrial Holdings.

Appendix

Enclosed with this release are revised VaR tables for UBS and the Investment Bank for the past 6 quarters and full-year 2003, as well as some illustrative reporting tables, which highlight the disclosure impact on the format of the first-time consolidation of Motor Columbus.

Value at Risk (10-day 99% confidence)

Quarter ended 30.06.2004				
Investment Bank				
CHF million	Min.	Max.	Average	30.06.2004
Risk type				
Equities	139.1	181.8	158.0	173.0
Interest Rates	243.7	399.3	296.5	306.8
Foreign Exchange	8.3	47.6	23.4	29.5
Other	28.1	86.6	50.7	45.9
Diversification effect	¹	¹	(197.3)	(211.6)
Total	273.9	412.9	331.4	343.6
UBS				
CHF million	Min.	Max.	Average	30.06.2004
Business Groups				
Investment Bank	273.9	412.9	331.4	343.6
Wealth Management USA	14.4	20.9	16.7	16.6
Global Asset Management	5.3	12.1	10.4	10.8
Wealth Management & Business Banking	0.7	1.4	0.9	0.9
Corporate Center	39.1	53.7	45.6	40.0
Reserves				
Diversification effect	¹	¹	(71.2)	(48.3)
Total	274.4	428.1	333.8	363.6

¹ As the minimum and the maximum occur on different days for different Business Groups, it is not meaningful to calculate a portfolio diversification effect.

Value at Risk (10-day 99% confidence)

Quarter ended 31.03.2004				
Investment Bank				
CHF million	Min.	Max.	Average	31.03.2004
Risk type				
Equities	150.5	176.1	158.4	154.4
Interest Rates	249.8	429.9	329.6	429.9
Foreign Exchange	5.3	72.6	30.1	19.1
Other	9.3	28.6	16.8	14.6
Diversification effect	¹	¹	(168.9)	(176.0)
Total	295.7	456.6	366.0	442.0
UBS				
CHF million	Min.	Max.	Average	31.03.2004
Business Groups				
Investment Bank	295.7	456.6	366.0	442.0
Wealth Management USA	12.7	27.4	17.2	17.8
Global Asset Management	7.2	15.8	10.6	7.7
Wealth Management & Business Banking	0.5	1.1	0.8	0.9
Corporate Center	46.9	69.0	57.8	52.4
Reserves				
Diversification effect	¹	¹	(78.0)	(76.6)
Total	295.2	452.6	374.4	444.2

¹ As the minimum and the maximum occur on different days for different Business Groups, it is not meaningful to calculate a portfolio diversification effect.

Value at Risk (10-day 99% confidence)

Quarter ended 31.12.2003				
Investment Bank				
CHF million	Min.	Max.	Average	31.12.2003
Risk type				
Equities	141.9	189.4	154.7	159.8
Interest Rates	245.0	298.6	268.3	253.8
Foreign Exchange	8.4	46.4	22.9	28.3
Other	7.4	21.1	14.3	9.5
Diversification effect	¹	¹	(161.1)	(156.6)
Total	265.5	326.3	299.2	294.8
UBS				
CHF million	Min.	Max.	Average	31.12.2003
Business Groups				
Investment Bank	265.5	326.3	299.2	294.8
Wealth Management USA	10.0	20.6	15.6	16.7
Global Asset Management	7.7	13.1	10.3	8.1
Wealth Management & Business Banking	0.6	1.3	0.9	0.7
Corporate Center	43.0	58.9	50.3	49.2
Reserves				
Diversification effect	¹	¹	(82.8)	(75.7)
Total	264.6	324.5	293.5	293.8

¹ As the minimum and the maximum occur on different days for different Business Groups, it is not meaningful to calculate a portfolio diversification effect.

Value at Risk (10-day 99% confidence)

Quarter ended 30.09.2003				
Investment Bank				
CHF million	Min.	Max.	Average	30.09.2003
Risk type				
Equities	169.1	194.3	182.8	179.5
Interest Rates	228.2	403.4	310.1	285.1
Foreign Exchange	26.2	81.5	47.2	38.5
Other	9.4	23.0	13.4	14.3
Diversification effect	¹	¹	(195.2)	(190.8)
Total	280.0	469.9	358.4	326.6
UBS				
CHF million	Min.	Max.	Average	30.09.2003
Business Groups				
Investment Bank	280.0	469.9	358.4	326.6
Wealth Management USA	8.4	18.8	12.6	11.7
Global Asset Management	9.2	13.7	11.4	11.1
Wealth Management & Business Banking	0.7	1.2	0.9	0.9
Corporate Center	39.7	62.7	48.5	44.9
Reserves				
Diversification effect	¹	¹	(88.3)	(73.9)
Total	262.5	460.4	343.4	321.3

¹ As the minimum and the maximum occur on different days for different Business Groups, it is not meaningful to calculate a portfolio diversification effect.

Value at Risk (10-day 99% confidence)

Quarter ended 30.06.2003				
Investment Bank				
CHF million	Min.	Max.	Average	30.06.2003
Risk type				
Equities	160.5	188.9	173.8	182.8
Interest Rates	166.1	334.2	246.0	266.3
Foreign Exchange	19.5	67.4	38.0	56.4
Other	9.5	20.4	15.0	14.4
Diversification effect	¹	¹	(181.3)	(181.4)
Total	235.5	367.4	291.5	338.5
UBS				
CHF million	Min.	Max.	Average	30.06.2003
Business Groups				
Investment Bank	235.5	367.4	291.5	338.5
Wealth Management USA	9.4	18.7	12.1	11.3
Global Asset Management	7.0	14.6	10.7	10.4
Wealth Management & Business Banking	3.0	3.9	3.4	3.5
Corporate Center	48.3	76.5	62.3	56.4
Reserve				
Diversification effect	¹	¹	(98.7)	(101.0)
Total	222.6	355.9	281.4	319.2

¹ As the minimum and the maximum occur on different days for different Business Groups, it is not meaningful to calculate a portfolio diversification effect.

Value at Risk (10-day 99% confidence)

Quarter ended 31.03.2003				
Investment Bank				
CHF million	Min.	Max.	Average	31.03.2003
Risk type				
Equities	160.6	186.3	172.5	160.8
Interest Rates	209.6	395.3	284.5	209.6
Foreign Exchange	6.6	28.8	14.3	21.8
Other	10.5	51.3	17.4	16.8
Diversification effect	¹	¹	(171.2)	(148.4)
Total	257.8	399.6	317.5	260.6
UBS				
CHF million	Min.	Max.	Average	31.03.2003
Business Groups				
Investment Bank	257.8	399.6	317.5	260.6
Wealth Management USA	11.4	18.4	15.3	11.7
Global Asset Management	8.2	15.6	10.5	10.3
Wealth Management & Business Banking	3.5	4.7	4.1	3.6
Corporate Center	59.6	82.7	70.5	65.1
Reserve				
Diversification effect	¹	¹	(108.1)	(107.4)
Total	243.5	411.1	309.8	243.9

¹ As the minimum and the maximum occur on different days for different Business Groups, it is not meaningful to calculate a portfolio diversification effect.

Value at Risk (10-day 99% confidence)

Year ended 31.12.2003				
Investment Bank				
CHF million	Min.	Max.	Average	31.12.2003
Risk type				
Equities	142.0	194.0	171.0	160.0
Interest Rates	166.1	403.4	277.5	253.8
Foreign Exchange	7.0	82.0	31.0	28.0
Other	7.0	51.0	15.0	10.0
Diversification effect	1	1	(177.5)	(157.0)
Total	235.5	469.9	317.0	294.8
UBS				
CHF million	Min.	Max.	Average	31.12.2003
Business Groups				
Investment Bank	235.5	469.9	317.0	294.8
Wealth Management USA	8.0	21.0	14.0	17.0
Global Asset Management	7.0	16.0	11.0	8.0
Wealth Management & Business Banking	1.0	5.0	2.0	1.0
Corporate Center	40.0	83.0	58.0	49.0
Reserves				
Diversification effect	1	1	(94.7)	(76.0)
Total	222.6	460.4	307.3	293.8

¹ As the minimum and the maximum occur on different days for different Business Groups, it is not meaningful to calculate a portfolio diversification effect.

New Group Income Statement

Operating income
Interest income
Interest expense
Net interest income
Credit loss (expense) / recovery
Net interest income after credit loss expense
Net fee and commission income
Net trading income
Other income
Income from industrial holdings
Total operating income
Operating expenses
Personnel expenses
General and administrative expenses
Depreciation of property and equipment
Amortization of goodwill and other intangible assets
Goods and materials purchased
Total operating expenses
Operating profit before tax and minority interests
Tax expense
Net profit before minority interests
Minority interests
Net profit

New Industrial Holdings Income Statement

Income
Total operating income
Personnel expenses
General and administrative expenses
Depreciation
Amortization of goodwill and other intangible assets
Goods and materials purchased
Total operating expenses
Operating profit before tax and minority interests
Tax expense
Net profit before minority interests
Minority interests
Net profit