



UBS AG, Jersey Branch

Final Terms of the offer dated 19 November 2007

to the Base Prospectus of 12 April 2007
pursuant to section 6 of the
German Securities Prospectus Act (*Wertpapierprospektgesetz*)
(as amended by Supplement No. 1 dated 5 July 2007)

by

UBS AG, Jersey Branch

for the issue of

UBS Capital Protected Gearing Certificates

based on the S&P 500® Index¹ as the Underlying

ISIN DE000UB0CBY6

offered by

UBS Limited

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents relating to UBS AG, acting through its Jersey Branch, have been filed with the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – “**BaFin**”) as appendices to the securities prospectus pursuant to section 5 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) for the issuance of „UBS Partially Capital Protected World Certificates based on the performance of a portfolio of Indices as Underlyings” dated 22 February 2007 by UBS AG, Jersey Branch, as issuer, except for the Financial Report 2006 of UBS AG, the Annual Review 2006 of UBS AG and the UBS Handbook 2006/2007 which have been filed as appendices to the Registration Document of UBS AG dated 5 April 2007 and are incorporated by reference in this Prospectus and/or represent an integral part of this Prospectus:

Incorporated document	Referred to in	Information
- UBS Handbook 2006/2007, in English; pages 27 – 54 (inclusive)	- Business Overview (page 17 of the Prospectus)	- Description of the Issuer’s business groups
- UBS Financial Report 2006, in English; pages 172 –175 (inclusive)	- Organisational Structure of the Issuer (page 17 of the Prospectus)	- Illustration of the key subsidiaries
- UBS Handbook 2006/2007, in English; pages 109 – 110 (inclusive)	- Major Shareholders of the Issuer (page 20 of the Prospectus)	- Further details on UBS shares
- UBS Financial Report 2005, in English:	- Financial Information concerning the Issuer’s Assets and Liabilities, Financial Position and Profits and Losses (page 20 of the Prospectus)	- Financial Statements of UBS AG (Group) for the financial year 2005:
(i) page 74,		(i) Income Statement,
(ii) page 75,		(ii) Balance Sheet,
(iii) pages 78 - 79 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 80 - 190 (inclusive),		(iv) Notes to the Financial Statements,
(v) pages 65 - 70 (inclusive),		(v) Accounting Standards and Policies,
(vi) page 73.		(vi) Report of the Group Auditors.
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2005:
(i) page 194,		(i) Income Statement,
(ii) page 195,		(ii) Balance Sheet,
(iii) page 196,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 197 – 201 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 193,		(v) Parent Bank Review,
(vi) pages 65 - 70 (inclusive),		(vi) Accounting Standards and Policies,
(vii) page 202.		(vii) Report of the Statutory Auditors.
- UBS Financial Report 2006, in English:	- Financial Information concerning the Issuer’s Assets and Liabilities, Financial Position and Profits and Losses (page 20 of the Prospectus)	- Financial Statements of UBS AG (Group) for the financial year 2006:
(i) page 82,		(i) Income Statement,
(ii) page 83,		(ii) Balance Sheet,
(iii) pages 86 - 87 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 88 – 214 (inclusive),		(iv) Notes to the Financial Statements,
(v) pages 67 – 72 (inclusive),		(v) Accounting Standards and

		Policies,
(vi) pages 80 – 81 (inclusive).		(vi) Report of the Group Auditors.
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2006:
(i) page 218,		(i) Income Statement,
(ii) page 219,		(ii) Balance Sheet,
(iii) page 220,		(iii) Statement of Appropriation of Retained Earnings,
(iv) page 221 – 225 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 217,		(v) Parent Bank Review,
(vi) pages 67 - 72 (inclusive),		(vi) Accounting Standards and Policies,
(vii) page 226 (inclusive).		(vii) Report of the Statutory Auditors.

The documents incorporated by reference shall be maintained in printed format, for free distribution, at the offices of the Issuer as well as at UBS Deutschland AG, Stephanstrasse 14 - 16, 60313 Frankfurt am Main, Federal Republic of Germany, and at UBS Stockholm Branch, Regeringsgatan 38, S-111 87 Stockholm, Sweden. In addition, they are published on the UBS website, at www.ubs.com/investors or a successor address.

SUMMARY

This Summary contains information from this Prospectus, in particular from the sections "Description of the Issuer" and "Description of the Securities", to give potential investors the opportunity to acquire information about UBS AG, acting through its Jersey Branch (hereinafter referred to as the "**Issuer**"), the UBS Capital Protected Gearing Certificates (hereinafter referred to as a "**Certificate**" or the "**Certificates**", as well as a "**Security**" or the "**Securities**"), which form the object of this Prospectus, and about the risk associated with an investment in the Securities.

The Summary, however, should be understood as an introduction to the Prospectus. **When making decisions relating to an investment in the Securities, therefore, potential investors should carefully consider the information contained in the Prospectus as a whole.** To ensure full comprehension of the Securities it is recommended that potential investors carefully read the Terms and Conditions of the Securities, as well as the sections on tax implications and other important factors related to the decision on investing in the Securities. If necessary, **advice should be sought from legal, tax, financial or other advisors.**

The Issuer also expressly emphasises, that where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might have to bear the cost of translating this Prospectus before the legal proceedings are initiated under applicable national law of the respective member state of the European Economic Area.

Potential investors should note that the Issuer and UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, as the offeror (the "**Offeror**") are liable for the Summary including any translation thereof contained in this Prospectus, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Who is the Issuer?

UBS AG, with registered offices in Zurich and Basel, Switzerland, was formed from the merger of Schweizerischer Bankverein (SBV) and Schweizerische Bankgesellschaft (SBG) in 1998.

With main offices in Zurich and Basel, Switzerland, UBS boasts a global presence, with around 78,000 employees (as of 31 December 2006) in more than 50 countries. UBS AG and its subsidiaries and branch offices (hereinafter also referred to as "**UBS**"), including UBS AG, Jersey Branch, as Issuer of the Securities described in this Prospectus, is, according to its own opinion, among the world's largest private asset managers. As a global leader, according to its own opinion, in the world of finance, UBS serves some of the most demanding clients worldwide and combines financial strength with a global corporate culture that views change as an opportunity. As an integrated company, UBS generates added value for its clients by giving them access to the expertise and capabilities of an entire group.

UBS is structured into three main business groups: Global Wealth Management & Business Banking - according to its own opinion, one of the largest asset managers in the world, in terms of assets under management, and the leading bank for corporate and institutional clients in Switzerland; Global Asset Management - a leading global asset manager; and Investment Bank - a first-class investment banking and securities firm.

The services offered include traditional investment banking activities, such as consulting services for mergers and acquisitions, the execution of capital market transactions on both the primary and secondary markets, recognised research expertise and the issuing of investment products for institutional and private investors.

UBS is among the few globally active major banks that have a first-class rating. The rating agencies Standard & Poor's Inc., Fitch Ratings and Moody's Investors Service Inc. have assessed the creditworthiness of UBS - *i.e.* the ability of UBS to fulfil payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing, in a timely manner. The results are displayed in the rating levels schematically arranged below. The ratings from Fitch and Standard & Poor's may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. Standard & Poor's currently rates UBS' creditworthiness with AA+, Fitch with AA+

and Moody's with Aa2², which implies a rating with "good to very good: high probability of payment, low insolvency risk".

Who are the members of the Issuer's management and supervisory bodies?

The board of directors comprises a minimum of six or a maximum of twelve members. Their term of office lasts three years.

Board of Directors

	Title	Term of office	Position outside UBS AG
Marcel Ospel	Chairman	2008	
Stephan Haeringer	Executive Vice Chairman	2007	
Marco Suter	Executive Vice Chairman	2008	
Ernesto Bertarelli	Member	2009	Chief Executive Officer of Serono International SA, Geneva (until 5 January 2007)
Sir Peter Davis	Member	2007	Holds several board memberships.
Gabrielle Kaufmann-Kohler	Member	2009	Partner at the law firm Schellenberg Wittmer and Professor of international private law at the University of Geneva
Dr. Rolf A. Meyer	Member	2009	Holds several board memberships.
Dr. Helmut Panke	Member	2007	Chairman of the Board of Management BMW AG, Munich (between 2002 and September 2006) As at the date of the Base Prospectus, he holds several board memberships.
Peter Spuhler	Member	2007	Owner of Stadler Rail AG, Switzerland
Peter R. Voser	Member	2008	Chief Financial Officer of The Royal Dutch Shell plc, London
Lawrence A. Weinbach	Member	2008	Partner at Yankee Hill Capital Management LLC, Southport, CT, USA (since 2006)
Joerg Wolle	Member	2009	President and CEO of DKSH Holding Ltd.

Group Executive Board

The Group Executive Board comprises nine members:

Peter A. Wuffli	Group Chief Executive Officer
Marcel Rohner	Deputy Group CEO and Chairman and CEO Global Wealth Management & Business Banking
John A. Fraser	Chairman and CEO Global Asset Management
Huw Jenkins	Chairman and CEO Investment Bank
Peter Kurer	Group General Counsel
Clive Standish	Group Chief Financial Officer
Walter Stuerzinger	Group Chief Risk Officer
Rory Tapner	Chairman and CEO Asia Pacific
Raoul Weil	Head of Wealth Management International

² Long-term rating, as of 31 December 2006

Changes in 2007:

On 5 July 2007, the Board of Directors has appointed Marcel Rohner as UBS' Group Chief Executive Officer with immediate effect. He succeeds Peter Wuffli, who relinquishes all of his functions at UBS. Raoul Weil will succeed Marcel Rohner as Chairman and CEO of Global Wealth Management & Business Banking.

None of the aforementioned members of the Group Executive Board holds qualified interests outside of UBS.

What is the Issuer's financial situation?

The following table has been produced from the Financial Statement 2006 of UBS as of 31 December 2006 published in English. This table represents the capitalisation and the liabilities of UBS Group as of 31 December 2006:

<i>in CHF millions</i>		
For the period ending on	31 December 2005	31 December 2006
Short term debts issued ¹⁾	157,634	156,370
Long term debt issued ¹⁾	112,800	169,420
Total debt issued	270,434	325,790
Minority Interest ²⁾	7,619	6,089
Shareholders' equity	44,015	49,686
Total capitalisation	322,068	381,565

1) Includes Money Market Paper and Medium Term Notes as per Balance sheet position based on remaining maturities (split in short and long term is available only quarterly).

2) Includes Trust preferred securities

As of 31 December 2006, a total of 2,105,273,286 shares in UBS AG, were issued with a par value of CHF 0.10 per share, corresponding to a total share capital of CHF 210,527,328.60. At that time 1,325,331,753 registered shares (with a par value of CHF 0.10 per share), were entered in the share register. These figures reflect the 2-for-1 share split made on 10 July 2006.

There have been no major changes relating to the debt issued by UBS Group since 31 December 2006.

How are the net proceeds used by the Issuer?

The net proceeds of the issue will be used for funding purposes of the UBS Group and shall not be employed by the Issuer within Switzerland. The net proceeds from the sale of the Securities shall be employed by the Issuer for general business purposes. A separate ("special purpose") fund will not be established.

Are there any risks relating to the Issuer?

Potential investors in the Securities should be aware that, as with any company, there are general risks associated with the Issuer:

Each investor thus bears the general risk that the financial situation of the Issuer could deteriorate. Furthermore, the general assessment of the Issuer's creditworthiness may affect the value of the Securities. This assessment generally depends on the ratings assigned to the outstanding Securities of the Issuer or affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's. The Issuer and affiliated companies may also participate in transactions that are related to the Securities, for their own account or for account of a client. Such transactions can have a negative effect on the price of the Securities.

When making decisions relating to investments in the Securities, **potential investors should consider all information contained in the Prospectus and, if necessary, consult their legal, tax or financial advisor.**

What are the Securities?

Under this Prospectus, UBS AG, acting through its Jersey Branch, shall issue *UBS Capital Protected Gearing Certificates* with the *International Security Identification Number* (the "**ISIN**") in the *Aggregate Amount of the*

Issue, as Issuer in accordance with German law. These Securities rank *pari passu* with all other direct, unsubordinated, unconditional and unsecured obligations of the Issuer.

The Securities are each based on the S&P 500® Index (the "**Underlying**").

How are the Securities offered?

Besides the filing of the Base Prospectus and the Final Terms with the BaFin, and the necessary publication as well as the necessary notification of the Base Prospectus, where required, neither the Issuer nor the Offeror has taken action, nor will they take action to render the public offer of the Securities or their possession, or the distribution of offer documents relating to the Securities, admissible in any other jurisdiction requiring special measures to be taken for the purpose of public offer.

Neither the Issuer nor the Offeror represents that the Base Prospectus and the Final Terms may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any distribution or offering.

It has been agreed that, on or after the respective *Issue Date*, UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, shall underwrite the Securities by means of an underwriting agreement and shall place them for sale at the *Issue Price* under terms subject to change. The *Issue Price* was fixed at the *Start of public offer of the Securities*. After closing of the *Subscription Period* the selling price will be adjusted on a continual basis to reflect the prevailing market situation.

The Offeror shall be responsible for coordinating the entire Securities offering, and the Securities may be subscribed from the Offeror during normal banking hours within the *Subscription Period*.

Will the Securities be admitted to trading?

The Offeror intends to apply for inclusion of the Securities to trading on the *Security Exchange*. Provided that the Securities have not been terminated by the *Issuer*, in which case trading of the Securities would cease eight trading days prior to the *Termination Date*, and provided that the Securities have not expired early, trading of the Securities shall cease eight trading days prior to the *Expiration Date*. As of this point until the *Expiration Date* trading may only take place off exchange with the Offeror.

Are there any restrictions on the sale of the Securities?

The Securities may only be offered, sold or delivered within or from a jurisdiction, provided that this is permissible under applicable laws and regulations and provided that the Issuer does not incur any further obligations. The Securities will, at no time, neither directly nor indirectly, be offered, sold, traded or delivered within the United States of America or to a U.S. person (as defined in the Regulation S under the United States Securities Act of 1933).

What does the Securityholder acquire from the Securities?

With the purchase of each Security, the investor acquires the right, under certain conditions and as provided for in the Terms and Conditions of the Securities, to demand from the Issuer the payment of a *Redemption Amount* in the *Settlement Currency* depending on the performance of the *Underlying* (the "**Settlement Amount**") (the "**Certificate Right**").

The *Redemption Amount* is calculated in accordance with the following formula: *Nominal Amount* + (*Nominal Amount* x *PRate* x *Performance*).

In this context, the "**Performance**" is determined and calculated by the respective performance of the *Underlying* in accordance with the following formula:

$$\text{Max} \left(0, \frac{\text{Settlement Price} - \text{Strike Price}}{\text{Strike Price}} \right)$$

where "**Settlement Price**" means the *Settlement Price* of the *Underlying*, "**Strike Price**" means the closing price of the *Underlying* on the *Fixing Date*.

The Securityholders shall not receive any interim payments. None of the Securities vests a right to payment of fixed or variable interest or dividends and, as such, they generate **no regular income**.

Which risks are attached to investment in the Securities?

An investment in the Securities carries product-specific risks for the investor. The value of a Certificate is determined not only by changes in the *Price of the Underlying*, but also depends upon a number of other factors. Accordingly, the value of the Certificates may decline even if the *Price of the Underlying* remains constant. Prospective investors should note that changes in the *Price of the Underlying* on which the Certificate is based (or even the non-occurrence of anticipated price changes) can lower the value of a Certificate. In light of limited maturity of the Securities, there is no certainty that the value of the Certificates will recover before the Securities reach maturity. This risk is independent of the financial situation of the Issuer.

In addition to the maturity of the Securities, the frequency and intensity of price fluctuations (volatility) in the *Underlying*, the prevailing interest rates and the level of dividends paid or, as the case may be, to the general development of foreign exchange markets, the following circumstances are, in the Issuer's opinion, the essential factors, which may have an impact on the value of the Securities and which may create certain risks for the investors in the Securities:

- Possible decline in the *Price of the Underlying*,
- Effect of ancillary costs,
- Transactions of the investors in the Securities to offset or limit risk,
- Restrictions on trading in the Securities / Illiquidity,
- Expansion of the spread between bid and offer prices,
- Financing of the purchase of the Securities by borrowed funds,
- Effect on the Securities of hedging transactions by the Issuer,
- Changes in Taxation in relation to the Securities.

In addition, also the termination and early redemption of the Securities by the Issuer may have a negative impact on the value of the Securities.

Therefore, it is expressly recommended that any potential investor familiarises himself with the specific risk profile of the product type described in this Prospectus and that any investor seeks the advice of a professional, if necessary. Potential investors are expressly made aware of the fact that the Securities constitute a **risk investment** which can lead to the **loss** of the invested capital. Even when the Securities are capital protected at maturity to the extent of the *Minimum Repayment Amount* and, hence, the risk of a loss is initially limited, the investor bears the risk of the Issuer's financial situation. As a result, prospective investors must be prepared and able to accept a partial or even a total loss of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the **risks of loss** connected with the Securities.

RISK FACTORS

The different risk factors associated with an investment in the Securities issued within the framework of this Prospectus are outlined below. Which of these are relevant to the Securities described in this Prospectus depends upon a number of interrelated factors, especially the type of Securities and of the *Underlying*. Investments in the Securities should not be made until all the factors relevant to the Securities have been acknowledged and carefully considered. Terminology and expressions defined in the Terms and Conditions of the Securities shall have the same meaning when used herein. When making decisions relating to investments in the Securities, potential investors should consider all information contained in the Prospectus and, **if necessary, consult their legal, tax, financial or other advisor.**

I. ISSUER-SPECIFIC RISKS

As a global financial services provider, the business activities of UBS are affected by the prevailing market situation. Different risk factors can impair the Company's ability to implement business strategies and may have a direct, negative impact on earnings. Accordingly, UBS' revenues and earnings are and have been subject to fluctuations. The revenues and earnings figures from a specific period, thus, are not evidence of sustainable results. They can change from one year to the next and affect UBS' ability to achieve its strategic objectives.

General insolvency risk

Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The Securities constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in case of insolvency of the Issuer, rank *pari passu* with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions.

Effect of downgrading of the Issuer's rating

The general assessment of the Issuer's creditworthiness may affect the value of the Securities. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's.

Potential conflicts of interest

The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the *Underlying* and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.

Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the respective *Underlying*; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the *Underlying*, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the *Underlying*. Such activities could present conflicts of interest and may affect the value of the Securities.

Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities,

from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Offeror, upon request, will provide information on the amount of these fees.

II. SECURITY-SPECIFIC RISKS

Investing in the Securities involves certain risks. Among others, these risks may take the form of equity market, bond market, foreign exchange, interest rate, market volatility and economic and political risks and any combination of these and other risks. The most important risks are presented briefly below. Prospective investors should be experienced with regard to transactions in instruments such as the Securities and in the *Underlying*. **Prospective investors should understand the risks associated with an investment in the Securities and shall only reach an investment decision, after careful considerations with their legal, tax, financial and other advisors of (i) the suitability of an investment in the Securities in the light of their own particular financial, fiscal and other circumstances; (ii) the information set out in this document and (iii) the *Underlying*.** An investment in the Securities should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the *Underlying*, as the return of any such investment will be dependent, *inter alia*, upon such changes. More than one risk factor may have simultaneous effects with regard to the Securities, so that the effect of a particular risk factor is not predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given with regard to the effect that any combination of risk factors may have on the value of the Securities.

Prospective investors of the Securities should recognise that the Securities may decline in value and should be prepared to sustain a **total loss** of their investment in the Securities. Even when the Securities are capital protected at maturity to the extent of the *Minimum Repayment Amount* and, hence, the risk of a loss is initially limited, the investor bears the risk of the Issuer's financial situation. Potential investors must therefore be prepared and able to sustain a partial or even a **total loss** of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the **risks of loss** connected with the Securities.

The Securityholders shall not be entitled to any interim payments. None of the Securities vests a right to payment of fixed or variable interest or dividends and, as such, they **generate no regular income**. Therefore, potential reductions in the value of the Securities cannot be offset by any other income from the Securities.

It is expressly recommended that potential investors familiarise themselves with the specific risk profile of the product type described in this Prospectus and seek the advice of a professional, if necessary.

1. Features of the Certificates

With the purchase of each Security, the investor acquires the right, under certain conditions and as provided for in the Terms and Conditions of the Securities, to demand from the Issuer the payment of a *Redemption Amount* in the *Settlement Currency* depending on the performance of the *Underlying* (the "**Settlement Amount**") (the "**Certificate Right**").

The *Redemption Amount* is calculated in accordance with the following formula: *Nominal Amount* + (*Nominal Amount* x *PRate* x *Performance*).

In this context, the "**Performance**" is determined and calculated by the respective performance of the *Underlying* and in accordance with the following formula:

$$\text{Max} \left(0; \frac{\text{Settlement Price} - \text{Strike Price}}{\text{Strike Price}} \right)$$

where "**Settlement Price**" means the *Settlement Price* of the *Underlying*, "**Strike Price**" means the closing price of the *Underlying* on the *Fixing Date*.

The Securityholders shall not receive any interim payments. None of the Securities vests a right to payment of fixed or variable interest or dividends and, as such, they generate **no regular income**.

2. Termination and Early Redemption at the option of the Issuer

Potential investors in the Securities should be aware that in case of a *Termination Event* or, as the case may be, in case of a termination for tax reasons, the Issuer has according to the Terms and Conditions of the Securities the option to terminate and redeem the Securities, as an entirety, prior to the *Expiration Date*. If the Issuer opts to terminate and redeem the Securities prior to the *Expiration Date*, the Securityholder will have the right to receive a payment in respect of such termination, but will have no claim for any additional payments on the Securities after the *Termination Date* or, as the case may be, the *Tax Termination Date*.

3. No termination right of the Securityholders

According to the Terms and Conditions of the Securities, the Securityholders do not have a termination right and the Securities may, hence, not be terminated by the Securityholders. Prior to the maturity of the Securities the realisation of the economic value of the Securities (or parts thereof), if any, is, consequently and except for the Issuer's termination and redemption, only possible by way of selling the Securities.

The selling of the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised. The Issuer is not obligated under the issuance of these Securities to compensate for or to repurchase the Securities.

4. Possible decline in the Price of the Underlying after termination of the Securities

In the event that the term of the Securities is terminated prior to the *Expiration Date*, potential investors of the Securities should note that any fluctuations in the *Price of the Underlying* between the announcement of the termination by the Issuer and the determination of the *Price of the Underlying* relevant for calculating the *Termination Amount* or the *Tax Termination Amount*, as the case may be, are borne by the Securityholders.

5. Other factors affecting value

The value of a Security is determined not only by changes in the *Price of the Underlying*, but also by a number of other factors. Since several risk factors may have simultaneous effects on the Securities, the effect of a particular risk factor cannot be predicted. In addition, several risk factors may have a compounding effect which may not be predictable. No assurance can be given with regard to the effect that any combination of risk factors may have on the value of the Securities.

These factors include, *inter alia*, the term of the Securities, the frequency and intensity of price fluctuations (volatility) in the *Underlying*, as well as the prevailing interest rate and dividend levels. A decline in the value of the Security may therefore occur even if the *Price of the Underlying* remains constant.

Prospective investors of the Securities should be aware that an investment in the Securities involves a valuation risk with regard to the *Underlying*. They should have experience with transactions in securities with a value derived from the respective *Underlying*. The value of the *Underlying* may vary over time and may increase or decrease by reference to a variety of factors which may include UBS corporate action, macro economic factors and speculation. If the *Underlying* comprises a basket of various assets, fluctuations in the value of any one asset may be offset or intensified by fluctuations in the value of other basket components. In addition, the historical performance of an *Underlying* is not an indication of its future performance. The historical *Price of the Underlying* does not indicate its future performance. Changes in the market prices of the *Underlying* will affect the trading price of the Securities, and it is impossible to predict whether the market price of the *Underlying* will rise or fall.

If the Securityholder's right vested in the Security is determined on the basis of a currency other than the *Settlement Currency*, currency unit or calculation unit, or if the value of the *Underlying* is determined in such a currency other than the *Settlement Currency*, currency unit or calculation unit, potential investors should be aware that investments in these Securities could entail risks due to fluctuating exchange rates, and that the risk of loss does not depend solely on the performance of the

Underlying, but also on unfavourable developments in the value of the foreign currency, currency unit or calculation unit. Such unfavourable developments may increase the Securityholder's risk of loss, in such a way that

- the value of the acquired Securities diminishes accordingly, or
- any possible *Settlement Amount* diminishes accordingly.

6. **Effect of ancillary costs**

Commissions and other transaction costs incurred in connection with the purchase or sale of Securities may result in charges, particularly in combination with a low order value, **which can substantially reduce any *Settlement Amount*, if any, to be paid under the Securities**. Before acquiring a Security, prospective investors should therefore inform themselves of all costs incurred through the purchase or sale of the Security, including any costs charged by their custodian banks upon purchase and maturity of the Securities.

7. **Transactions to offset or limit risk**

Prospective investors of the Securities should not rely on the ability to conclude transactions at any time during the term of the Securities that will allow them to offset or limit relevant risks. This depends on the market situation and the prevailing conditions. Transactions designed to offset or limit risks might only be possible at an unfavourable market price that will entail a loss for investors.

8. **Trading in the Securities / Liquidity**

It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid.

If so specified in this Prospectus, applications will be or have been made to the *Security Exchange* specified for admission or listing of the Securities. If the Securities are admitted or listed, no assurance is given that any such admission or listing will be maintained. The fact that the Securities are admitted to trading or listed does not necessarily denote greater liquidity than if this were not the case. If the Securities are not listed or traded on any exchange, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities may be adversely affected. The liquidity of the Securities may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.

In addition, it cannot be excluded that the number of subscribed Securities is less than the *Issue Size* of the Securities. There is the risk that due to the low volume of subscriptions in the Securities the liquidity of the Securities is lower than if all Securities were subscribed by investors.

The Offeror intends, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Offeror makes no firm commitment to the Issuer to provide liquidity by means of bid and offer prices for the Securities, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. **Potential investors therefore should not rely on the ability to sell Securities at a specific time or at a specific price.**

9. **Expansion of the spread between bid and offer prices**

In special market situations, where the Issuer is completely unable to conclude hedging transactions, or where such transactions are very difficult to conclude, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks to the Issuer. Therefore, Securityholders who wish to sell their Securities via a stock exchange or in the over-the-counter trading might sell at a price considerably lower than the price based on the actual level of the *Underlying* prevailing at the time of their sale.

10. Borrowed funds

If the purchase of Securities is financed by borrowed funds and investors' expectations are not met, they not only suffer the loss incurred under the Securities, but in addition also have to pay interest on and repay the loan. This produces a substantial increase in investors' risk of loss. Investors of Securities should never rely on being able to redeem and pay interest on the loan through gains from a Securities transaction. Rather, before financing the purchase of a Security with borrowed funds, the investors' financial situations should be assessed, as to their ability to pay interest on or redeem the loan immediately, even if they incur losses instead of the expected gains.

11. The effect on the Securities of hedging transactions by the Issuer

The Issuer may use all or some of the proceeds received from the sale of the Securities to enter into hedging transactions relating to the risks incurred in issuing the Securities. In such a case, the Issuer or one of its affiliated companies may conclude transactions that correspond to the Issuer's obligations arising from the Securities. Generally speaking, this type of transaction will be concluded before or on the *Issue Date* of the Securities, although these transactions can also be concluded after the Securities have been issued. The Issuer or one of its affiliated companies may take the necessary steps for the closing out of any hedging transactions, on or prior to the relevant *Valuation Date*. It cannot be ruled out that the *Price of the Underlying* might, in certain cases, be affected by these transactions. In the case of Securities whose value depends on the occurrence of a specific event in relation to the *Underlying*, entering into or closing out such hedging transactions may affect the likelihood of this event occurring or not occurring.

12. Changes in Taxation in relation to the Securities

The considerations concerning the taxation of the Securities set forth in this Prospectus reflect the opinion of the Issuer on the basis of the legal situation identifiable as of the date hereof. However, a different tax treatment by the fiscal authorities and tax courts cannot be precluded. In addition, the tax considerations set forth in this Prospectus cannot be the sole basis for the assessment of an investment in the Securities from a tax point of view, as the individual circumstances of each investor also have to be taken into account. Therefore, the tax considerations set forth in this Prospectus are not to be deemed any form of definitive information or tax advice or any form of assurance or guarantee with respect to the occurrence of certain tax consequences. Each investor should seek the advice of his or her personal tax consultant before deciding whether to purchase the Securities.

Neither the Issuer nor the Offeror assumes any responsibility vis-à-vis the Securityholders for the tax consequences of an investment in the Securities.

RESPONSIBILITY STATEMENT

UBS AG, having its registered offices at Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ, as Issuer and UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, as Offeror of the Securities described in this Prospectus, accept responsibility for the content of this Prospectus, as set out in section 5 (4) of the German Securities Prospectus Act (*Wertpapierprospektgesetz* - "**WpPG**").

The Issuer and the Offeror declare that the information contained in this Prospectus is, to their knowledge, accurate and that no material facts have been omitted.

The Issuer and the Offeror are liable for the Summary including any translation thereof contained in this Prospectus, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

The information contained in the section entitled "Information about the Underlying" beginning on page 49 of this Prospectus merely comprises extracts or summaries of publicly available information. The Issuer and the Offeror confirm that such information has been carefully prepared and accurately reproduced. As far as the Issuer and the Offeror were aware and were able to ascertain from this publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer and the Offeror accept that following the date of publication of this Prospectus, events and changes may occur, which render the information contained in this Prospectus incorrect or incomplete. Supplemental information will only be published as required by and in a manner stipulated in section 16 of the WpPG.

DESCRIPTION OF THE ISSUER

The following description contains general information on UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ.

OVERVIEW

UBS AG and subsidiaries ("**UBS**" or "**UBS AG**") is, according to its own opinion, one of the world's leading financial firms, serving a discerning global client base. Its business, global in scale, is focused on growth. As an integrated firm, UBS creates added value for clients by drawing on the combined resources and expertise of all its businesses. UBS is, according to its own opinion, the leading global wealth management business, a global investment banking and securities firm with a strong institutional and corporate client franchise, a key asset manager and, with roughly a quarter of the Swiss lending market, the market leader in Swiss corporate and individual client banking. On 31 December, 2006, UBS employed around 78,000 people. With headquarters in Zurich and Basel, Switzerland, UBS operates in over 50 countries and from all major international centers.

UBS is one of the best-capitalised financial institutions in the world, with a BIS Tier 1³ ratio of 11.9 per cent, invested assets of CHF 3.0 trillion, equity attributable to UBS shareholders of CHF 50 billion and a market capitalisation of roughly CHF 154 billion on 31 December, 2006.

UBS is among the few globally active major banks that have a first-class rating. The rating agencies Standard & Poor's Inc. ("**Standard & Poor's**"), Fitch Ratings ("**Fitch**") and Moody's Investors Service Inc. ("**Moody's**") have assessed the creditworthiness of UBS, i.e. the ability of UBS to fulfil payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing, in a timely manner. The ratings from Fitch and Standard & Poor's may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. Standard & Poor's currently rates UBS' creditworthiness with AA+, Fitch with AA+ and Moody's with Aa2⁴, which implies a rating with "good to very good: high probability of payment, low insolvency risk".

I. CORPORATE INFORMATION

The legal and commercial name of the company is UBS AG. The company was incorporated under the name SBC AG on 28 February, 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December, 1997, the company changed its name to UBS AG. The company in its present form was created on 29 June, 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CH-270.3.004.646-4.

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 telephone numbers of UBS two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41-44-234 11 11; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41-61-288 20 20.

UBS shares are listed on the SWX Swiss Exchange and traded through virt-x which is majority owned by the SWX Swiss Exchange. They are also listed on the New York Stock Exchange and on the Tokyo Stock Exchange.

According to Article 2 of the Articles of Association of UBS AG ("**Articles of Association**") the purpose of UBS is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, service and trading activities in Switzerland and abroad

³ Tier 1 capital comprises share capital, share premium, retained earnings including current year profit, foreign currency translation and minority interests less accrued dividends, net long positions in own shares and goodwill.

⁴ Long-term rating, as of 31 December 2006.

II. BUSINESS OVERVIEW

UBS is managed through three Business Groups and its Corporate Center, each of which is described below. A full description of their strategies, structure, organisation, products, services and markets can be found in the UBS Handbook 2006/2007, in the English version on pages 28 - 56 (inclusive).

Global Wealth Management & Business Banking

With more than 140 years of experience, UBS global wealth management business provides a comprehensive range of products and services individually tailored for wealthy clients around the world. In the U.S., it is, according to its own opinion, one of the top wealth managers. Business Banking Switzerland is the market leader in Switzerland, providing a complete set of banking and securities services for individual and corporate clients. It also has relationships with institutional investors, public entities and foundations based in Switzerland, as well as financial institutions worldwide.

Global Asset Management

The Global Asset Management business is, according to its own opinion, one of the world's leading asset managers, providing traditional, alternative and real estate investment solutions to private, institutional and corporate clients, and through financial intermediaries. It is one of the largest global institutional asset managers, the second largest mutual fund manager in Europe, and the largest in Switzerland.

Investment Bank

UBS Investment Bank is, according to its own opinion, one of the world's leading investment banking and securities firms, providing a full range of products and services to corporate and institutional clients, governments, financial intermediaries and alternative asset managers. For both its own corporate and institutional clients and the clients of other parts of UBS, the Investment Bank provides products, research and advice, and comprehensive access to the world's capital markets.

Corporate Center

Corporate Center creates value for shareholders and other stakeholders by partnering with the Business Groups to ensure that the firm operates as an effective and integrated whole with a common vision and set of values. It helps UBS' businesses grow sustainably through its risk, financial control, treasury, communication, legal and compliance, human resources, strategy, offshoring and technology functions.

Industrial Holdings

The Industrial Holdings segment consists of UBS' private equity investments. UBS' strategy is to de-emphasize and reduce exposure to this asset class while capitalizing on orderly exit opportunities as they arise.

COMPETITION

UBS faces stiff competition in all business areas. Both in Switzerland and abroad, the Bank competes with asset management companies, commercial, investment and private banks, brokerages and other financial services providers. Competitors include not only local banks, but also global financial institutions, which are similar to UBS in terms of both size and services offered.

In addition, the consolidation trend in the global financial services sector is introducing new competition, which may have a greater impact on prices, as a result of an expanded range of products and services and increased access to capital and growing efficiency.

III. ORGANISATIONAL STRUCTURE OF THE ISSUER

The objective of UBS' group structure is to support the business activities of the Company within an efficient legal, tax, supervisory and financial framework. Neither the individual business groups of UBS, Global Wealth

Management & Business Banking, Global Asset Management, Investment Bank, nor the Corporate Center (the “**Business Groups**”) are legally independent entities; instead, they perform their activities through the domestic and foreign offices of the parent bank, UBS AG.

Settlement of transactions through the parent bank allows UBS to fully exploit the advantages generated for all business groups through the use of a single legal entity. In cases where it is impossible or inefficient to process transactions via the parent, due to local statutory, tax or supervisory provisions or newly acquired companies, these tasks are performed on location by legally independent group companies. The major subsidiaries are listed in the UBS Financial Report 2006, in English, on pages 172 - 175 (inclusive).

IV. TREND INFORMATION

There have been no major negative changes relating to the prospects of the Issuer since the last audited financial report from 2006.

V. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE ISSUER

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

The supervision and control of the executive management remains with the BoD. The Articles of Association and the Organisation Regulations of UBS AG, with their Appendices govern all details as to authorities and responsibilities of the two bodies. Please refer to www.ubs.com/corporate-governance.

The BoD consists of at least six and a maximum of twelve members. The term of office for members of the board is three years.

Details of the Executive Bodies of the Company

Board of Directors

	Title	Term of office	Position outside UBS AG
Marcel Ospel	Chairman	2008	
Stephan Haeringer	Executive Vice Chairman	2007	
Marco Suter	Executive Vice Chairman	2008	
Ernesto Bertarelli	Member	2009	Chief Executive Officer of Serono International SA, Geneva (until 5 January 2007)
Sir Peter Davis	Member	2007	Holds several board memberships.
Gabrielle Kaufmann-Kohler	Member	2009	Partner at the law firm Schellenberg Wittmer and Professor of international private law at the University of Geneva
Dr. Rolf A. Meyer	Member	2009	Holds several board memberships.
Dr. Helmut Panke	Member	2007	Chairman of the Board of Management BMW AG, Munich (between 2002 and September 2006) As at the date of the Base Prospectus, he holds several board memberships.
Peter Spuhler	Member	2007	Owner of Stadler Rail AG, Switzerland
Peter R. Voser	Member	2008	Chief Financial Officer of The Royal Dutch Shell plc, London
Lawrence A. Weinbach	Member	2008	Partner at Yankee Hill Capital Management LLC, Southport, CT, USA (since 2006)

Joerg Wolle	Member	2009	President and CEO of DKSH Holding Ltd.
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Group Executive Board

The GEB consists of 9 members:

Peter A. Wuffli	Group Chief Executive Officer
Marcel Rohner	Deputy Group CEO and Chairman and CEO Global Wealth Management & Business Banking
John A. Fraser	Chairman and CEO Global Asset Management
Huw Jenkins	Chairman and CEO Investment Bank
Peter Kurer	Group General Counsel
Clive Standish	Group Chief Financial Officer
Walter Stuerzinger	Group Chief Risk Officer
Rory Tapner	Chairman and CEO Asia Pacific
Raoul Weil	Head of Wealth Management International

Changes in 2007:

On 5 July 2007, the Board of Directors has appointed Marcel Rohner as UBS' Group Chief Executive Officer with immediate effect. He succeeds Peter Wuffli, who relinquishes all of his functions at UBS. Raoul Weil will succeed Marcel Rohner as Chairman and CEO of Global Wealth Management & Business Banking.

None of the aforementioned members of the Group Executive Board holds qualified interests outside of UBS.

Board of Directors

The BoD is the most senior body of UBS. All the members of the BoD are elected individually by the Annual General Meeting for a term of office of three years. The BoD itself then appoints its Chairman, the Vice Chairmen and the various BoD Committees (Audit Committee, Compensation Committee, Nominating Committee and Corporate Responsibility Committee).

The BoD has ultimate responsibility for the mid- and long-term strategic direction of UBS, for appointments and dismissals at top management levels and the definition of the firm's risk principles and risk capacity. While the majority of the BoD members are always non-executive and independent, the Chairman and at least one Vice Chairman have executive roles in line with Swiss banking laws, and assume supervisory and leadership responsibilities. The BoD meets as often as business requires, and at least six times a year.

The business address of the members of the BoD is UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland.

Group Executive Board

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

The business address of the members of the GEB is UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland.

Conflicts of interest

No conflicts exist between the private interests and/or other duties of the members of the BoD or the GEB and their obligations to the Issuer

VI. AUDITORS

Ernst & Young Ltd., Aeschengraben 9, 4002 Basel, Switzerland, is the statutory auditor in accordance with company law and banking law provisions (appointed until the 2007 UBS Annual General Meeting and they will be proposed for re-election at the 2007 UBS General Annual Meeting; re-appointed at the UBS Annual General Meeting on 19 April, 2006). Ernst & Young Ltd., Basel, is a member of the Swiss Institute of Certified Accountants and Tax Consultants based in Zurich, Switzerland.

VII. MAJOR SHAREHOLDERS OF THE ISSUER

The ownership of UBS shares is broadly disbursed. As at 31 December, 2006, Chase Nominees Ltd., London, was registered with a 8.81 per cent. holding (31 December, 2005: 8.55 per cent., 31 December, 2004: 8.76 per cent.) of total share capital held in trust for other investors. As at 31 December, 2006, the U.S. securities clearing organisation DTC (Cede & Co.), New York, "The Depository Trust Company", held 13.21 per cent. (31 December, 2005: 9.95 per cent., 31 December, 2004: 5.77 per cent.) of total share capital in trust for other beneficiaries. Pursuant to UBS' provisions on registering shares, the voting rights of nominees are limited to 5 per cent. This regulation does not apply to securities clearing and settlement organisations. No other shareholder was registered with a holding in excess of 5 per cent. of total share capital.

Further details on the distribution of UBS shares, the number of registered and non-registered securities, voting rights as well as distribution by shareholder categories and geographical regions can be found in the UBS Handbook 2006/2007, in English, on pages 109 - 110 (inclusive).

VIII. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

A description of the Issuer's assets and liabilities, financial position and profits and losses is available in the Financial Reports of the Issuer for financial years 2005 and 2006, in English ("**Financial Reports**"). In this context, the Issuer's fiscal year equals the calendar year.

In the case of financial year 2005 reference is made to

- (i) the Financial Statements of UBS AG (Group), in particular the Income Statement of UBS AG (Group) on page 74, the Balance Sheet of UBS AG (Group) on page 75, the Statement of Cash Flows of the UBS AG (Group) on pages 78 - 79 (inclusive) and the Notes to the Financial Statements on pages 80 - 190 (inclusive), and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular the Income Statement of UBS AG (Parent Bank) on page 194, the Balance Sheet of UBS AG (Parent Bank) on page 195, the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 196, the Notes to the Financial Statements on pages 197 - 201 (inclusive) and the Parent Bank Review on page 193, and
- (iii) the sections entitled "Accounting Standards and Policies" on pages 65 - 70 (inclusive) in the Financial Report 2005.

In the case of financial year 2006 reference is made to

- (i) the Financial Statements of UBS AG (Group), in particular the Income Statement of UBS AG (Group) on page 82, the Balance Sheet of UBS AG (Group) on page 83, the Statement of Cash Flows of the UBS AG (Group) on pages 86 - 87 (inclusive) and the Notes to the Financial Statements on pages 88 - 214 (inclusive), and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular the Income Statement of UBS AG (Parent Bank) on page 218, the Balance Sheet of UBS AG (Parent Bank) on page 219, the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 220, the Notes to the Financial Statements on pages 221 - 225 (inclusive) and the Parent Bank Review on page 217, and
- (iii) the sections entitled "Accounting Standards and Policies" on pages 67 - 72 (inclusive) in the Financial Report 2006.

The Financial Reports form an essential part of UBS' reporting. They include the audited Consolidated Financial Statements of UBS, prepared in accordance with International Financial Reporting Standards ("**IFRS**"), a

reconciliation to United States Generally Accepted Accounting Principles (“**US GAAP**”), and the audited financial statements of UBS AG, prepared according to Swiss banking law provisions. The Financial Reports also include discussions and analyses of the financial and business results of UBS and its business groups, as well as certain additional disclosures required under Swiss and US regulations.

The financial statements for UBS AG (Group) and its subsidiaries as well as for UBS AG (Parent Bank) were audited by Ernst & Young Ltd., Basel, for financial years 2005 and 2006. The “Report of the Statutory Auditors” of the UBS AG (Parent Bank) can be found on page 202 of the Financial Reports for 2005 and on page 226 of the Financial Reports for 2006. The “Report of the Group Auditors” of the UBS AG (Group) can be found on page 73 of the Financial Reports for 2005 and on pages 80 – 81 (inclusive) of the Financial Reports for 2006.

1. LEGAL AND ARBITRATION PROCEEDINGS

The Issuer and other UBS Group companies operate in a legal and regulatory environment that exposes them to potentially significant litigation risks. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations. Such cases are subject to many uncertainties, and their outcome often is difficult to predict, particularly in the earlier stages of a case. In certain circumstances, to avoid the expense and distraction of legal proceedings, UBS may based on a cost benefit analysis enter a settlement even though UBS denies any wrongdoing. UBS Group makes provisions for cases brought against it only when after seeking legal advice, in the opinion of management, it is probable that a liability exists, and the amount can be reasonably estimated. No provision is made for claims asserted against UBS Group that in the opinion of management are without merit and where it is not likely that UBS will be found liable.

As at the date of the Base Prospectus, UBS is involved in the following legal proceedings which could be material to the operating result of the Group in a given reporting period:

- (a) **InsightOne:** In December 2006, the New York State Attorney General (NYAG) filed a civil complaint regarding InsightOne, UBS’ fee-based brokerage program for private clients in the United States. The InsightOne program is a fee-based brokerage program, in which clients pay an asset-based fee for trading activity rather than commissions on a per trade basis and was designed to align more closely the interests of financial advisors and clients. UBS denies that the program was part of a scheme to disadvantage clients and intends to defend itself vigorously in this matter.
- (b) **Tax Shelter:** In connection with a criminal investigation of tax shelters, the United States Attorney’s Office for the Southern District of New York (U.S. Attorney’s Office) is examining UBS conduct in relation to certain tax-oriented transactions in which UBS and others engaged during the years 1996-1999. Some of these transactions were a subject of the Deferred Prosecution Agreement which the accounting firm KPMG LLP entered into with the U.S. Attorney’s Office in August 2005, and are at issue in *United States v. Stein*, S1 05 Cr. 888 (LAK). UBS is cooperating with the government’s investigation.
- (c) **Municipal Bonds:** In November 2006, UBS and others received subpoenas from the U.S. Department of Justice, Antitrust Division, and the U.S. Securities and Exchange Commission. These subpoenas concern UBS’ conduct relating to derivative transactions entered into with municipal bond issuers, and to the investment of proceeds of municipal bond issuances. UBS is cooperating with these investigations.
- (d) **HealthSouth:** UBS is defending itself in two purported securities class actions brought in the U.S. District Court of the Northern District of Alabama by holders of stock and bonds in HealthSouth Corp. UBS also is a defendant in HealthSouth derivative litigation in Alabama state court and has responded to an SEC investigation relating to UBS’ role as a banker for HealthSouth.
- (e) **Bankruptcy Estate of Enron:** In November 2003, Enron brought adversarial proceedings against UBS and others in the U.S. Bankruptcy Court for the Southern District of New York seeking avoidance and recovery of payments that Enron made prior to filing for bankruptcy in connection with equity forward and swap transactions. The Bankruptcy Court dismissed UBS motion for summary judgment in August 2005. Discovery is ongoing.
- (f) **Parmalat:** UBS is involved in a number of proceedings in Italy related to the bankruptcy of Parmalat. These proceedings include, inter alia, claw back proceedings against UBS Limited in connection with a structured finance transaction. Further, UBS is a defendant in two civil damages claims brought by Parmalat, of which one relates to the same structured finance transaction against UBS Limited, while the other against UBS AG relates to certain derivative transactions. In addition, UBS Limited and two UBS employees are the subject of criminal proceedings in Milan. Finally, UBS is a defendant in civil actions brought by individual investors

in those criminal proceedings. All proceedings still are in an early stage. UBS denies the allegations made against itself and against its employees in these matters, and is defending itself vigorously.

No governmental, legal or arbitration proceedings, which may significantly affect the Issuer's financial position or which have significantly affected it over the last financial year 2006 and until the date of the Base Prospectus have been pending, nor is the Issuer aware that any such governmental, legal or arbitration proceedings are pending or threatened.

2. SIGNIFICANT CHANGES IN THE FINANCIAL SITUATION OF THE ISSUER

There have been no major negative changes relating to the financial position of UBS AG (Group) since the end of the last financial period for which audited financial statements have been published.

IX. MATERIAL CONTRACTS

No material agreements have been concluded outside of the normal course of business which could lead to UBS being subjected to an obligation or obtaining a right, which would be of key significance to the Issuer's ability to meet its obligations to the investors in relation to the issued securities.

X. DOCUMENTS ON DISPLAY

The Annual Report of UBS AG as at 31 December 2005, comprising (i) the Annual Review 2005, (ii) the Handbook 2005/2006 and (iii) the Financial Report 2005 (including the "Report of the Group Auditors" and the "Report of the Statutory Auditors"), the Annual Report of UBS AG as at 31 December 2006, comprising (i) the Annual Review 2006, (ii) the Handbook 2006/2007 and (iii) the Financial Report 2006 (including the "Report of the Group Auditors" and the "Report of the Statutory Auditors") and the Articles of Association of UBS AG Zurich/Basel, as the Issuer, shall be maintained in printed format, for free distribution, at the offices of the Issuer as well as at UBS Deutschland AG, Stephanstrasse 14 - 16, 60313 Frankfurt am Main, Federal Republic of Germany, for a period of twelve months after the publication of this document. In addition, the Annual and quarterly reports of UBS AG are published on the UBS website, at www.ubs.com/investors or a successor address.

DESCRIPTION OF THE SECURITIES

I. GENERAL INFORMATION ABOUT THE PROSPECTUS AND THE ISSUE

1. Base Prospectus / To be supplemented by Final Terms / Availability of documentation

This Prospectus comprises the Final Terms of the offer to the Base Prospectus of 12 April 2007 for UBS [Capital Protected] [Gearing] [●] [(Capped)] Certificates based on the [description of [the share] [the index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the other security] [the fund unit] [the basket comprising the aforementioned assets] [the portfolio comprising the aforementioned assets] as Underlying[s]: [●]] within the meaning of Directive 2003/71/EC of 4 November 2003 (the "**Prospectus Directive**") and the corresponding German implementation legislation in the form of the Securities Prospectus Act. The Base Prospectus has been approved by Germany's Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**"), as the competent authority in the (selected) home Member State of UBS within the meaning of the Prospectus Directive and the Securities Prospectus Act, as UBS' offering programme. "Approval" means the positive act at the outcome of the scrutiny of the completeness of the Base Prospectus by BaFin, including the consistency of the information given and its comprehensibility.

Printed copies of the Base Prospectus and the Final Terms are available free of charge at UBS Deutschland AG, Stephanstrasse 14 - 16, 60313 Frankfurt am Main, Federal Republic of Germany, and at UBS Stockholm Branch, Regeringsgatan 38, S-111 87 Stockholm, Sweden. Additionally, the Base Prospectus and the Final Terms are published on the website www.ubs.com/keyinvest, or a successor website.

The specific terms and conditions relating to the respective securities offering are contained in the Final Terms of the offer (the "**Final Terms**"). The Final Terms of the offer shall be presented by incorporation in the Base Prospectus and shall, in principle, comprise the deletion of, in particular, the relevant square brackets contained in the Base Prospectus, and the filling out of placeholders contained in square brackets. It is therefore only possible to gain a comprehensive impression of the Issuer and the Securities through examination of the Base Prospectus, as amended by supplements, if any, together with the corresponding Final Terms of the offer.

The Final Terms of the offer shall be filed with BaFin and communicated to investors on the day of the *Start of public offer of the Securities* at the latest:

- a) by insertion in one or more newspapers circulated throughout, or widely circulated in, the member states of the European Economic Area in which the public offer is to be made; or
- b) in printed form to be made available, free of charge, at UBS Deutschland AG, Stephanstrasse 14 - 16, 60313 Frankfurt Main, Federal Republic of Germany, and at UBS Stockholm Branch, Regeringsgatan 38, S-111 87 Stockholm, Sweden; or
- c) in an electronic form on the website www.ubs.com/keyinvest, or a successor website.

If the Final Terms are published in electronic form, the Issuer and the Offeror shall also provide investors with a paper version free of charge upon request.

2. General Note on the Prospectus

No dealer, salesman or other person is authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the offering or sale of the Securities. If given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Offeror. None of this document or any further information supplied in connection with the Securities is intended to provide the basis of any credit assessment or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this document or any further information supplied in connection with the Securities should purchase any of the Securities. Potential investors who are contemplating purchasing Securities should conduct their own independent investigation of the risks involved in an investment in the Securities. Neither this Prospectus, nor other information relating to the Securities represents an offer (in the legal sense) on the part of or on behalf of the Issuer or other persons, *i.e.* a subscription or purchase agreement

relating to the Securities will not be effectively concluded with a unilateral declaration made on the part of or on behalf of the subscriber or investor to the Issuer or the Offeror.

3. **Object of the Prospectus**

The object of this Prospectus are *UBS Capital Protected Gearing Certificates* with the *International Security Identification Number* (the "**ISIN**"), issued by UBS AG, acting through its Jersey Branch, in accordance with German law, and issued in the *Aggregate Amount of the Issue* (as defined in the section entitled "Key Terms and Definitions of the Securities"). All payments relating to the Securities are made in the *Settlement Currency* (as defined in the section entitled "Key Terms and Definitions of the Securities").

The Securities are each based on the *Underlying*, as described in the sections "Key Terms and Definitions of the Securities" and "Information about the Underlying".

The Securities expire - provided that the Securities are not terminated or expired early in accordance with the Terms and Conditions of the Securities - on the *Expiration Date* (as defined in the section entitled "Key Terms and Definitions of the Securities").

4. **Issue and Sale of the Securities**

Besides the filing of the Base Prospectus and the Final Terms with the BaFin, and the necessary publication as well as the necessary notification of the Base Prospectus, where required, neither the Issuer nor the Offeror has taken action, nor will they take action to render the public offer of the Securities or their possession, or the distribution of offer documents relating to the Securities, admissible in any other jurisdiction requiring special measures to be taken for the purpose of public offer.

The Securities may only be offered, sold or delivered within or from a jurisdiction, provided that this is permissible under applicable laws and regulations and provided that the Issuer does not incur any further obligations. The Securities will, at no time, neither directly nor indirectly, be offered, sold, traded or delivered within the United States of America or to a U.S. person (as defined in the Regulation S under the United States Securities Act of 1933).

Neither the Issuer nor the Offeror represents that the Base Prospectus and the Final Terms may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any distribution or offering. Potential investors can find further information in the "Selling restrictions" section beginning on page 53 of this Prospectus.

5. **Underwriting and Issue Price**

It has been agreed that, on or after the respective *Issue Date* of the Securities (as defined in the section entitled "Key Terms and Definitions of the Securities"), UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, (the "**Offeror**") shall underwrite the Securities by means of an underwriting agreement and shall place them for sale at the *Issue Price* as defined in the section entitled "Key Terms and Definitions of the Securities" under terms subject to change. The *Issue Price* was fixed at the *Start of public offer of the Securities*. After closing of the *Subscription Period* the selling price will be adjusted on a continual basis to reflect the prevailing market situation.

The Offeror shall be responsible for coordinating the entire Securities offering.

The total commission due for the respective underwriting and/or placement service relating to the underwriting of the Securities is: *Underwriting and/or placing fee* (as defined in the section entitled "Key Terms and Definitions of the Securities").

6. **Form and Status of the Securities**

The Securities issued by the Issuer are represented by one or more permanent global bearer certificate(s) and are deposited for clearing and settlement at the *Clearing Agent* (as defined in the section entitled "Key Terms and Definitions of the Securities"). No definitive Securities will be issued.

The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

7. **Admission to Trading**

The Offeror intends to apply for inclusion of the Securities to trading on the *Security Exchange*. Provided that the Securities have not been terminated by the *Issuer*, in which case trading of the Securities would cease eight trading days prior to the *Termination Date*, and provided that the Securities have not expired early, trading of the Securities shall cease eight trading days prior to the *Expiration Date*. As of this point until the *Expiration Date* trading may only take place off exchange with the Offeror.

8. **Subscription and Delivery of the Securities**

The Securities may be subscribed from the Offeror during normal banking hours within the *Subscription Period* (as defined in the section entitled "Key Terms and Definitions of the Securities"). The *Issue Price* per Security is payable on the *Initial Payment Date* (as defined in the section entitled "Key Terms and Definitions of the Securities").

The Issuer reserves the right to earlier close or to extend the *Subscription Period* if market conditions so require.

After the *Initial Payment Date*, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding *Clearing Agent* (as defined in the section entitled "Key Terms and Definitions of the Securities"). If the *Subscription Period* is shortened or extended, the *Initial Payment Date* may also be brought forward or postponed.

9. **Authorisation/Resolution for the Issue of the Securities**

The Issuer does not need to obtain (individual) authorisation from its Management Board to issue the Securities. There exists a general resolution for the issue of the Securities.

10. **Use of Proceeds**

The net proceeds from the sale of the Securities will be used for funding purposes of the UBS Group. The Issuer shall not employ the net proceeds within Switzerland. The net proceeds from the issue shall be employed by the Issuer for general business purposes. A separate ("special purpose") fund will not be established.

If, in the normal course of business, the Issuer trades in the *Underlying*, or - if an *Underlying* is a basket or an index - in the respective components, or in related options and futures contracts, or hedges the financial risks associated with the Securities by means of hedging transactions in the corresponding *Underlying* or underlying assets or in related options or futures contracts, the Securityholders have no rights to or interests in the respective *Underlying* or in related options or futures contracts.

II. AUSSTATTUNGSMERKMALE UND DEFINITIONEN DER WERTPAPIERE /

II. KEY TERMS AND DEFINITIONS OF THE SECURITIES

Die UBS Capital Protected Gearing Zertifikate weisen folgende Definitionen bzw., vorbehaltlich einer Anpassung in Übereinstimmung mit den Wertpapierbedingungen, folgende Ausstattungsmerkmale, jeweils in alphabetischer Reihenfolge (bezogen auf die deutsche Sprachfassung) dargestellt, auf. Diese Übersicht stellt keine vollständige Beschreibung der Wertpapiere dar, unterliegt den Wertpapierbedingungen, den allgemeinen Emissionsbedingungen sowie allen anderen Abschnitten dieses Prospekts und ist in Verbindung mit diesen zu lesen. /

The UBS Capital Protected Gearing Certificates use the following definitions and have, subject to an adjustment according to the Terms and Conditions of the Securities, the following key terms, both as described below in alphabetical order (in relation to the German language version). The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Terms and Conditions of the Securities, the general offering terms of the Securities and all other sections of this Prospectus.

A.

Abrechnungskurs / Settlement Price:

Der Abrechnungskurs des Basiswerts entspricht dem von der Berechnungsstelle ermittelten arithmetischen Durchschnitt der an jedem der Beobachtungstage⁽ⁱ⁾ jeweils festgestellten Kurse des Basiswerts zur Bewertungszeit. /

The Settlement Price of the Underlying equals the arithmetical average of the Prices of the Underlying on each of the Observation Dates⁽ⁱ⁾ as determined by the Calculation Agent at the Valuation Time.

Anbieterin / Offeror:

UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, Vereinigtes Königreich. /

UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Anwendbares Recht / Governing Law:

Deutsches Recht /

German Law

Auszahlungswährung / Settlement Currency:

Die Auszahlungswährung entspricht dem US-Dollar („**USD**“). /

*The Settlement Currency means US Dollar (“**USD**”).*

B.

Bankgeschäftstag / Banking Day:

Der Bankgeschäftstag steht für jeden Tag, an dem die Banken in Frankfurt am Main, Bundesrepublik Deutschland, in London, Vereinigtes Königreich, und in New York City, Vereinigte Staaten von Amerika, für den Geschäftsverkehr geöffnet sind, und die Clearingstelle Wertpapiergeschäfte abwickelt. /

The Banking Day means each day on which the banks in Frankfurt am Main, Federal Republic of Germany, in London, United Kingdom, and in New York City, United States of America, are open for business, and the Clearing Agent settles securities dealings.

Basiskurs / Strike Price:

Der Basiskurs des Basiswerts entspricht dem Kurs des Basiswerts am

Festlegungstag zur Festlegungszeit. Der Basiskurs des Basiswerts wird am Festlegungstag zur Festlegungszeit von der Berechnungsstelle festgelegt.* /

*The Strike Price of the Underlying equals the Price of the Underlying on the Fixing Date at the Fixing Time. The Strike Price of the Underlying will be fixed by the Calculation Agent on the Fixing Date at the Fixing Time.***

Basiswert / Underlying:

Der Basiswert entspricht dem S&P 500® Index (ISIN US78378X1072) (der „**Index**“), wie er von der Standard & Poor's Corporation (der „**Index Sponsor**“) verwaltet, berechnet und veröffentlicht wird.

Der Basiswert wird ausgedrückt in der Basiswährung. /

The Underlying equals S&P 500® Index (ISIN US78378X1072) (the "Index"), as maintained, calculated and published by Standard & Poor's Corporation (the "Index Sponsor").

The Underlying is expressed in the Underlying Currency.

Basiswert-Berechnungstag / Underlying Calculation Date:

Der Basiswert-Berechnungstag steht für jeden Tag, an dem (i) der Index Sponsor den offiziellen Kurs für den Index bestimmt, berechnet und veröffentlicht und (ii) ein Handel bzw. eine Notierung in den dem Index zugrunde liegenden Einzelwerten, die mindestens 80 % der Marktkapitalisierung aller Einzelwerte des Index bzw. des Gesamtwerts des Index darstellen, an der Maßgeblichen Börse stattfindet. /

The Underlying Calculation Date means each day, on which (i) the Index Sponsor determines, calculates and publishes the official price of the Index, and (ii) the Components, which are comprised in the Index are, to the extent of at least 80 % of the market capitalisation of all Components, which are comprised in the Index, or of the overall value of the Index, available for trading and quotation on the Relevant Stock Exchange.

Beobachtungstag / Observation Date:

Der Beobachtungstag steht für den jeweils 21. Kalendertag eines Kalendermonats, beginnend mit dem 21. Dezember 2009 (einschließlich) (Beobachtungstag_(i=1)) bis zum Verfalltag (einschließlich) (Beobachtungstag_(i=13)).

Der Begriff „Beobachtungstag“ umfasst sämtliche Beobachtungstage_(i=1) bis _(i=13).

Falls einer dieser Tage kein Basiswert-Berechnungstag für den Basiswert ist, dann gilt der unmittelbar darauf folgende Basiswert-Berechnungstag als maßgeblicher Beobachtungstag für den Basiswert. /

The Observation Date means each 21st day of a calendar month, beginning on 21 December 2009 (including) (Observation Date_(i=1)), and

* Sämtliche Festlegungen werden von der Berechnungsstelle getroffen und unverzüglich nach Festlegung gemäß den jeweiligen rechtlichen Anforderungen der maßgeblichen Rechtsordnung bekannt gemacht. /

** All determinations will be made by the Calculation Agent and will be published without undue delay after fixing in accordance with the applicable legal requirements of the relevant jurisdiction.

ending on the Expiration Date (including) ($Observation\ Date_{(i=13)}$).

The term "Observation Date" shall also refer to all Observation Dates $_{(i=1)}$ to $_{(i=13)}$.

If one of these days is not an Underlying Calculation Date in relation to the Underlying, the immediately succeeding Underlying Calculation Date is deemed to be the relevant Observation Date in relation to the Underlying.

Beginn des öffentlichen Angebots der Wertpapiere / Start of public offer of the Securities:

19. November 2007 /

19 November 2007

Berechnungsstelle / Calculation Agent:

Die Berechnungsstelle bezeichnet UBS Deutschland AG, Stephanstraße 14 – 16, 60313 Frankfurt am Main, Bundesrepublik Deutschland. /

The Calculation Agent means UBS Deutschland AG, Stephanstrasse 14 - 16, 60313 Frankfurt am Main, Federal Republic of Germany.

Bewertungstag / Valuation Date:

Der Bewertungstag entspricht dem maßgeblichen Beobachtungstag $_{(i)}$.

Falls dieser Tag kein Basiswert-Berechnungstag für den Basiswert ist, dann gilt der unmittelbar darauf folgende Basiswert-Berechnungstag als maßgeblicher Bewertungstag für den Basiswert. /

The Valuation Date means the relevant Observation Date $_{(i)}$.

If this day is not an Underlying Calculation Date in relation to the Underlying, the immediately succeeding Underlying Calculation Date is deemed to be the relevant Valuation Date in relation to the Underlying.

Bewertungszeit / Valuation Time:

Die Bewertungszeit entspricht dem Zeitpunkt der offiziellen Bestimmung des Schlusskurses des Basiswerts durch den Index Sponsor. /

The Valuation Time equals the time of the official determination of the closing price of the Underlying by the Index Sponsor.

C.

Clearingstelle / Clearing Agent:

Clearingstelle steht für Clearstream Banking AG, Frankfurt am Main, (Neue Börsenstraße 1, 60487 Frankfurt am Main, Bundesrepublik Deutschland) oder jeden Nachfolger in dieser Funktion. Dabei wird die Dauerglobalurkunde, die die Wertpapiere verbrieft, von der Clearstream Banking AG, Frankfurt am Main, als „**Verwahrstelle**“ verwahrt. /

Clearing Agent means Clearstream Banking AG, Frankfurt am Main, (Neue Boersenstrasse 1, 60487 Frankfurt am Main, Federal Republic of Germany) or any successor in this capacity. The Permanent Global Note, which represents the Securities is deposited with Clearstream Banking AG, Frankfurt am Main, as "Depositary Agent".

CS-Regeln / CA Rules:

CS-Regeln steht für die Vorschriften und Verfahren, die auf die Clearingstelle Anwendung finden und/oder von dieser herausgegeben werden. /

CA Rules means any regulation and operating procedure applicable to and/or issued by the Clearing Agent.

E.**Emissionspreis / Issue Price:**

Der Emissionspreis entspricht USD 5.600,00. /

The Issue Price equals USD 5,600.00.

Emissionstag / Issue Date:

Der Emissionstag bezeichnet den 9. Januar 2008. Bei Verkürzung oder Verlängerung der Zeichnungsfrist kann sich der Emissionstag entsprechend verschieben. /

The Issue Date means 9 January 2008. In case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.

Emissionsvolumen / Issue Size:

Das Emissionsvolumen beträgt 2.000 Wertpapiere (indikativ). Das Emissionsvolumen wird am Festlegungstag von der Emittentin festgelegt.* /

*The Issue Size means 2,000 Securities (indicative). The Issue Size will be fixed by the Issuer on the Fixing Date.***

Emittentin / Issuer:

Die Emittentin bezeichnet die UBS AG, Bahnhofstraße 45, 8001 Zürich, Schweiz, und Aeschenvorstadt 1, 4051 Basel, Schweiz, handelnd durch ihre Niederlassung Jersey, 24 Union Street, Saint Helier, Jersey JE4 8UJ. /

The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ.

F.**Festlegungstag / Fixing Date:**

Der Festlegungstag bezeichnet den 19. Dezember 2007.

Falls dieser Tag kein Basiswert-Berechnungstag für den Basiswert ist, dann gilt der unmittelbar darauf folgende Basiswert-Berechnungstag als Festlegungstag für den Basiswert.

Bei Verkürzung oder Verlängerung der Zeichnungsfrist kann sich der Festlegungstag entsprechend verschieben. /

The Fixing Date means 19 December 2007.

* Sämtliche Festlegungen werden von der Berechnungsstelle bzw. von der Emittentin getroffen und unverzüglich nach Festlegung gemäß den jeweiligen rechtlichen Anforderungen der maßgeblichen Rechtsordnung bekannt gemacht. /

** *All determinations will be made by the Calculation Agent or by the Issuer, as the case may be, and will be published without undue delay after fixing in accordance with the applicable legal requirements of the relevant jurisdiction.*

If this day is not an Underlying Calculation Date in relation to the Underlying, the immediately succeeding Underlying Calculation Date is deemed to be the Fixing Date in relation to the Underlying.

In case of abbreviation or extension of the Subscription Period the Fixing Date may be changed accordingly.

Festlegungszeit / Fixing Time:

Die Festlegungszeit entspricht dem Zeitpunkt der offiziellen Bestimmung des Schlusskurses des Basiswerts durch den Index Sponsor. /

The Fixing Time equals the time of the official determination of the closing price of the Underlying by the Index Sponsor.

G.

**Gesamtsumme der Emission /
Aggregate Amount of the Issue:**

Emissionspreis x Emissionsvolumen /

Issue Price x Issue Size

K.

**Kleinste handelbare Einheit /
Minimum Trading Size:**

Die Kleinste handelbare Einheit entspricht 1 Wertpapier bzw. einem ganzzahligen Vielfachen davon. /

The Minimum Trading Size equals 1 Security or an integral multiple thereof.

**Kurs des Basiswerts / Price of the
Underlying:**

Der Kurs des Basiswerts entspricht dem von dem Index Sponsor berechneten und veröffentlichten Kurs des Basiswerts. /

The Price of the Underlying means the price of the Underlying as calculated and published by the Index Sponsor.

M.

**Maßgebliche Börse / Relevant
Stock Exchange:**

Die Maßgebliche Börse bezeichnet die Börse(n), an (der) (denen) aufgrund der Bestimmung des Index Sponsors die im Index enthaltenen Werte gehandelt werden. /

The Relevant Stock Exchange means the stock exchange(s) on which the assets comprised in the Index are traded, as determined by the Index Sponsor.

**Maßgebliche Terminbörse /
Relevant Futures and Options
Exchange:**

Die Maßgebliche Terminbörse bezeichnet diejenige Terminbörse, an der der umsatzstärkste Handel in Bezug auf Termin- oder Optionskontrakte auf den Basiswert bzw. gegebenenfalls auf die Einzelwerte des Basiswerts stattfindet. /

The Relevant Futures and Options Exchange means the futures and options exchange, on which futures and option contracts on the Underlying or on the Components of the Underlying, as the case may be, are primarily traded.

**Mindestrückzahlungsbetrag /
Minimum Repayment Amount:**

Der Mindestrückzahlungsbetrag entspricht dem Nennbetrag je Wertpapier. /

The Minimum Repayment Amount equals the Nominal Amount per Security.

**N.
Nennbetrag / Nominal Amount:**

Der Nennbetrag je Wertpapier entspricht USD 5.000,00. /

The Nominal Amount per Security equals USD 5,000.00.

**P.
Partizipationsrate / Participation
Rate:**

Die Partizipationsrate („**PRate**“) entspricht 120 % (indikativ). Die Partizipationsrate wird am Festlegungstag zur Festlegungszeit von der Berechnungsstelle festgelegt.* /

*The Participation Rate (“PRate”) equals 120 % (indicative). The Participation Rate will be fixed by the Calculation Agent on the Fixing Date at the Fixing Time.***

**R.
Rückzahlungstag / Settlement
Date:**

Der Rückzahlungstag entspricht dem achten Bankgeschäftstag nach (i) dem Verfalltag, und (ii) im Fall einer Kündigung durch die Emittentin nach § 7 a der Wertpapierbedingungen dem achten Bankgeschäftstag nach dem Kündigungstag, und (iii) im Fall einer Steuer-Kündigung durch die Emittentin nach § 7 b der Wertpapierbedingungen dem achten Bankgeschäftstag nach dem Steuer-Kündigungstag. /

The Settlement Date means the eighth Banking Day after (i) the Expiration Date; and (ii) in case of a Termination by the Issuer in accordance with § 7 a of the Terms and Conditions of the Securities, the eighth Banking Day after the Termination Date; and (iii) in case of a Termination for Tax Reasons by the Issuer in accordance with § 7 b of the Terms and Conditions of the Securities, the eighth Banking Day after the Tax Termination Date.

**U.
Übernahme- und/oder
Platzierungsprovision / Under-
writing and/or placing fee:**

Keine

None

**V.
Verfalltag / Expiration Date:**

Der Verfalltag entspricht dem 21. Dezember 2010. /

The Expiration Date means 21 December 2010.

* Sämtliche Festlegungen werden von der Berechnungsstelle getroffen und unverzüglich nach Festlegung gemäß den jeweiligen rechtlichen Anforderungen der maßgeblichen Rechtsordnung bekannt gemacht. /

** *All determinations will be made by the Calculation Agent and will be published without undue delay after fixing in accordance with the applicable legal requirements of the relevant jurisdiction.*

W.**Wertpapiere / *Securities*:**

Wertpapiere bezeichnet die von der Emittentin im Umfang des Emissionsvolumens begebenen UBS Capital Protected Gearing Zertifikate. /

Securities means the UBS Capital Protected Gearing Certificates issued by the Issuer in the Issue Size.

Wertpapier-Börse / *Security Exchange*:

Wertpapier-Börse bezeichnet die Nordic Derivatives Exchange (NDX). /

Security Exchange means Nordic Derivatives Exchange (NDX).

Wertpapiergläubiger / *Securityholder*:

Wertpapiergläubiger steht für die nach deutschem Recht als Eigentümer der Wertpapiere anerkannte Person.

Der Wertpapiergläubiger wird in jeder Hinsicht seitens (i) der Emittentin, (ii) der Berechnungsstelle, (iii) der Zahlstelle und (iv) aller sonstigen Personen als Berechtigter und Begünstigter bezüglich der in den Wertpapieren repräsentierten Rechte behandelt. /

Securityholder means the person acknowledged by German law as legal owner of the Securities.

The Securityholder shall, for all purposes, be treated by (i) the Issuer, (ii) the Calculation Agent, (iii) the Paying Agent and (iv) all other persons as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Wertpapier-Kenn-Nummern / *Security Identification Codes*:

ISIN: DE000UB0CBY6, WKN: UB0CBY, Valor: 3556597,
Common Code: 33185162 /

ISIN: DE000UB0CBY6, WKN: UB0CBY, Valor: 3556597,
Common Code : 33185162

Z.**Zahlstelle / *Paying Agent*:**

Die Zahlstelle bezeichnet die UBS Limited c/o UBS Deutschland AG, Stephanstraße 14 – 16, 60313 Frankfurt am Main, Bundesrepublik Deutschland. /

The Paying Agent means UBS Limited c/o UBS Deutschland AG, Stephanstrasse 14 – 16, 60313 Frankfurt am Main, Federal Republic of Germany.

Zahltag bei Emission / *Initial Payment Date*:

Der Zahltag bei Emission bezeichnet den 9. Januar 2008. Bei Verkürzung oder Verlängerung der Zeichnungsfrist kann sich der Zahltag bei Emission entsprechend verschieben. /

The Initial Payment Date means 9 January 2008. In case of abbreviation or extension of the Subscription Period the Initial Payment Date may be changed accordingly.

Zeichnungsfrist / *Subscription*

19. November bis 17. Dezember 2007 (12:00 Uhr Ortszeit Stockholm).

Period:

Die Emittentin behält sich vor, die Zeichnungsfrist bei entsprechender Marktlage zu verkürzen oder zu verlängern. /

*19 November until 17 December 2007 (12:00 hrs local time Stockholm).
The Issuer reserves the right to earlier close or to extend the Subscription
Period if market conditions so require.*

III. WERTPAPIERBEDINGUNGEN

Diese nachfolgenden Bedingungen der UBS Capital Protected Gearing Zertifikate, bestehend aus den produktspezifischen Besonderen Wertpapierbedingungen und den Allgemeinen Wertpapierbedingungen, sind in Zusammenhang mit und nach Maßgabe der „Ausstattungsmerkmale und Definitionen der Wertpapiere“ (die „**Bedingungen**“) zu lesen.

Die Bedingungen der Wertpapiere sind gegliedert in

Teil 1: Besondere Wertpapierbedingungen

Teil 2: Allgemeine Wertpapierbedingungen

TEIL 1: BESONDERE WERTPAPIER-BEDINGUNGEN

§ 1 Zertifikatsrecht

- (1) Die Emittentin gewährt hiermit dem Wertpapiergläubiger von je einem (1) UBS Capital Protected Gearing Zertifikat bezogen auf den Kurs des Basiswerts nach Maßgabe dieser Bedingungen das Recht (das „**Zertifikatsrecht**“), den Abrechnungsbetrag (§ 1 (2)) in der Auszahlungswährung, auf zwei Dezimalstellen kaufmännisch gerundet, zu beziehen (der „**Auszahlungsbetrag**“).
- (2) Der „**Abrechnungsbetrag**“ wird in Übereinstimmung mit folgender Formel berechnet:

$$\text{Nennbetrag} + (\text{Nennbetrag} \times \text{PRate} \times \text{Performance})$$

wobei die „**Performance**“ in Übereinstimmung mit folgender Formel berechnet wird:

$$\text{Max}\left(0; \frac{\text{Abrechnungskurs} - \text{Basiskurs}}{\text{Basiskurs}}\right)$$

- (3) Sämtliche im Zusammenhang mit dem Zertifikatsrecht vorzunehmenden Festlegungen und Berechnungen, insbesondere die Berechnung des Auszahlungsbetrags, erfolgen durch die Berechnungsstelle (§ 9). Die insoweit von der Berechnungsstelle getroffenen Festlegungen und Berechnungen sind, außer in Fällen offensicht-

III. TERMS AND CONDITIONS OF THE SECURITIES

The following terms and conditions of the UBS Capital Protected Gearing Certificates, comprising the Special Conditions of the Securities and the General Conditions of the Securities, shall be read in conjunction with, and are subject to, the “Key Terms and Definitions of the Securities” (the “**Conditions**”).

The Conditions of the Securities are composed of

Part 1: Special Conditions of the Securities

Part 2: General Conditions of the Securities

PART 1: SPECIAL CONDITIONS OF THE SECURITIES

§ 1 Certificate Right

- (1) The Issuer hereby warrants the Securityholder of each (1) UBS Capital Protected Gearing Certificate relating to the Price of the Underlying under these Conditions the right (the “**Certificate Right**”), to receive the Redemption Amount (§ 1 (2)) in the Settlement Currency, commercially rounded to two decimal places (the “**Settlement Amount**”).
- (2) The “**Redemption Amount**” is calculated in accordance with the following formula:

$$\text{Nominal Amount} + (\text{Nominal Amount} \times \text{PRate} \times \text{Performance})$$

where the “**Performance**” is determined and calculated in accordance with the following formula:

$$\text{Max}\left(0; \frac{\text{Settlement Price} - \text{Strike Price}}{\text{Strike Price}}\right)$$

- (3) Any determination and calculation in connection with the Certificate Right, in particular the calculation of the Settlement Amount, will be made by the Calculation Agent (§ 9). Determinations and calculations made in this respect by the Calculation Agent are final and binding for all participants except in the event of

lichen Irrtums, abschließend und für alle Beteiligten bindend.

manifest error.

§ 2

Absichtlich freigelassen

§ 3

Absichtlich freigelassen

§ 2

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§ 3

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TEIL 2: ALLGEMEINE WERTPAPIER-BEDINGUNGEN

§ 4

Form der Wertpapiere; Verzinsung und Dividenden; Übertragbarkeit; Status

- (1) Die von der Emittentin begebenen, auf den Inhaber lautenden Wertpapiere sind durch eine oder mehrere Dauer-Inhaber-Sammelurkunde(n) (die „**Dauerglobalurkunde**“) verbrieft. Effektive Wertpapiere werden nicht ausgegeben. Der Anspruch auf Lieferung effektiver Wertpapiere ist ausgeschlossen.

Auf die Wertpapiere werden weder Zinsen noch Dividenden gezahlt.

- (2) Die Dauerglobalurkunde ist bei der als Verwahrstelle fungierenden Clearingstelle hinterlegt. Die Wertpapiere sind als Miteigentumsanteile an der Dauerglobalurkunde in Übereinstimmung mit den CS-Regeln übertragbar und sind im Effektengiroverkehr ausschließlich in der kleinsten handelbaren Einheit übertragbar. Die Übertragung wird mit Eintragung der Übertragung in den Büchern der Clearingstelle wirksam.
- (3) Die Wertpapiere begründen unmittelbare, unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen sonstigen gegenwärtigen und künftigen unbesicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, ausgenommen solche Verbindlichkeiten, denen aufgrund zwingender gesetzlicher Vorschriften Vorrang zukommt.

§ 5

Tilgung; Vorlegungsfrist

- (1) Die Emittentin wird, vorbehaltlich einer Marktstörung (§ 8 (3)), die Zahlung des Auszahlungsbetrags bzw. des Kündigungsbetrags (§ 7 a (3)) bzw. des Steuer-Kündigungsbetrags (§ 7 b (3)) in der Auszahlungswährung über die Zahlstelle zur Gutschrift auf das Konto des jeweils maßgeblichen Wertpapiergläubigers über die Clearingstelle veranlassen.
- (2) Die Emittentin wird von ihrer Verpflichtung unter diesen Wertpapieren durch Zahlung des Auszahlungsbetrags, des Kündigungsbetrags, des Steuer-Kündigungsbetrags oder der sonstigen Zahlungsbeträge unter diesen Bedingungen in der vorstehend beschriebenen Weise befreit.
- (3) Alle im Zusammenhang mit der Zahlung des Auszahlungsbetrags, des Kündigungsbetrags,

PART 2: GENERAL CONDITIONS OF THE SECURITIES

§ 4

Form of Securities; Interest and Dividends; Transfer; Status

- (1) The bearer Securities issued by the Issuer are represented in one or more permanent global bearer document(s) (the “**Permanent Global Note**”). No definitive Securities will be issued. The right to request the delivery of definitive Securities is excluded.

No interest and no dividends are payable on the Securities.

- (2) The Permanent Global Note is deposited with the Clearing Agent acting as Depository Agent. The Securities are transferable as co-ownership interests in the Permanent Global Note in accordance with the CA Rules and may be transferred within the collective securities settlement procedure in the Minimum Trading Size only. Such transfer becomes effective upon registration of the transfer in the records of the Clearing Agent.
- (3) The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

§ 5

Settlement; Period of Presentation

- (1) The Issuer will, subject to a Market Disruption (§ 8 (3)), procure that the payment of the Settlement Amount or of the Termination Amount (§ 7 a (3)), or the Tax Termination Amount (§ 7 b (3)), as the case may be, in the Settlement Currency to be credited via the Paying Agent to the account of the relevant Securityholder via the Clearing Agent.
- (2) The Issuer will be discharged from its obligations under these Securities by payment of the Settlement Amount, the Termination Amount, the Tax Termination Amount or of any other amount payable under these Conditions, as the case may be, in the way described above.
- (3) All taxes, charges and/or expenses incurred in connection with the payment of the Settlement

betrags, des Steuer-Kündigungsbetrags oder der sonstigen Zahlungsbeträge unter diesen Bedingungen anfallenden Steuern, Abgaben und/oder Kosten sind von dem jeweiligen Wertpapiergläubiger zu tragen und zu zahlen. Die Emittentin und die Zahlstelle sind berechtigt, jedoch nicht verpflichtet, von den an den Wertpapiergläubiger zahlbaren Beträgen zur Begleichung von Steuern, Abgaben, Gebühren, Abzügen oder sonstigen Zahlungen den erforderlichen Betrag einzubehalten oder abzuziehen. Jeder Wertpapiergläubiger hat die Emittentin bzw. die Zahlstelle von Verlusten, Kosten oder sonstigen Verbindlichkeiten, die ihr in Verbindung mit derartigen Steuern, Abgaben, Gebühren, Abzügen oder sonstigen Zahlungen im Hinblick auf die Wertpapiere des jeweiligen Wertpapiergläubigers entstehen, freizustellen.

- (4) Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB wird auf zehn Jahre verkürzt.
- (5) Die Emittentin kann zur Deckung ihrer Verpflichtungen aus den Wertpapieren einen Deckungsbestand unterhalten. Der Deckungsbestand kann dabei nach der Wahl und dem freien Ermessen der Emittentin insbesondere aus dem Basiswert bzw. aus den darin enthaltenen Einzelwerten bzw. aus Optionen auf die vorgenannten Werte bestehen. Den Wertpapiergläubigern stehen jedoch keine Rechte oder Ansprüche in Bezug auf einen etwaigen Deckungsbestand zu.

§ 6

Anpassungen; Nachfolge-Index Sponsor; Nachfolge-Basiswert

- (1) Sollte ein Index als Basiswert endgültig nicht mehr vom Index Sponsor verwaltet, berechnet und veröffentlicht werden, ist die Emittentin berechtigt, den Index Sponsor durch eine Person, Gesellschaft oder Institution, die für die Berechnungsstelle und die Emittentin nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB) akzeptabel ist (der „**Nachfolge-Index Sponsor**“), zu ersetzen.
- In diesem Fall gilt dieser Nachfolge-Index Sponsor als Index Sponsor und jede in diesen Bedingungen enthaltene Bezugnahme auf den Index Sponsor als Bezugnahme auf den Nachfolge-Index Sponsor.
- (2) Veränderungen in der Berechnung (einschließlich Bereinigungen) des Basiswerts oder der Zusammensetzung oder Gewichtung der Indexbestandteile, auf deren Grundlage der Basiswert berechnet wird, führen nicht zu einer Anpassung, es sei denn, dass das maßgebende Konzept und die Berechnung des Basiswerts

Amount, the Termination Amount, the Tax Termination Amount or of any other amount payable under these Conditions, as the case may be, shall be borne and paid by the relevant Securityholder. The Issuer and the Paying Agent, as the case may be, are entitled, but not obliged, to withhold or deduct, as the case may be, from any amount payable to the Securityholder such amount required for the purpose of settlement of taxes, charges, expenses, deductions or other payments. Each Securityholder shall reimburse the Issuer or the Paying Agent, as the case may be, from any losses, costs or other debts incurred in connection with these taxes, charges, expenses, deductions or other payments related to the Securities of the relevant Securityholder.

- (4) The period of presentation as established in § 801 section 1 sentence 1 of the German Civil Code (“**BGB**”) is reduced to ten years.
- (5) The Issuer may hold a coverage portfolio to cover its obligations under the Securities. The coverage portfolio may comprise the Underlying or the Components comprised therein, as the case may be, or options on these aforementioned assets, at the Issuer’s option and free discretion. However, the Securityholders are not entitled to any rights or claims with respect to any coverage portfolio.

§ 6

Adjustments; Successor Index Sponsor; Successor Underlying

- (1) If an Index used as Underlying is definitively not maintained, calculated and published by the Index Sponsor anymore, the Issuer shall be entitled to replace the Index Sponsor by a person, company or institution, which is acceptable to the Calculation Agent and the Issuer at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB) (the “**Successor Index Sponsor**”).
- In such case, the Successor Index Sponsor will be deemed to be the Index Sponsor and each reference in these Conditions to the Index Sponsor shall be deemed to refer to the Successor Index Sponsor.
- (2) Any changes in the calculation (including corrections) of the Underlying or of the composition or of the weighting of the Index components, on which the calculation of the Underlying is based, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable

infolge einer Veränderung (einschließlich einer Bereinigung) nach Auffassung der Emittentin und der Berechnungsstelle nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB) nicht mehr vergleichbar sind mit dem bisher maßgebenden Konzept oder der maßgebenden Berechnung des Index als Basiswert. Dies gilt insbesondere, wenn sich aufgrund irgendeiner Änderung trotz gleich bleibender Kurse der in dem Index enthaltenen Einzelwerte und ihrer Gewichtung eine wesentliche Änderung des Werts des Index als Basiswert ergibt. Eine Anpassung kann auch bei Aufhebung des Index als Basiswert und/oder seiner Ersetzung durch einen anderen Basiswert erfolgen.

Zum Zweck einer Anpassung ermitteln die Emittentin und die Berechnungsstelle nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB) einen angepassten Wert je Einheit des Index als Basiswert, der bei der Bestimmung des Kurses des Basiswerts zugrunde gelegt wird und in seinem wirtschaftlichen Ergebnis der bisherigen Regelung entspricht, und bestimmen unter Berücksichtigung des Zeitpunkts der Veränderung den Tag, zu dem der angepasste Wert je Einheit des Index als Basiswert erstmals zugrunde zu legen ist. Der angepasste Wert je Einheit des Basiswerts sowie der Zeitpunkt seiner erstmaligen Anwendung werden unverzüglich gemäß § 11 dieser Bedingungen bekannt gemacht.

- (3) Erlischt die Erlaubnis der Emittentin, den Index als Basiswert für die Zwecke der Wertpapiere zu verwenden oder wird der Index als Basiswert aufgehoben und/oder durch einen anderen Index ersetzt, legen die Emittentin und die Berechnungsstelle nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB), gegebenenfalls unter entsprechender Anpassung nach dem vorstehenden Absatz, fest, welcher Index künftig zugrunde zu legen ist (der „**Nachfolge-Basiswert**“). Der Nachfolge-Basiswert sowie der Zeitpunkt seiner erstmaligen Anwendung werden unverzüglich gemäß § 11 dieser Bedingungen bekannt gemacht.

Jede in diesen Bedingungen enthaltene Bezugnahme auf den Basiswert gilt dann, sofern es der Zusammenhang erlaubt, als Bezugnahme auf den Nachfolge-Basiswert.

- (4) Ist nach Ansicht der Emittentin und der Berechnungsstelle, nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB), eine Anpassung oder die Festlegung eines Nachfolge-Basiswerts, aus welchen Gründen auch immer, nicht möglich, werden die Emittentin und die Berechnungsstelle nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB) für die Weiterrechnung und Veröffentlichung des Index als Basiswert auf der Grundlage des bisherigen

discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), determine that the underlying concept and the calculation (including corrections) of the Underlying are no longer comparable to the underlying concept or calculation of the Index used as the Underlying applicable prior to such change. This applies especially, if due to any change the Index value changes considerably, although the prices and weightings of the Components included in the Index used as the Underlying remain unchanged. Adjustments may also be made as a result of the termination of the Underlying and/or its substitution by another underlying.

For the purpose of making any adjustments the Issuer and the Calculation Agent shall at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB) determine an adjusted value per unit of the Index used as Underlying as the basis of the determination of the Price of the Underlying, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the Index used as Underlying shall apply for the first time. The adjusted value per unit of the Underlying as well as the date of its first application shall be published without undue delay pursuant to § 11 of these Conditions.

- (3) In the event that the authorisation of the Issuer to use the Index used as Underlying for the purposes of the Securities is terminated or that the Index used as Underlying is terminated and/or replaced by another index, the Issuer and the Calculation Agent shall determine at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), after having made appropriate adjustments according to the paragraph above, which index shall be applicable in the future (the “**Successor Underlying**”). The Successor Underlying and the date it is applied for the first time shall be published without undue delay in accordance with § 11 of these Conditions.

Any reference in these Conditions to the Underlying shall, to the extent appropriate, be deemed to refer to the Successor Underlying.

- (4) If, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), an adjustment or the determination of a Successor Underlying is not possible, for whatsoever reason, the Issuer and the Calculation Agent shall, at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB) provide for the continued calculation and publication of the

Indexkonzepts und des letzten festgestellten Werts des Index Sorge tragen. Eine derartige Fortführung wird unverzüglich gemäß § 11 dieser Bedingungen bekannt gemacht.

- (5) Anpassungen und Festlegungen nach den vorstehenden Absätzen werden durch die Emittentin nach billigem Ermessen (gemäß § 315 BGB) bzw. von der Berechnungsstelle nach billigem Ermessen (gemäß § 317 BGB), vorgenommen und von der Emittentin nach § 11 dieser Bedingungen bekannt gemacht. Anpassungen und Festlegungen sind (sofern nicht ein offensichtlicher Fehler vorliegt) für alle Beteiligten endgültig und bindend.
- (6) Das Recht der Emittentin zur Kündigung gemäß § 7 a bzw. b dieser Bedingungen bleibt hiervon unberührt.

§ 7 a Kündigung

- (1) Bei Vorliegen eines der nachstehend beispielhaft beschriebenen „**Kündigungsergebnisse**“ ist die Emittentin berechtigt, aber nicht verpflichtet, die Wertpapiere durch Bekanntmachung gemäß § 11 dieser Bedingungen unter Angabe des Kündigungsergebnisses zu kündigen (die „**Kündigung**“):
- (i) Die Ermittlung und/oder Veröffentlichung des Kurses des Index als Basiswert wird endgültig eingestellt, oder der Emittentin oder der Berechnungsstelle wird eine entsprechende Absicht bekannt.
 - (ii) Die Emittentin und die Berechnungsstelle sind nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) der Ansicht, dass eine Anpassung dieser Bedingungen oder die Festlegung eines Nachfolge-Basiswerts oder eines Nachfolge-Index Sponsors, aus welchen Gründen auch immer, nicht möglich sei.
 - (iii) Die Emittentin und die Berechnungsstelle sind nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) der Ansicht, dass eine sonstige erhebliche Änderung der Marktbedingungen eingetreten ist.
- (2) Die Kündigung hat innerhalb von einem Monat nach dem Vorliegen des Kündigungsergebnisses und unter Angabe des Kalendertags, zu dem die Kündigung wirksam wird (der „**Kündigungstag**“), zu erfolgen. In Zweifelsfällen über das Vorliegen des Kündigungsergebnisses entscheidet die Emittentin gemäß § 315 BGB nach billigem Ermessen.

Index used as Underlying on the basis of the existing Index concept and the last determined value of the Index. Any such continuation shall be published without undue delay pursuant to § 11 of these Conditions.

- (5) The adjustments and determinations of the Issuer pursuant to the paragraphs above shall be effected by the Issuer at its reasonable discretion (pursuant to § 315 of the BGB) or, as the case may be, by the Calculation Agent at its reasonable discretion (pursuant to § 317 of the BGB) and shall be published by the Issuer in accordance with § 11 of these Conditions. Any adjustment and determination shall be final, conclusive and binding on all parties, except where there is a manifest error.
- (6) The Issuer's right for termination in accordance with § 7 a or b, as the case may be, of these Conditions remains unaffected.

§ 7 a Termination

- (1) If any of the following „**Termination Events**“, as described below, occurs at any time, the Issuer shall be entitled, but not obliged, to terminate the Securities by way of publication pursuant to § 11 of these Conditions, specifying the Termination Event (the „**Termination**“):
- (i) The determination and/or publication of the Price of the Index used as Underlying is discontinued permanently, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
 - (ii) It is, in the opinion of the Issuer and of the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), not possible, for whatever reason, to make adjustments to these Conditions or to select a Successor Underlying or to select a Successor Index Sponsor.
 - (iii) In the opinion of the Issuer and of the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), another material change in the market conditions occurred.
- (2) The Termination shall be effected within one month following the occurrence of the Termination Event and shall specify the calendar day, on which the Termination becomes effective (the „**Termination Date**“). The Issuer reserves the right to determine in cases of doubt the occurrence of a Termination Event. Such determination shall be done at the Issuer's reasonable discretion pursuant to § 315 of the BGB.

- (3) Im Fall der Kündigung zahlt die Emittentin an jeden Wertpapiergläubiger bezüglich jedes von ihm gehaltenen Wertpapiers einen Geldbetrag in der Auszahlungswährung, der von der Emittentin gemäß § 315 BGB nach billigem Ermessen, gegebenenfalls unter Berücksichtigung des dann maßgeblichen Kurses des Basiswerts und der durch die Kündigung bei der Emittentin angefallenen Kosten, als angemessener Marktpreis eines Wertpapiers bei Kündigung festgelegt wird (der „**Kündigungsbetrag**“).
- (3) In case of Termination the Issuer shall pay to each Securityholder an amount in the Settlement Currency with respect to each Security held by him, which is stipulated by the Issuer at its reasonable discretion and, if applicable, considering the Price of the Underlying then prevailing and the expenses of the Issuer caused by the Termination, pursuant to § 315 of the BGB as fair market price at occurrence of termination (the “**Termination Amount**”).

§ 7 b

Steuern; Steuer-Kündigung

- (1) Alle von der Emittentin nach diesen Bedingungen zahlbaren Beträge sind ohne Einbehalt oder Abzug an der Quelle von gegenwärtigen oder irgendwelchen zukünftigen Steuern, Gebühren oder Abgaben, die von oder in Jersey oder von oder in Schweden oder einer ihrer Gebietskörperschaften oder Behörden mit Steuerhoheit erhoben werden („**Quellensteuern**“) zu zahlen, es sei denn, ein solcher Einbehalt oder Abzug von Quellensteuern ist gesetzlich vorgeschrieben. In diesem Fall zahlt die Emittentin, vorbehaltlich der nachfolgenden Regelungen, diejenigen zusätzlichen Beträge, die erforderlich sind, damit die Wertpapiergläubiger die Beträge erhalten, die sie ohne Quellensteuern erhalten hätten. Die in der Bundesrepublik Deutschland erhobene Zinsabschlagsteuer und der Solidaritätszuschlag sind keine Quellensteuern im oben genannten Sinn.
- (2) Die Emittentin ist jedoch nicht verpflichtet, solche zusätzlichen Beträge zu zahlen:
- wenn ein Wertpapiergläubiger solchen Steuern, Gebühren oder Abgaben auf die Wertpapiere wegen irgendeiner anderen Verbindung zu Jersey oder Schweden als allein der Tatsache unterliegt, dass er Wertpapiergläubiger ist;
 - wenn solche Quellensteuern auf Zahlungen an einen Wertpapiergläubiger auf die Wertpapiere selbst oder jede Zahlung darauf auf der EU-Richtlinie über die Besteuerung von Kapitaleinkünften (2003/48/EG) vom 3. Juni 2003 („**EU-Zinsrichtlinie**“) beruhen. Gleiches gilt auch für jedes Gesetz oder jede andere rechtliche Maßnahme, welche die EU-Zinsrichtlinie umsetzt oder mit dieser übereinstimmt oder eingeführt wurde, um der EU-Zinsrichtlinie zu entsprechen;
 - wenn Quellensteuern von dem Wertpapiergläubiger dadurch hätten vermieden werden können, dass er die Zahlungen auf die Wertpapiere, über eine andere Zahlstelle in einem EU-Mitgliedstaat zur Zahlung abgefordert

§ 7 b

Taxes; Termination for Tax Reasons

- (1) All amounts payable by the Issuer under these Conditions are payable without any withholding or deduction at source of any present or future taxes, charges or duties imposed by or in Jersey or by or in Sweden or by any political subdivision or any authority thereof having power to tax (“**Withholding Taxes**“), unless such withholding or deduction of Withholding Taxes is required by law. In this latter case, the Issuer will, subject to the following provisions, pay such additional amounts as are necessary in order that the amounts received by the Securityholders equal the amounts they would have received in the absence of any Withholding Taxes. The interest deduction tax (*Zinsabschlagsteuer*) and the solidarity surcharge (*Solidaritätszuschlag*) imposed in the Federal Republic of Germany are not deemed Withholding Taxes within the meaning of the above.
- (2) However, the Issuer will be not obliged to pay any such additional amounts:
- if a Securityholder is subject to such taxes, charges or duties on the Securities due to any other relationship with Jersey or Sweden than the mere holding of the Securities;
 - if such Withholding Taxes on payments to any Securityholder with respect to the Securities themselves or any payout thereon are based on the EU Directive on the taxation of savings income (2003/48/EC) of 3 June 2003 (“**EU Savings Directive**“). The same also applies to any law or any other legal measure which implements or is in conformity with or has been adopted to comply with the EU Savings Directive;
 - if the Securityholders may have avoided any Withholding Taxes by claiming payments on the Securities via another paying agent in a EU member state;

hätte;

- die aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital, oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge gemäß § 1 dieser Bedingungen wirksam wird.

- (3) Die Emittentin ist jederzeit berechtigt, sämtliche Wertpapiere, jedoch nicht nur teilweise, mit einer Frist von nicht weniger als 30 Tagen und nicht mehr als 45 Tagen durch Mitteilung gemäß § 11 dieser Bedingungen und unter Angabe des Kalendertags, zu dem die Kündigung wirksam wird (der „**Steuer-Kündigungstag**“), zur Rückzahlung zum fairen Marktpreis (der „**Steuer-Kündigungsbetrag**“) zu kündigen, falls:

- die Emittentin bei der nächsten Zahlung nach diesen Bedingungen verpflichtet ist oder verpflichtet sein wird, als Ergebnis einer Änderung oder Ergänzung in den Gesetzen oder Vorschriften in Jersey oder in Schweden oder irgendeiner ihrer Gebietskörperschaften oder Behörden mit Steuerhoheit oder einer Änderung in der Anwendung oder Auslegung solcher Gesetze oder Vorschriften, die am oder nach dem Tag der Emission dieser Wertpapiere in Kraft tritt bzw. angewendet wird, zusätzliche Beträge nach diesem § 7 b dieser Bedingungen zu zahlen; und

- die Emittentin das Erfordernis, solche zusätzlichen Beträge zahlen zu müssen, nicht durch nach eigenem Ermessen zumutbare Maßnahmen (nicht aber eine Ersetzung der Emittentin gemäß § 10 dieser Bedingungen) vermeiden kann.

Eine solche Kündigung darf nicht früher als 90 Tage vor dem Datum erfolgen, an dem die Emittentin erstmals zusätzliche Beträge nach diesem § 7 b zu zahlen hätte.

§ 8 Marktstörungen

- (1) Sind die Emittentin und die Berechnungsstelle nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) der Ansicht, dass an einem der Beobachtungstage oder dem Festlegungstag eine Marktstörung (§ 8 (3)) vorliegt, dann wird der jeweilige Beobachtungstag oder der Festlegungstag für den Basiswert auf den unmittelbar darauf folgenden Basiswert-Berechnungstag, an dem keine Marktstörung mehr vorliegt, verschoben. Die Emittentin wird sich bemühen, den Beteiligten unverzüglich gemäß § 11 dieser Bedingungen mitzuteilen, dass eine Marktstörung eingetreten ist. Eine Pflicht zur Mitteilung besteht jedoch nicht.
- (2) Wenn der Beobachtungstag aufgrund der Be-

- that are payable as a result of any change in law that becomes effective more than 30 days after the relevant payment of principal becomes due or is duly provided for pursuant to § 1 of these Conditions, whichever occurs later.

- (3) The Issuer is entitled at any time to redeem all the Securities, but not some only, on giving no less than 30 and no more than 45 days notice pursuant to § 11 of these Conditions, specifying the calendar day, on which the Termination becomes effective (the “**Tax Termination Date**”), at the fair market value (the “**Tax Termination Amount**”) if:

- the Issuer, on the occasion of the next payment is or will be required under these Conditions to pay additional amounts under this § 7 b of these Conditions on account of any change or amendment to the laws or regulations of Jersey or Sweden or any political subdivision or authority thereof with power to tax or any change in application or interpretation of such laws or regulations which change becomes effective or applicable on or after the Issue Date of these Securities; and

- the Issuer cannot avoid the requirement to pay such additional amounts by any steps reasonably available to the Issuer at its own discretion (but not by any substitution of the Issuer pursuant to § 10 of these Conditions).

Any such notice of redemption must not be given any earlier than 90 days prior to the date on which the Issuer would initially be required to pay additional amounts pursuant to this § 7 b.

§ 8 Market Disruptions

- (1) If, in the opinion of the Issuer and of the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), a Market Disruption (§ 8 (3)) prevails on one of the Observation Dates or on the Fixing Date, as the case may be, the relevant Observation Date or the Fixing Date, as the case may be, in relation to the Underlying shall be postponed to the next succeeding Underlying Calculation Date, on which no Market Disruption prevails. The Issuer shall endeavour to notify the parties pursuant to § 11 of these Conditions without delay of the occurrence of a Market Disruption. However, there is no notification obligation.
- (2) If the Observation Date has been postponed, due

stimmungen des § 8 (1) um fünf Basiswert-Berechnungstage verschoben worden ist und auch an diesem Tag die Marktstörung fortbesteht, dann gilt dieser Tag als der maßgebliche Beobachtungstag für den Basiswert.

Eine weitere Verschiebung findet nicht statt.

Die Emittentin und die Berechnungsstelle werden dann nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) sowie unter Berücksichtigung (i) der dann herrschenden Marktgegebenheiten und (ii) sämtlicher sonstigen Konditionen bzw. Faktoren, die die Emittentin und die Berechnungsstelle angemessenerweise für bedeutsam halten, auf Grundlage der zuletzt erhältlichen Kurse des Basiswerts und der von dem Index Sponsor abgegebenen Schätzungen, einen Kurs des Basiswerts in Bezug auf den verschobenen Beobachtungstag schätzen. (Zur Klarstellung: Dieser Kurs kann auch Null (0) betragen.)

Sind die Emittentin und die Berechnungsstelle nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) der Ansicht, dass eine Schätzung des Kurses des Basiswerts aus welchen Gründen auch immer nicht möglich ist, dann werden die Emittentin und die Berechnungsstelle nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) sowie unter Berücksichtigung (i) der dann herrschenden Marktgegebenheiten, (ii) sämtlicher sonstigen Konditionen bzw. Faktoren, die die Emittentin und die Berechnungsstelle angemessenerweise für bedeutsam halten und (iii) gegebenenfalls unter Berücksichtigung der durch die Marktstörung bei der Emittentin angefallenen Kosten, bestimmen, ob, und gegebenenfalls in welcher Höhe, die Emittentin einen Geldbetrag in der Auszahlungswährung zahlen wird. Auf diesen Geldbetrag finden die in diesen Bedingungen enthaltenen Bestimmungen über den Auszahlungsbetrag entsprechende Anwendung.

- (3) Eine „**Marktstörung**“ bedeutet in Bezug auf einen Index als Basiswert:
- (a) die Suspendierung oder das Ausbleiben der Bekanntgabe des maßgeblichen Kurses an einem für die Berechnung eines Auszahlungsbetrags bzw. eines Kündigungsbetrags bzw. eines Steuerkündigungsbetrags maßgeblichen Basiswert-Berechnungstag, oder
 - (b) die Begrenzung, Suspendierung bzw. Unterbrechung oder, vorbehaltlich von Absatz (4), eine nach Auffassung der Emittentin und der Berechnungsstelle wesentliche Einschränkung des Handels
 - (i) an der Maßgeblichen Börse oder an der/den Börse(n) bzw. in dem Markt/den Märkten, an/in der/dem/

to the provisions of § 8 (1), by five Underlying Calculation Dates, and if the Market Disruption continues to prevail on this day, this day shall be deemed the relevant Observation Date in relation to the Underlying.

No further postponement shall take place.

The Issuer and the Calculation Agent will then, at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB) and taking into account (i) the market conditions then prevailing and (ii) such other conditions or factors as the Issuer and the Calculation Agent reasonably consider to be relevant, estimate the Price of the Underlying in relation to the postponed Observation Date, as the case may be, (which for the avoidance of doubt could be zero (0)) on the basis of the last announced Prices of the Underlying and of any estimate given by the Index Sponsor.

If, in the opinion of the Issuer and of the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), an estimate of the Price of the Underlying is, for whatsoever reason, not possible, the Issuer and the Calculation Agent will, at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB) and taking into account (i) the market conditions then prevailing, (ii) such other conditions or factors as the Issuer and the Calculation Agent reasonably consider to be relevant and (iii) the expenses of the Issuer, if any, caused by the Market Disruption, determine whether and in which amount, if applicable, the Issuer will make payment of an amount in the Settlement Currency. The provisions of these Conditions relating to the Settlement Amount shall apply *mutatis mutandis* to such payment.

- (3) A “**Market Disruption**” shall mean in relation to an Index used as Underlying:
- (a) a suspension or a failure of the announcement of the relevant price on any Underlying Calculation Date relevant for determining the Settlement Amount or the Termination Amount or the Tax Termination Amount, as the case may be, or
 - (b) a limitation, suspension or disruption of or, subject to para. (4), a restriction imposed on trading, the latter of which is in the Issuer’s and the Calculation Agent’s opinion significant,
 - (i) on the Relevant Stock Exchange or on the stock exchange(s) or in the market(s) on/in which the Components

- denen die Einzelwerte notiert oder gehandelt werden, allgemein (sei es wegen Kursbewegungen, die die Grenzen des von der Maßgeblichen Börse oder der/den Börse(n) bzw. dem Markt/den Märkten, an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, Erlaubten überschreiten, oder aus sonstigen Gründen), oder
- (ii) an der Maßgeblichen Börse oder an der/den Börse(n) bzw. in dem Markt/den Märkten an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, in dem Index bzw. in den Einzelwerten des Index an der/den Börse(n) bzw. in dem Markt/den Märkten an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, sofern eine wesentliche Anzahl oder ein wesentlicher Anteil unter Berücksichtigung der Marktkapitalisierung betroffen ist (als wesentliche Anzahl bzw. wesentlicher Anteil gilt eine solche oder ein solcher von mehr als 20 %) (sei es wegen Kursbewegungen, die die Grenzen des von der/den Börse(n) bzw. dem Markt/ den Märkten, an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, Erlaubten überschreiten, oder aus sonstigen Gründen), oder
- (iii) an der Maßgeblichen Terminbörse, falls dort Optionskontrakte auf den Index bzw. auf die Einzelwerte gehandelt werden, oder
- (iv) aufgrund einer Anordnung einer Behörde oder der Maßgeblichen Börse (sei es wegen Kursbewegungen, die die Grenzen des von der Maßgeblichen Börse Erlaubten überschreiten, oder aus sonstigen Gründen), bzw. aufgrund eines Moratoriums für Bankgeschäfte in dem Land, in dem die Maßgebliche Börse ansässig ist, oder aufgrund sonstiger Umstände.
- (c) Der maßgebliche Kurs ist ein Grenzpreis (*limit price*), was bedeutet, dass der für einen Tag ermittelte Kurs für den Basiswert bzw. für den betroffenen Einzelwert den Kurs an dem unmittelbar vorangehenden Tag um den nach den Vorschriften der Börse(n) bzw. des Markts/der Märkte, an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, zulässigen maximalen Umfang überschritten bzw. unterschritten hat.
- (d) Der Eintritt eines sonstigen Ereignisses, das
- are quoted or traded, in general (whether by movements in price exceeding limits permitted by the Relevant Stock Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded, or otherwise), or
- (ii) on the Relevant Stock Exchange or in the Components of the Index on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in the Index or, as the case may be, in the Components of the Index on the stock exchange(s) or in the market(s) on/in which these values are quoted or traded, provided that a major number or a major part in terms of market capitalization is concerned (a number or part in excess of 20 % shall be deemed to be material), (whether by movements in price exceeding limits permitted by the stock exchange(s) or the market(s) on/in which the Components are quoted or traded, or otherwise), or
- (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the Index or, as the case may be, on the Components are traded there, or
- (iv) due to a directive of an authority or of the Relevant Stock Exchange (whether by movements in price exceeding limits permitted by the Relevant Stock Exchange or otherwise) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Stock Exchange is located, or due to other whatsoever reasons.
- (c) The relevant price is a "limit price", which means that the price for the Underlying or, as the case may be, the affected Component for a day has increased or decreased from the immediately preceding day's price by the maximum amount permitted under applicable rules of the stock exchange(s) or the market(s) on/in which the Components are quoted or traded.
- (d) The occurrence of any other event that, in

nach Ansicht der Emittentin und der Berechnungsstelle nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) die allgemeine Möglichkeit von Marktteilnehmern beeinträchtigt oder behindert, Transaktionen in dem Basiswert bzw. dem jeweils betroffenen Einzelwert bzw. sämtlichen Einzelwerten durchzuführen oder diesbezügliche Marktbewertungen zu erhalten.

- (4) Eine Verkürzung der regulären Handelszeiten oder eine Beschränkung der Stunden oder Anzahl der Tage, an denen ein Handel stattfindet, gilt nicht als Marktstörung, sofern die Einschränkung auf einer Änderung der regulären Handelszeiten der Maßgeblichen Börse beruht, die mindestens eine (1) Stunde vor (i) entweder dem tatsächlichen regulären Ende der Handelszeiten an der Maßgeblichen Börse oder (ii) dem Termin für die Abgabe von Handelsaufträgen zur Bearbeitung an dem betreffenden Tag an der Maßgeblichen Börse, je nachdem welcher Zeitpunkt früher ist, angekündigt worden ist. Eine im Laufe eines Tages auferlegte Beschränkung im Handel aufgrund von Preisbewegungen, die bestimmte vorgegebene Grenzen überschreiten, gilt nur dann als Marktstörung, wenn diese Beschränkung bis zum Ende der Handelszeit an dem betreffenden Tag fort dauert.

§ 9

Berechnungsstelle; Zahlstelle

- (1) Die Berechnungsstelle und die Zahlstelle (die „**Wertpapierstellen**“) übernehmen diese Funktion jeweils in Übereinstimmung mit diesen Bedingungen. Jede der Wertpapierstellen haftet dafür, dass sie im Zusammenhang mit den Wertpapieren Handlungen bzw. Berechnungen vornimmt, nicht vornimmt oder nicht richtig vornimmt oder sonstige Maßnahmen trifft oder unterlässt nur, wenn und soweit sie jeweils die Sorgfalt eines ordentlichen Kaufmanns verletzt hat.
- (2) Jede der Wertpapierstellen handelt ausschließlich als Erfüllungsgehilfin der Emittentin und hat keinerlei Pflichten gegenüber dem Wertpapiergläubiger. Die Wertpapierstellen sind jeweils von den Beschränkungen des § 181 BGB befreit.
- (3) Die Emittentin ist berechtigt, jederzeit jede oder alle der Wertpapierstellen durch eine andere Gesellschaft zu ersetzen, eine oder mehrere zusätzliche Wertpapierstellen zu bestellen und deren Bestellung zu widerrufen. Ersetzung, Bestellung und Widerruf werden gemäß § 11 dieser Bedingungen bekannt gemacht.
- (4) Jede der Wertpapierstellen ist berechtigt, durch

the opinion of the Issuer and of the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Underlying or, as the case may be, the affected Component or, as the case may be, all Components.

- (4) Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours at the Relevant Stock Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Stock Exchange or (ii) the submission deadline for orders entered into the Relevant Stock Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption, if such restriction continues until the end of trading hours on the relevant day.

§ 9

Calculation Agent; Paying Agent

- (1) The Calculation Agent and the Paying Agent (the „**Security Agents**“) shall assume such role in accordance with these Conditions. Each of the Security Agents shall be liable for making, failing to make or incorrectly making any measure or calculations, as the case may be, or for taking or failing to take any other measures only if and insofar as they fail to exercise the due diligence of a prudent businessman.
- (2) Each of the Security Agents acts exclusively as vicarious agent of the Issuer and has no obligations to the Securityholder. Each of the Security Agents is exempt from the restrictions under § 181 of the BGB.
- (3) The Issuer is entitled at any time to replace any of or all the Security Agents by another company, to appoint one or several additional Security Agents, and to revoke their appointment. Such replacement, appointment and revocation shall be notified in accordance with § 11 of these Conditions.
- (4) Each of the Security Agents is entitled to resign at

schriftliche Anzeige gegenüber der Emittentin jederzeit ihr Amt niederzulegen. Die Niederlegung wird nur wirksam mit der Bestellung einer anderen Gesellschaft als Berechnungsstelle bzw. als Zahlstelle durch die Emittentin. Niederlegung und Bestellung werden gemäß § 11 dieser Bedingungen bekannt gemacht.

§ 10

Ersetzung der Emittentin

- (1) Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Wertpapiergläubiger eine andere Gesellschaft der UBS Gruppe als Emittentin (die „**Neue Emittentin**“) hinsichtlich aller Verpflichtungen aus oder in Verbindung mit den Wertpapieren an die Stelle der Emittentin zu setzen, sofern
 - (i) die Neue Emittentin alle Verpflichtungen der Emittentin aus oder in Verbindung mit den Wertpapieren übernimmt,
 - (ii) die Neue Emittentin alle etwa notwendigen Genehmigungen von den zuständigen Behörden erhalten hat, wonach die Neue Emittentin alle sich aus oder in Verbindung mit den Wertpapieren ergebenden Verpflichtungen erfüllen kann und Zahlungen ohne Einbehalt oder Abzug von irgendwelchen Steuern, Abgaben oder Gebühren an die Zahlstelle transferieren darf, und
 - (iii) die Emittentin unbedingt und unwiderruflich die Verpflichtungen der Neuen Emittentin garantiert.
- (2) Im Falle einer solchen Ersetzung der Emittentin gilt jede in diesen Bedingungen enthaltene Bezugnahme auf die Emittentin fortan als auf die Neue Emittentin bezogen.
- (3) Die Ersetzung der Emittentin ist für die Wertpapiergläubiger endgültig und bindend und wird den Wertpapiergläubigern unverzüglich gemäß § 11 dieser Bedingungen bekannt gemacht.

§ 11

Bekanntmachungen

- (1) Bekanntmachungen, die die Wertpapiere betreffen, werden in einer der jeweils maßgeblichen Rechtsordnung entsprechenden Form veröffentlicht. Soweit rechtlich zulässig, werden die Bekanntmachungen den Wertpapiergläubigern ausschließlich durch Mitteilung der Emittentin an die Clearingstelle zur Benachrichtigung der Wertpapiergläubiger übermittelt.

any time from its function upon prior written notice to the Issuer. Such resignation shall only become effective if another company is appointed by the Issuer as Calculation Agent or as Paying Agent, as the case may be. Resignation and appointment are notified in accordance with § 11 of these Conditions.

§ 10

Substitution of the Issuer

- (1) The Issuer is entitled at any time, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the „**New Issuer**“) with respect to all obligations under or in connection with the Securities, if
 - (i) the New Issuer assumes all obligations of the Issuer under or in connection with the Securities,
 - (ii) the New Issuer has obtained all necessary authorisations, if any, by the competent authorities, under which the New Issuer may perform all obligations arising under or in connection with the Securities and transfer payments to the Paying Agent without withholding or deduction of any taxes, charges or expenses, and
 - (iii) the Issuer unconditionally and irrevocably guarantees the obligations of the New Issuer.
- (2) In case of such a substitution of the Issuer any reference in these Conditions to the Issuer shall forthwith be deemed to refer to the New Issuer.
- (3) The substitution of the Issuer shall be final, binding and conclusive on the Securityholders and will be published to the Securityholders without undue delay in accordance with § 11 of these Conditions.

§ 11

Publications

- (1) Publications relating to the Securities will be published in the way required by the relevant jurisdiction. To the extent legally possible, the publications will be published by way of Issuer's notification to the Clearing Agent for the purpose of notifying the Securityholders.

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|---|--|
| <p>(2) Bekanntmachungen sind mit Veröffentlichung bzw. mit Mitteilung an die Clearingstelle durch die Emittentin den Wertpapiergläubigern gegenüber wirksam abzugeben.</p> <p>(3) Bekanntmachungen sind, falls sie der Clearingstelle zugehen, am dritten Tag nach Zugang bei der Clearingstelle den Wertpapiergläubigern wirksam zugegangen oder, falls sie veröffentlicht werden (unabhängig davon, ob dies zusätzlich geschieht), am Tag der Veröffentlichung oder, falls sie mehr als einmal veröffentlicht werden, am Tag der ersten Veröffentlichung, oder falls Veröffentlichungen in mehr als einem Medium erforderlich sind, am Tag der ersten Veröffentlichung in allen erforderlichen Medien. Im Fall der Bekanntmachung sowohl durch Veröffentlichung als auch durch Erklärung gegenüber der Clearingstelle ist die zeitlich vorangehende Bekanntmachung bzw. Erklärung maßgeblich.</p> | <p>(2) All publications have been validly given to the Securityholders with their publication or with the Issuer's notification to the Clearing Agent, as the case may be.</p> <p>(3) All publications shall, in case of the Issuer's notification to the Clearing Agent, be effectively given to the Securityholders on the third day after their receipt by the Clearing Agent or, if published (whether or not such publication occurs in addition to a notification to the Clearing Agent) on the date of their publication, or, if published more than once, on the date of their first publication, or, if a publication is required in more than one medium, on the date of the first publication in all required media. In case of announcement by both, publication and Issuer's notification to the Clearing Agent, the publication becomes effective on the date of the first of such publication or Issuer's notification, as the case may be.</p> |
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§ 12

Begebung weiterer Wertpapiere; Ankauf; Einziehung; Entwertung

- (1) Die Emittentin ist berechtigt, ohne Zustimmung der Wertpapiergläubiger, jederzeit weitere Wertpapiere mit gleicher Ausstattung in der Weise zu begeben, dass sie mit diesen Wertpapieren eine einheitliche Serie bilden, wobei in diesem Fall der Begriff „Wertpapier“ entsprechend auszulegen ist.
- (2) Die Emittentin ist berechtigt, ohne Zustimmung der Wertpapiergläubiger, jederzeit Wertpapiere zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Wertpapiere können nach Wahl der Emittentin von ihr gehalten, erneut begeben, weiterverkauft oder entwertet werden.
- (3) Die Emittentin ist berechtigt, ohne Zustimmung der Wertpapiergläubiger, jederzeit ausstehende Wertpapiere einzuziehen und damit ihre Anzahl zu reduzieren.
- (4) Aufstockung bzw. Reduzierung der Wertpapiere werden unverzüglich gemäß § 11 dieser Bedingungen bekannt gemacht.
- (5) Sämtliche vollständig zurückgezahlten Wertpapiere sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 13

Sprache

Diese Bedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische

§ 12

Issue of further Securities; Purchase; Call; Cancellation

- (1) The Issuer is entitled at any time to issue, without the consent of the Securityholders, further securities having the same terms and conditions as the Securities so that the same shall be consolidated and form a single series with such Securities, and references to "Security" shall be construed accordingly.
- (2) The Issuer is entitled at any time to purchase, without the consent of the Securityholders, Securities at any price. Such Securities may be held, reissued, resold or cancelled, all at the option of the Issuer.
- (3) The Issuer is entitled at any time to call, without the consent of the Securityholders, outstanding Securities and to reduce their number.
- (4) Increase or reduction of Securities shall be notified without undue delay in accordance with § 11 of these Conditions.
- (5) All Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 13

Language

These Conditions are written in the German language and provided with an English language

Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

§ 14

Anwendbares Recht; Erfüllungsort; Gerichtsstand; Zustellungsbevollmächtigte; Korrekturen; Teilunwirksamkeit

- (1) Form und Inhalt der Wertpapiere sowie alle Rechte und Pflichten aus den in diesen Bedingungen geregelten Angelegenheiten bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland.
- (2) Erfüllungsort und Gerichtsstand für alle Klagen oder sonstigen Verfahren aus oder im Zusammenhang mit den Wertpapieren ist, soweit rechtlich zulässig, Frankfurt am Main, Bundesrepublik Deutschland.
- (3) Die UBS AG, Niederlassung Jersey, in ihrer Funktion als Emittentin und die UBS Limited in ihren Funktionen als Anbieterin und Zahlstelle ernennen hiermit die UBS Deutschland AG, Stephanstraße 14 – 16, 60313 Frankfurt am Main, Bundesrepublik Deutschland, als deutsche Bevollmächtigte, an die innerhalb der Bundesrepublik Deutschland im Rahmen jedes Verfahrens aus oder im Zusammenhang mit den Wertpapieren die Zustellung bewirkt werden kann (die „**Zustellungsbevollmächtigte**“). Falls, aus welchem Grund auch immer, die Zustellungsbevollmächtigte diese Funktion nicht mehr ausübt oder keine Anschrift innerhalb der Bundesrepublik Deutschland mehr hat, verpflichten sich die UBS AG, Niederlassung Jersey, und die UBS Limited, eine Ersatz-Zustellungsbevollmächtigte in der Bundesrepublik Deutschland zu ernennen. Hiervon unberührt bleibt die Möglichkeit, die Zustellung in jeder anderen gesetzlich zulässigen Weise zu bewirken.
- (4) Die Emittentin ist berechtigt, in diesen Bedingungen (i) offensichtliche Schreib- oder Rechenfehler oder ähnliche offenbare Unrichtigkeiten sowie (ii) widersprüchliche oder lückenhafte Bestimmungen ohne Zustimmung der Wertpapiergläubiger zu ändern bzw. zu ergänzen, wobei in den unter (ii) genannten Fällen nur solche Änderungen bzw. Ergänzungen zulässig sind, die unter Berücksichtigung der Interessen der Emittentin für die Wertpapiergläubiger zumutbar sind, das heißt die finanzielle Situation der Wertpapiergläubiger nicht wesentlich verschlechtern. Änderungen bzw. Ergänzungen dieser Bedingungen werden gemäß § 11 bekannt gemacht.
- (5) Sollte eine Bestimmung dieser Bedingungen ganz oder teilweise unwirksam sein oder

§ 14

Governing Law; Place of Performance; Place of Jurisdiction; Agent of Process; Corrections; Severability

- (1) The form and content of the Securities as well as all rights and duties arising from the matters provided for in these Conditions shall in every respect be governed by the laws of the Federal Republic of Germany.
- (2) The place of performance and place of jurisdiction for all actions or other procedures under or in connection with the Securities shall, to the extent legally possible, be Frankfurt am Main, Federal Republic of Germany.
- (3) Each of UBS AG, Jersey Branch, in its role as Issuer and UBS Limited in its roles as Offeror and Paying Agent hereby appoints UBS Deutschland AG, Stephanstrasse 14 – 16, 60313 Frankfurt am Main, Federal Republic of Germany, as its agent in the Federal Republic of Germany to receive service of process in any proceedings under or in connection with the Securities in the Federal Republic of Germany (the “**Agent of Process**”). If, for any reason, such Agent of Process ceases to act as such or no longer has an address in the Federal Republic of Germany, UBS AG, Jersey Branch, and UBS Limited agree to appoint a substitute agent of process in the Federal Republic of Germany. Nothing herein shall affect the right to serve the process in any other manner permitted by law.
- (4) The Issuer is entitled to change or amend, as the case may be, in these Conditions (i) any manifest writing or calculation errors or other manifest incorrectness as well as (ii) any conflicting or incomplete provisions without the consent of the Securityholders, provided that in the cases referred to under (ii) only such changes or amendments shall be permissible which are acceptable to the Securityholders taking into account the interests of the Issuer, *i.e.* which do not materially impair the financial situation of the Securityholders. Any changes or amendments of these Conditions shall be notified in accordance with § 11.
- (5) If any of the provisions of these Conditions is or becomes invalid in whole or in part, the

werden, so bleiben die übrigen Bestimmungen wirksam. Die unwirksame Bestimmung ist durch eine wirksame Bestimmung zu ersetzen, die den wirtschaftlichen Zwecken der unwirksamen Bestimmung so weit wie rechtlich möglich entspricht. Entsprechendes gilt für etwaige Lücken in den Bedingungen.

remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision, which, to the extent legally possible, serves the economic purposes of the invalid provision. The same applies to gaps, if any, in these Conditions.

IV. INFORMATION ABOUT THE UNDERLYING

The following information merely comprises extracts or summaries of publicly available information. The Issuer and the Offeror confirm that such information has been carefully prepared and accurately reproduced. As far as the Issuer and the Offeror were aware and were able to ascertain from this publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

All information in this document relating to the *Underlying*, including information on the calculation method and variations of its components, is based on publicly available information prepared by the Index Sponsor. The Issuer has not performed an independent verification of this information.

DESCRIPTION OF THE S&P 500® INDEX

The following information is in essence an extract of the description of the Index as available on the internet page www.standardandpoors.com/indices.

The S&P 500® Index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500® focuses on the large-cap segment of the market, with over 80 % coverage of U.S. equities, it is also an ideal proxy for the total market. The S&P 500® is a capitalization-weighted index, designed to measure performance of the broad U.S. domestic economy through changes in the aggregate market value of 500 stocks representing all major industries, and which are listed on the New York Stock Exchange, but also on other stock exchanges in the U.S.

The S&P 500® is part of a series of U.S. Indices that can be used as building blocks for portfolio construction. With more than \$1 trillion in indexed assets, the S&P U.S. Indices have earned a reputation for being not only leading market indicators, but also investable portfolios designed for cost efficient replication, or the creation of index-linked products.

The S&P 500® is maintained by the S&P Index Committee, whose members include Standard and Poor's economists and index analysts. Committee oversight gives investors the benefit of Standard and Poor's depth of experience, research and analytic capabilities. The Committee establishes Index Committee Policy used to maintain the indices in an independent and objective manner.

The history of the S&P 500® dates back to 1923, when Standard and Poor's introduced an Index covering 233 companies. The Index, as it is known today, was introduced in 1957 when it was expanded to include 500 companies.

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PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

V. TAX CONSIDERATIONS

1. General information

The following outline of the tax implications of investing in the Securities is based on the legislation prevailing at the time this Prospectus was prepared. Potential investors and sellers of the Securities should be aware that the tax implications may change due to any future amendments to the legislation. Although this outline reflects the Issuer's opinion of the tax implications, it must not be understood as a guarantee in an area that is not conclusively clarified.

Moreover, it must not provide the sole basis for assessing the tax implications of investing in the Securities, since the individual situation of the particular investor must also be taken into account. The outline is thus restricted to a general summary of the possible tax implications.

2. Switzerland

In Switzerland, where UBS AG, acting through its Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ, as Issuer of the Securities, has its registered office (main offices: Zurich and Basel), the Securities are not subject to Swiss withholding tax (Swiss withholding tax).

3. Sweden

The following summary of certain tax issues that may arise as a result of holding Notes is based on current Swedish tax legislation and is intended only as general information for holders of Notes, who are resident or domiciled in Sweden for tax purposes. This description does not deal comprehensively with all tax consequences that may occur for holders of Notes, nor does it cover the specific rules where Notes are held by a partnership or are held as current assets in a business operation. Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, mutual funds and persons who are not resident or domiciled in Sweden. It is recommended that prospective applicants for Notes consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding Notes, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules that may be applicable.

Taxation of individuals resident in Sweden

Capital gains and losses

Individuals who sell their Notes or whose Notes are redeemed are subject to capital gains taxation. The current tax rate is 30 per cent. of the gain.

The capital gain or loss is calculated as the difference between the sales proceeds after deduction of sales costs and the acquisition cost of the Notes. The acquisition cost is calculated according to the so-called average method. This means that the costs of acquiring all Notes of the same type and class are added together and calculated collectively, with respect to changes to the holding. Alternatively, the so-called standard rule under which the acquisition cost is deemed to be the equivalent of 20 per cent. of the net sales price may be applied on the disposal of the Notes if the Notes are listed.

As a main rule, 70 per cent. of a capital loss is deductible against any other taxable income derived from capital. Capital losses on listed shares and other listed securities taxed in the same manner as shares (except for listed shares in mutual funds containing only Swedish receivables), such as listed Notes, are, however, fully deductible against taxable capital gains on such assets or on non-listed shares in Swedish limited liability companies and foreign legal entities.

Moreover, only five sixths of capital losses on unlisted shares in Swedish limited liability companies and foreign legal entities are deductible. If capital losses pertain to both listed and non-listed shares, the losses pertaining to the listed shares are deductible prior to the losses on the non-listed shares. 70 per cent. of the excess amount is deductible according to the main rule or five sixths of 70 per cent. of such excess amount are deductible if the capital loss relates to non-listed shares. Capital losses on listed shares in mutual funds containing only Swedish receivables are currently fully deductible in the income of capital category.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction allowed amounts to 30 per cent. of any deficit not exceeding SEK 100,000 and 21 per cent. of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

Wealth tax

Wealth tax is paid by individuals on wealth exceeding SEK 1,500,000 (SEK 3,000,000 for those who are jointly taxed). For listed Notes, 80 per cent. of the listed year-end value is taxable. Non-listed Notes are subject to tax at the fair market value.⁵

Taxation of Swedish limited liability companies

Limited liability companies and other legal entities are taxed on all income (including income from the sale or redemption of the Notes) as income from business activities at a flat rate of 28 per cent. Regarding the calculation of a capital gain or loss and the acquisition cost, see heading "Taxation of individuals resident in Sweden" above.

Capital losses on Notes incurred by a corporate holder may only be offset against taxable capital gains on shares or other securities taxed in the same manner as shares. Such capital losses may also, under certain circumstances, be deductible against capital gains within the same group of companies on shares and other securities taxed in the same manner as shares, provided the requirements for group contributions (tax consolidation) are met. Capital losses on Notes which are not deducted against capital gains within a certain year, may be carried forward and offset against taxable capital gains on shares and other securities taxed in the same manner as shares in the future.

For limited liability companies and economic associations, capital gains on shares and certain share-related rights held for business purposes may be tax exempt. As a result, capital losses on shares and share-related rights that are held for business purposes may not be deductible. Consequently, capital gains on Notes may not be offset against capital losses on shares and share-related rights held for business purposes. The Notes are not treated as share-related rights held for business purposes.

Investors are also advised to consult their own tax advisor with regard to their personal tax implications resulting from such an investment.

⁵ The Swedish Government suggests in a recent proposal that the wealth tax should be abolished. The proposal means that the wealth tax might be abolished already this year.

VI. SELLING RESTRICTIONS

The distribution of this document and the offering of the Securities in certain jurisdictions may be restricted by law. Neither the Issuer nor the Offeror represents that this document may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any distribution or offering.

Unless expressly specified otherwise below, neither the Issuer nor the Offeror has taken action, nor will they take action to render the public offer of the Securities or their possession, or the distribution of offer documents relating to the Securities, admissible in any jurisdiction requiring special measures to be taken for this purpose. Accordingly, the Securities may not be offered or sold, directly or indirectly, and none of this document, any advertisement relating to the Securities and any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes must inform themselves about, and observe, any such restrictions.

Public Offer of the Securities within the European Economic Area

Anyone who purchases the Securities is obliged and agrees never to publicly offer the Securities to persons in one of the member states of the European Economic Area that has implemented EU Directive 2003/71/EC (hereinafter the "**Prospectus Directive**"; the term also covers all implementation measures by member states of the European Economic Area), except in circumstances that comply with one of the following offerings of the respective Securities:

- (a) within the period which begins after the publication of the Base Prospectus which was approved in accordance with the Prospectus Directive, and, if necessary, for which cross-border validity pursuant to sections 17 and 18 of the Securities Prospectus Act has been granted, and which ends twelve months after publication of the Base Prospectus;
- (b) to legal entities which are authorised or regulated to operate in the financial markets, including: to credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, collective investment schemes and their management companies, pension funds and their management companies, commodity dealers, as well as entities that are not authorised or regulated whose corporate purpose is solely to invest in securities;
- (c) to other legal entities which meet two of the following three criteria: an average number of employees during the most recent financial year of more than 250, total assets exceeding EUR 43,000,000.00 and an annual net revenue of over EUR 50,000,000.00; all as stated in the most recent annual financial statements or consolidated accounts; or
- (d) other circumstances prevail whereby the publication of a Prospectus is not required pursuant to Article 3 of the Prospectus Directive.

The term "public offer of securities" in this context means any kind or means of communication to the public containing sufficient information relating to the offering conditions and the securities offered to put an investor in a position to decide whether to buy or subscribe to these securities. Anyone buying the Securities should note that the term "public offer of securities" may vary, depending on the implementation measures in the various member states of the European Economic Area.

In any member states of the European Economic Area which have not yet implemented the Prospectus Directive in national law, the Securities may only be offered or sold directly or indirectly, in accordance with prevailing legislation, to which dissemination and publication of the Prospectus, any advertising or other sales documents, is also subject.

United States of America


The Securities have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**"), as amended, and trading in the Securities has not been and will not be approved by the United States Commodity Futures Trading Commission ("**CFTC**") and the United States Commodity Exchange Act (the "**Commodity Exchange Act**"). No Securities, or interest therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to or for the account or benefit of any U.S. person. The Securities may not be exercised or redeemed by or for the account of any U.S. Person or any

person within the United States. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction, and "**U.S. person**" means (i) an individual who is a resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any entity organised principally for passive investment, 10 % or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. persons; or (vii) any other U.S. person as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act.

Frankfurt am Main, 19 November 2007


UBS AG, acting through its Jersey Branch


signed by: Simone Seidel


Volker Greve

UBS Limited


signed by: Sigrid Kossatz


Stefanie Weber

SAMMANFATTNING

Denna Sammanfattning innehåller information ur detta Prospekt, särskilt ur avsnitten "Beskrivning av Emittenten" ("Description of the Issuer") och "Beskrivning av Värdepapperen" ("Description of the Securities"), som syftar till att ge presumtiva investerare möjlighet att inhämta information om UBS AG, företrätt av dess filialkontor på Jersey (nedan kallat "**Emittenten**"), och om UBS Capital Protected Gearing Certificates (nedan kallade "**Certifikat**" och "**Värdepapper**"), vilka utgör föremålet för detta Prospekt, samt om de risker som är förenade med en investering i Värdepapperen.

Sammanfattningen bör dock ses endast som en introduktion till Prospektet. **Vid beslut om investering i Värdepapperen bör presumtiva investerare därför noggrant överväga informationen i Prospektet som helhet.** För att tillförsäkra full förståelse av Värdepapperen rekommenderas presumtiva investerare att noggrant läsa "Villkoren för Värdepapperen" ("Terms and Conditions of the Securities") samt avsnitten om skattekonsekvenser och andra viktiga faktorer relaterade till beslutet att investera i Värdepapperen. Om så erfordras **bör rådgivare konsulteras i rättsliga, skatterelaterade, ekonomiska eller andra frågor.**

Emittenten betonar också uttryckligen att om talan väcks inför domstol rörande informationen i detta Prospekt kan den investerare som väcker talan komma att åläggas att bekosta översättningen av Prospektet innan de rättsliga förhandlingarna inleds enligt tillämplig nationell lag i respektive medlemsstat i det Europeiska ekonomiska samarbetsområdet.

Presumtiva investerare bör notera att Emittenten och UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, i egenskap av erbjudare ("Erbjudaren") ("Offeror") ansvarar för Sammanfattningen samt översättningar av denna i detta Prospekt, dock endast om Sammanfattningen är vilseledande, felaktig eller oförenlig med andra delar av Prospektet.

Vem är Emittenten?

UBS AG, med säte i Zürich och Basel, Schweiz, bildades 1998 genom en fusion av Schweizerischer Bankverein (SBV) och Schweizerische Bankgesellschaft (SBG).

Med huvudkontor i Zürich och Basel, Schweiz, uppvisar UBS en global närvaro med omkring 78 000 anställda (per den 31 december 2006) i mer än 50 länder. UBS AG och dess dotterbolag och filialkontor (nedan även kallade "**UBS**"), innefattande UBS AG, Jerseyfilialen, i egenskap av Emittent av de Värdepapper som beskrivs i detta Prospekt, är, enligt egen uppfattning, en av världens största förvaltare av privatkapital. UBS, som anser sig vara världsledande inom finanssektorn, har vissa av de mest krävande kunderna i världen och kombinerar ekonomisk styrka med en global företagskultur som betraktar förändringar som en möjlighet. Som ett integrerat företag genererar UBS mervärde åt sina kunder genom att dessa får tillgång till hela koncernens expertis och kapacitet.

UBS är uppdelat på huvudsakligen tre affärsområden: Global Wealth Management & Business Banking – enligt egen uppfattning en av världens största kapitalförvaltare räknat i förvaltad kapital och den ledande banken för företagskunder och institutionella kunder i Schweiz, Global Asset Management – en ledande global kapitalförvaltare och Investment Bank – ett förstklassigt företag inom investmentbanking och värdepappersrörelse.

Erbjudna tjänster innefattar traditionella investmentbanktjänster såsom konsulttjänster vid fusioner och förvärv, kapitalmarknadstransaktioner på både primära och sekundära marknader, erkänd expertis inom analys och emittering av investeringsprodukter för institutionella och privata placerare.

UBS är en av få globalt aktiva storbanker med förstklassig rating. Värderingsinstituten Standard & Poor's Inc., Fitch Ratings och Moody's Investor Service Inc. har bedömt UBS' kreditvärdighet – d.v.s. UBS:s förmåga att i rätt tid fullgöra sina betalningsförpliktelser, såsom betalningar av kapital och ränta på långfristiga lån, (debt servicing). Resultatet framgår av de kreditbetyg som anges i schemat nedan. Fitch och Standard & Poor's kan komplettera sina värderingar med ett plus- eller minustecken och Moody's med en siffra. Dessa tillägg indikerar den relativa positionen inom respektive kreditbetygsklass. Standard & Poor's värderar f.n. UBS:s kreditvärdighet till AA+, Fitch till AA+ och Moody's till Aa2¹, vilket innebär att ratingen är "god till mycket god: hög sannolikhet för betalning, låg insolvensrisk".

Vilka är ledamöterna i Emittentens ledningsgrupp och styrelse?

Styrelsen består av minst sex och högst tolv ledamöter. Deras uppdrag gäller för tre år.

Styrelse

	Titel	Uppdragstid	Befattningar utanför UBS
Marcel Ospel	Ordförande	2008	
Stephan Haeringer	Arbetande vice ordförande	2007	
Marco Suter	Arbetande vice ordförande	2008	
Ernesto Bertarelli	Ledamot	2009	Verkställande direktör i Serono International SA, Geneve (t.o.m. den 5 januari 2007)
Sir Peter Davis	Ledamot	2007	Innehar ett flertal styrelseuppdrag.
Gabrielle Kaufmann-Kohler	Ledamot	2009	Delägare i advokatfirman Schellenberg Wittmer och professor i internationell privaträtt vid universitetet i Geneve
Dr. Rolf A. Meyer	Ledamot	2009	Innehar ett flertal styrelseuppdrag.
Dr. Helmut Panke	Ledamot	2007	Ordförande i ledningsenheten för BMW AG, München (mellan 2002 och september 2006) Per datum för detta Basprospekt innehar han ett flertal styrelseuppdrag.
Peter Spuhler	Ledamot	2007	Ägare av Stadler Rail AG (Schweiz)
Peter R. Voser	Ledamot	2008	Finansdirektör i Royal Dutch Shell plc, London
Lawrence A. Weinbach	Ledamot	2008	Partner i Yankee Hill Capital Management LLC, Southport, CT, USA (sedan 2006)
Joerg Wolle	Ledamot	2009	Styrelseordförande och verkställande direktör i DKSH Holding Ltd.

Koncernledning

Koncernledningen består av följande nio ledamöter:

Peter Wuffli	Verkställande direktör i koncernen
Marcel Rohner	Vice verkställande direktör i koncernen samt styrelseordförande

¹ Långsiktig kreditvärdering per den 31 december 2006

	och verkställande direktör Global Wealth Management and Business Banking
John A. Fraser	Styrelseordförande och verkställande direktör Global Asset Management
Huw Jenkins	Styrelseordförande och verkställande direktör Investment Bank
Peter Kurer	Chefsjurist i koncernen
Clive Standish	Finansdirektör i koncernen
Walter Stürzinger	Ansvarig för riskhanteringen i koncernen
Rory Tapner	Styrelseordförande och verkställande direktör i Asia Pacific
Raoul Weil	Chef för Wealth Management International

Förändringar under 2007:

Den 5 juli 2007 utsåg styrelsen med omedelbar verkan Marcel Rohner till ny verkställande direktör i UBS-koncernen. Han efterträder Peter Wuffli som frånträder alla sina poster i UBS. Raoul Weil efterträder Marcel Rohner som styrelseordförande och verkställande direktör i Global Wealth Management & Business Banking.

Ingen av ovannämnda ledamöter av koncernledningen innehar väsentliga ägarintressen utanför UBS.

Vilken är Emittentens ekonomiska situation?

Följande tabell grundar sig på UBS:s bokslut 2006 per den 31 december 2006 som publicerats på engelska. Tabellen visar UBS-koncernens kapitalisering och skulder per den 31 december 2006:

i miljoner CHF

För den period som avslutades den	31 december 2005	31 december 2006
Kortfristiga skulder ¹⁾	157 634	156 370
Långfristiga skulder ¹⁾	112 800	169 420
Totala skulder	270 434	325 790
Minoritetsintressen ²⁾	7 619	6 089
Eget kapital	44 015	49 686
Total kapitalisering	322 068	381 565

1) *innefattar Penningmarknadspapper och medelfristiga Skuldförbindelser enligt balansräkningen baserat på återstående löptid (fördelning på kort och lång frist är tillgänglig endast på kvartalsbasis)*

2) *innefattar förvaltade prioriterade värdepapper (Trust Preferred Securities)*

Per den 31 december 2006 var totalt 2 105 273 286 aktier i UBS AG utgivna med ett nominellt värde om CHF 0,10 per aktie, motsvarande ett totalt aktiekapital om CHF 210 527 328,60, införda i handelsregistret. Vid denna tidpunkt var 1 325 331 753 registrerade aktier (med ett nominellt värde om CHF 0,10 per aktie) införda i aktieboken. Dessa siffror avspeglar den split 2:1 som genomfördes den 10 juli 2006.

Det har inte förekommit några större förändringar i de skulder som UBS-koncernen ådragit sig sedan den 31 december 2006.

Hur använder Emittenten nettointäkterna?

Nettointäkterna av emissionen kommer UBS-koncernen att använda för finansieringsändamål och skall inte utnyttjas av Emittenten inom Schweiz. Nettointäkterna av försäljningen av Värdepapperen skall Emittenten ta i anspråk för allmänna affärsändamål. Någon separat fond ("för specialändamål") kommer inte att bildas.

Finns det några risker relaterade till Emittenten?

Presumptiva investerare i Värdepapperen bör vara medvetna om att det finns allmänna risker förenade med Emittenten, liksom med alla företag:

Varje investerare utsätter sig därför för den allmänna risken att Emittentens ekonomiska situation kan komma att försämrats. Vidare kan den allmänna bedömningen av Emittentens kreditvärdighet påverka Värdepapperens värde. Denna bedömning är generellt beroende av vilken kreditvärdering som värderingsinstitut såsom Moody's, Fitch och Standard & Poor's åsätter Emittentens eller närstående företags utestående Värdepapper. Emittenten och närstående företag kan också delta i transaktioner relaterade till Värdepapperen för egen eller kunders räkning. Sådana transaktioner kan ha positiv eller negativ inverkan på Värdepapperens pris.

Vid beslut om investeringar i Värdepapperen **bör presumtiva köpare/investerare bedöma all information i Prospektet och, om så erfordras, konsultera sina rådgivare i rättsliga, skatterelaterade eller ekonomiska frågor.**

Vilka är Värdepapperen?

I enlighet med detta Prospekt skall UBS AG, företrätt av sitt filialkontor på Jersey, utfärda *UBS Capital Protected Gearing Certificates* med *Internationellt Värdepappersidentifikationsnummer ("ISIN")* till *Emissionens Totalbelopp*, som Emittent i enlighet med tysk lag. Dessa Värdepapper rankas *pari passu* med Emittentens alla övriga direkta, ej efterställda, ej villkorliga och ej säkerställda förpliktelser.

Varje Värdepapper baseras på [S&P 500®](#) Index ("**Underliggande**").

Formatted: Swedish (Sweden), Not Highlight

Hur erbjuds Värdepapperen?

Utöver registrering av Basprospektet och de Slutliga villkoren hos BaFin, och erforderligt offentliggörande och nödvändiga underrättelser om Basprospektet, om så erfordras, har varken Emittenten eller Erbjudaren vidtagit, och kommer inte heller att vidta, åtgärder som gör det tillåtet att publikt erbjuda Värdepapperen eller att inneha dem eller att distribuera prospekt avseende Värdepapperen i andra jurisdiktioner där särskilda förutsättningar gäller för publika erbjudanden.

Varken Emittenten eller Erbjudaren garanterar att Basprospektet och de Slutliga villkoren får distribueras lagligt eller att Värdepapperen får lagligen erbjudas i enlighet med tillämplig registrering eller andra krav i någon jurisdiktion eller i enlighet med undantag som gäller i enlighet därmed, eller påtar sig något ansvar för att främja någon distribution eller något erbjudande.

Det har avtalats att UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, UK, per eller efter respektive *Emissionsdatum ("Issue Date")* skall garantera Värdepapperen genom ett garantiavtal och erbjuda dem till försäljning till *Emissionspriset ("Issue Price")* i enlighet med villkor som kan förändras. *Emissionspriset fastställdes när det publika erbjudandet av Värdepapperen började gälla. Efter utgången av Teckningstiden* skall försäljningspriset löpande justeras för att avspegla den rådande marknadssituationen.

Erbjudaren ansvarar för att koordinera hela erbjudandet av Värdepapperen som kan tecknas hos Erbjudaren under normala bankköptider inom *Teckningstiden*.

Kommer Värdepapperen att upptas till handel?

Erbjudaren avser att ansöka om upptagande av Värdepapperen till handel på *Börsen*. Förutsatt att Värdepapperen inte har sagts upp av *Emittenten*, i vilket fall Värdepapperen avnoteras åtta handelsdagar före *Upphörandedatum*, och förutsatt att Värdepapperen inte har förfallit i förtid, skall Värdepapperen avnoteras åtta handelsdagar före *Förfalldatum*. Från denna tidpunkt fram till *Förfalldatum* får handel endast äga rum utanför handelsplatsen med Erbjudaren.

Finns några restriktioner för försäljning av Värdepapperen?

Värdepapperen får erbjudas, säljas eller distribueras inom eller från en jurisdiktion endast om detta är tillåtet enligt gällande lagar och förordningar och under förutsättning att Emittenten inte ådrar sig ytterligare förpliktelser. Värdepapperen kommer inte att vid något tillfälle, vare sig direkt eller indirekt, att erbjudas, säljas, handlas eller distribueras inom USA eller till en U.S. person (enligt definitionen i Regulation S i United States Securities Act av 1933).

Vilka rättigheter förvärvar Värdepappersinnehavaren genom Värdepapperen?

Genom köpet av varje Värdepapper förvärvar investeraren, under vissa förhållanden och i enlighet med Villkoren för Värdepapperen ("Terms and Conditions of the Securities"), rätten att från Emittenten fordra betalning av ett *Lösenbelopp* ("*Redemption Amount*") i *Avräkningsvalutan* ("*Settlement Currency*") beroende på resultatet för *Underliggande* ("*Avräkningsbeloppet*" ("*Settlement Amount*")) ("*Certifikaträtten*" ("*Certificate Right*")).

Lösenbeloppet beräknas enligt följande formel: $Nominellt\ belopp + (Nominellt\ belopp \times PRate \times Resultat)$.

I detta sammanhang bestäms och beräknas "**Resultatet**" efter respektive *Underliggandes* resultat enligt följande formel:

$$\text{Max} \left(0; \frac{\text{Avräknings pris} - \text{Lösenpris}}{\text{Lösenpris}} \right)$$

där "*Avräkningspris*" betyder *Avräkningspriset* för *Underliggande*, "*Lösenpris*" betyder slutkursen för *Underliggande* på *Fixingdagen*.

Värdepappersinnehavarna skall inte erhålla delbetalningar. Inget av Värdepapperen ger någon rätt till betalning av fast eller rörlig ränta eller utdelning och de genererar som sådana **ingen fast intäkt**.

Vilka risker är förenade med investering i Värdepapperen?

En investering i Värdepapperen medför produktspecifika risker för investeraren. Värdet på ett Certifikat bestäms inte enbart av förändringar i *Priset för Underliggande*, utan beror också av ett antal andra faktorer. Certifikatens värde kan följaktligen sjunka även om *Priset för Underliggande* förblir konstant. Presumtiva investerare bör notera att förändringar i *Priset för Underliggande* som Certifikatet baseras på (eller till och med uteblivna förväntade prisändringar) kan sänka värdet på

ett Certifikat. Mot bakgrund av den begränsade löptiden för Värdepapperen finns det inga garantier för att värdet på Certifikaten återhämtar sig innan Värdepapperen förfaller. Denna risk är oberoende av Emittentens ekonomiska styrka.

Utöver Värdepapperens löptid, frekvensen av och intensiteten i prisfluktuationerna (volatiliteten) i *Underliggande*, rådande räntesatser och nivån på de utdelningar som betalats eller, alltefter omständigheterna, valutamarknadernas allmänna utveckling är följande omständigheter, enligt Emittentens uppfattning, centrala faktorer som kan påverka Värdepapperens värde och skapa vissa risker för investerare i Värdepapperen:

- Risken för nedgång i *Priset för Underliggande*,
- Effekten av sidokostnader,
- Transaktioner av investerarna i Värdepapperen för att utjämna eller begränsa riskerna,
- Restriktioner för handeln i Värdepapperen/bristande likviditet,
- Ökning av spreaden mellan köp- och säljpriser,
- Finansiering av köp av Värdepapper med lånade medel,
- Effekter på Värdepapperen av Emittentens hedgingtransaktioner,
- Ändringar i beskattningen av Värdepapperen.

Därutöver kan Emittentens uppsägning och förtida inlösen av Värdepapperna ha negativ inverkan på Värdepappernas värde.

Därför rekommenderas uttryckligen att presumtiva investerare informerar sig om den specifika riskprofil för produkttypen som beskrivs i detta Prospekt och att investeraren vid behov söker professionell rådgivning. Presumtiva investerare görs uttryckligen medvetna om det faktum att Värdepapperna utgör en **riskinvestering** som kan leda till **förlust** av investerat kapital. Även om Värdepapperen på förfalldagen är kapitalskyddade till det *Lägsta Återbetalningsbeloppet*, och risken för en förlust alltså är initialt begränsad, bär investeraren risken för Emittentens ekonomiska ställning. Presumtiva investerare måste därför vara beredda på och kunna bära en partiell eller till och med total förlust av investerat kapital. Varje investerare som är intresserad av att köpa Värdepapperna bör analysera sin ekonomiska situation för att försäkra sig om att han eller hon kan bära **riskerna för förlust** i samband med Värdepapperna.

Media release

UBS writes down positions, predicts an overall loss in third quarter, and reorganizes management

Zurich/Basel, 1 October 2007 – Following a write down of positions in fixed income, rates and currencies (FIRC), mainly related to deteriorating conditions in the US sub prime residential mortgage market, UBS is likely to record an overall Group pre-tax loss of between CHF 600 million and CHF 800 million for third quarter, ended September 30. Pre-tax profits for the first nine months of 2007 will be in the order of CHF 10 billion. Marcel Rohner, Group CEO, will reorganize senior management, take over as Chairman and CEO of the Investment Bank, and accelerate structural improvements to the firm.

- In third quarter 2007, expected pre-tax loss for the Group between CHF 600 million and CHF 800 million, due mainly to write downs and losses in the FIRC business within the Investment Bank
- For the first nine months of 2007 pre-tax profits for the Group in the order of CHF 10 billion, and expect to end the year with good level of profits and a strong capital position
- All other businesses in the Investment Bank, as well as the Global Wealth Management & Business Banking and Global Asset Management business groups, performing very well
- Management changes:
 - Investment Bank Chairman and CEO Huw Jenkins to step down. Group CFO Clive Standish to retire
 - Marco Suter, Executive Vice Chairman, UBS, to become Group CFO
 - Walter Stuerzinger, Group Chief Risk Officer (GCRO), to become Chief Operating Officer (COO), Corporate Center
 - Joseph Scoby, Global Head of Alternative & Quantitative Investments, UBS Global Asset Management, to become GCRO, UBS
- Investment Bank changes:
 - Robert Wolf, COO, Investment Bank, additionally appointed President, Investment Bank
 - Money Markets, Currencies and Commodities (MCC) to be integrated into Fixed Income
 - Initiation of cost reductions in Investment Bank

Commenting on these decisions, Marcel Rohner, Group CEO said:

“On August 14, I said that if turbulent conditions prevail throughout the quarter, we will probably see a very weak trading result in the Investment Bank, offset by predictable earnings from wealth and asset management. In fact, conditions remained turbulent, so we will make an overall pre-tax loss at Group level for the quarter.

Our first quarterly loss in nine years is an unsatisfactory result, especially after such a strong first half. I have therefore taken decisive action to be as transparent as possible. I have also made appropriate senior management changes, and will accelerate already-planned changes to the firm. Following these actions, UBS is in a strong position to continue to grow its client businesses.

Despite the unsatisfactory results for the third quarter, we still expect to end the year with a good level of profits and in a strong capital position. All other businesses in the Investment Bank, and our Global Wealth Management & Business Banking and Global Asset Management businesses, continue to record good results. UBS remains a formidable competitor in financial services and is well positioned to deliver long-term profitable growth.”

Third quarter results

In the third quarter, UBS will recognize substantial losses in FIRC within the Investment Bank, mainly on its holdings of securities related to the US sub prime residential mortgage (RMBS) market. Overall, FIRC will record negative revenues in the order of CHF 4 billion.

These write downs are mainly of (a) legacy positions of the now closed Dillon Read Capital Management subsidiary and (b) positions entered into as part of the Investment Bank’s mortgage backed securities business.

There are other, smaller, losses in equities proprietary trading within an overall satisfactory result.

UBS has only limited exposure to leveraged lending with commitments of about USD 13 billion. These have also been written down appropriately, leading to a limited loss on these positions in third quarter.

UBS has no material exposure to conduits.

When most mortgage backed securities positions were set up there were offsetting positions in place, designed to mitigate risk in normal market conditions. However, the deterioration in the US sub prime residential mortgage backed securities market, especially in August, was more sudden and more severe than in recent history, and markets became illiquid. This led to substantial valuation losses, including in securities with high credit ratings. Management action has been taken to make certain these positions are appropriately valued and risk managed.

Where possible, holdings are marked at the quoted market price. For most sub prime holdings, this is not possible. Valuations therefore mostly use models with observable inputs, where possible, and level 3 valuation models otherwise.

The marks take a cautious view of future developments in the US mortgage market and UBS is content to hold these securities at this level of valuation.

The remaining relevant positions in direct sub prime RMBS have a current net value of USD 19 billion. These positions consist overwhelmingly of AAA-rated tranches, 80% with a weighted average life of less than three years. There is also a smaller position of below USD 4 billion net exposure to sub prime securities through warehouse lines and retained CDOs. These securities are either AAA-rated or High Grade, and have a short weighted average life.

In addition, UBS has taken significant write downs on positions in Super Senior AAA-rated tranches of CDOs, based on level 3 valuation models.

Management changes

With effect from today:

Marcel Rohner, in addition to his duties as Group CEO, will for the foreseeable future take over the role of Chairman and CEO of the Investment Bank. Huw Jenkins, Chairman and CEO of the Investment Bank, will step down from his position and become a senior advisor to Marcel Rohner.

Marco Suter, Executive Vice Chairman, UBS, will leave the Board of Directors to become Group Chief Financial Officer, and join the Group Executive Board. His long experience and knowledge of UBS, including as Group Chief Credit Officer, make him extremely well qualified for this position. Clive Standish, Group Chief Financial Officer, will retire.

Walter Stuerzinger, Group Chief Risk Officer (GCRO), will become Chief Operating Officer, Corporate Center, and hand over the GCRO position to Joseph Scoby, currently Global Head of Alternative and Quantitative Investments (A&Q), Global Asset Management. A&Q currently has over USD 60 billion in assets under management. Joseph Scoby's record both as head of A&Q and previously as Joint Head of US Equities within the Investment Bank makes him an ideal successor to Walter Stuerzinger. Joseph Scoby's first task as a member of the Group Executive Board will be to review and refine our risk processes. William Ferri, currently Head of Business Development and Logistics for A&Q, will be appointed as the new Global Head of Alternative and Quantitative Investments.

Robert Wolf, Chairman and CEO, UBS Group Americas and Chief Operating Officer Investment Bank, will additionally become President, Investment Bank. Prior to his appointment to his current position in 2004, Robert Wolf was Global Head of Fixed Income for over three years.

Within the Investment Bank, Money Markets, Currencies and Commodities (MCC) will be integrated into Fixed Income under the leadership of Andre Esteves.

As a result of the planned changes within the Investment Bank, overall staff numbers will fall by about 1,500 by the end of this year.

Marcel Rohner, Group CEO, said: "UBS operates on the principle that management is accountable to shareholders. These events have led to the management changes announced today. The one firm approach requires a successful and profitable Investment Bank. During 2008 we will continue to focus on improving cost and balance sheet efficiency."

Continued strong performance in other business areas

All other UBS businesses remain strong. In Global Wealth Management & Business Banking, all geographical regions continue to attract net new money. Global Asset Management continues to perform well. Within the Investment Bank, IBD has gained market share, the capital markets business remains strong, and equities revenues – though a bit weaker this quarter than a year ago, and in the context of extremely difficult conditions – remain healthy.

While the third quarter loss means that pre tax results for the full year 2007 will most probably be below those for 2006, total earnings should still be at a high level and UBS will finish the year in a strong capital position.

Commenting on these changes Marcel Rohner said:

“I am confident that, with these changes and by properly absorbing the lessons of this quarter, we will become a stronger bank. We have a strong balance sheet, a strong franchise, and leading positions in all businesses in all regions. We have thousands of talented people throughout the organisation who, by working together, will deliver further value to our clients and additional growth to our shareholders.”

Results for third quarter 2007 will be announced on October 30, 2007 as planned.

A video containing an interview with Group CEO Marcel Rohner is available at www.ubs.com/media as well as at www.cantos.com. A glossary, containing definitions of some of the less-well known terms used in today's release, is also available at www.ubs.com/media.

UBS

UBS is one of the world's leading financial firms, serving a discerning international client base. Its business, global in scale, is focused on growth. As an integrated firm, UBS creates added value for clients by drawing on the combined resources and expertise of all its businesses.

UBS is the leading global wealth manager, a top tier investment banking and securities firm, and one of the largest global asset managers. In Switzerland, UBS is the market leader in retail and commercial banking.

UBS is present in all major financial centers worldwide. It has offices in 50 countries, with about 39% of its employees working in the Americas, 34% in Switzerland, 16% in the rest of Europe and 11% in Asia Pacific. UBS's financial businesses employ more than 80,000 people around the world. Its shares are listed on the SWX Swiss Stock Exchange, the New York Stock Exchange (NYSE) and the Tokyo Stock Exchange (TSE).

Biographies

Short bio Marco Suter

Marco Suter was elected to the Board of Directors at the Annual General Meeting of UBS in April 2005 and thereafter appointed as Executive Vice Chairman.

Mr. Suter has been with UBS and its predecessor, Swiss Bank Corporation, since 1974. Between 1999 and 2005 he was Group Chief Credit Officer and a member of the Group Managing Board. From 1996 until the merger of SBC and Union Bank of Switzerland in 1998 he served as regional manager of the Zurich-Eastern Switzerland-Ticino area for the corporate and commercial banking activities of SBC. Prior to that, he held various management positions in SBC's investment banking operations, first as the Continental European Head of Merchant Banking and later as the Chief Credit Officer for EMEA. Mr. Suter first joined the bank in 1974 as an apprentice at SBC's St. Gall office and later broadened his experience with assignments in Nyon, New York, Basel, Zurich and London.

Mr. Suter was born on 7 May 1958. He is a Swiss citizen. He also chairs the Swiss Institute for International Studies (SIAF).

Short bio Joseph Scoby

Joseph Scoby is Global Head of Alternative and Quantitative Investments (A&Q), an alternatives platform within Global Asset Management with approximately USD 60 billion in assets under management and 360 employees around the globe. He has also been the head of O'Connor, a specialist hedge fund provider within A&Q, with assets under management of approximately USD 7.5 billion. He is a member of the Global Asset Management Executive Committee and a member of the UBS Group Managing Board.

Mr. Scoby began his career with O'Connor and Associates in 1987 and became a Managing Director in 1993. From 1995-1999 he was the Joint Head of US Equities at the Investment Bank, with responsibility for approximately 650 employees. Mr. Scoby's experience includes portfolio management in commodity options, convertible arbitrage, equities, equity derivatives, corporate bonds, merger arbitrage, quantitative equity, real estate finance, and fundamental based equity long short funds. He also has extensive experience in solving institutional and corporate client problems using derivatives. Mr. Scoby has a BS from Wharton School and an MA from the University of Pennsylvania, both earned with honors in a total of four years of study and awarded in 1987.

Short bio William Ferri

William Ferri is the Head of Business Development and Logistics for Alternative and Quantitative Investments (A&Q), an alternatives platform within Global Asset Management.

Working closely with other members of the management team and the key investment professionals within A&Q, Mr. Ferri has overall responsibility for managing the logistics platform and business development effort of the group, ensuring the investment team's requirements are met while maintaining the appropriate control infrastructure. Mr. Ferri is also responsible for managing the product pipeline, business development, sales and client services.

Previously, he was General Counsel for the O'Connor hedge fund and fund of fund businesses, and was on the O'Connor team at its relaunch in 2000. Mr. Ferri

joined the UBS Investment Bank in 1998 as Director of Equity Compliance. He originally worked for PaineWebber Inc. (since 1995) where positions held included Corporate Vice President and Associate General Counsel to the Global Equities Division, and Deputy Director of Compliance.

Mr. Ferri began his legal career practicing corporate law at Seward & Kissel, from 1991 to 1995. He received a BS from Cornell University in 1988 and a JD from the University of North Carolina in 1991.

Short bio Robert Wolf

Robert Wolf is the Chairman & CEO of UBS for the Americas. He also serves as Global Chief Operating Officer for the Investment Bank.

Mr. Wolf is a member of the UBS Group Managing Board and the Investment Bank Management Committee. He served as Global Head of Fixed Income from 2002 – 2004, having joined the firm in 1994 after spending approximately 10 years at Salomon Brothers.

In addition to his roles at UBS, Mr. Wolf is on the Undergraduate Executive Board of the Wharton School and sits on the Athletics Board of Overseers at the University of Pennsylvania. He is on the Executive Leadership Council for the Multiple Myeloma Research Foundation, on the Board of Trustees for the Children's Aid Society, the Board of Directors for the partnership for NYC and on the Board of Directors for the National Sports Museum. Mr. Wolf also participated as a panel member at the inaugural Wall Street forum for HIV and AIDS alongside former UN Secretary Kofi Annan.

Mr. Wolf graduated from the Wharton School at the University of Pennsylvania with a B.S. in Economics. He is married with two children.